

Deed of Assignment

Use and completion of this form

This form has only been designed for life policies and trust forms. The form covers the situation of an assignment of a policy by:

1. an absolute owner to another person absolutely, i.e., no trust is involved
2. an absolute owner to trustees of an existing trust
3. trustees to a beneficiary, to satisfy the interest of the beneficiary in the Trust Fund, if:
 - the person is a beneficiary under an absolute trust, or
 - the Trustees have irrevocably appointed the Trust Fund or part of it to the beneficiary

Please note:

- Please seek specialist legal advice if there is more than one beneficiary or assignee to receive the benefit of the policy.
- Any Trust to which the policy is or may be subject must be considered and regard must be had to the nature of the policy and any contractual provisions regarding ownership.

Part A

In this Deed of Assignment of the policy listed below, the following words have the following meanings:

1. The “**Date of Assignment**” means Enter here the date the policy is being assigned
2. The “**Assignor**” means:

| First policyholder/trustee | Second policyholder (if any)/trustee | |
|----------------------------|--------------------------------------|--|
| Full name | Full name | Enter here the name and address of all policyholders before the assignment. If trustees are assigning the policy please contact us if more than 2 trustees are needed to complete the assignment. |
| Address | Address | |
| | | |
| | | |
| | | |
| Post Code | Post Code | |

3. the “**Assignee**” means:

| Assignee 1 | Assignee 2 (if any) | |
|------------|---------------------|--|
| Full name | Full name | Enter here the name and address of all policyholders after the assignment. If trustees are the assignees please contact us if more than 2 trustees are needed to complete the assignment. |
| Address | Address | |
| | | |
| | | |
| | | |
| Post Code | Post Code | |

4. The “Policy” (which expression includes all rights and obligations under the policy), means:

| | |
|---|--|
| <p>Life Assurance company _____</p> <p>Policy number _____</p> | <p><i>Enter here the name of life assurance company and the policy number of policy to be assigned.</i></p> |
| <p>Nature of Assignor’s ownership (please indicate)</p> <p><input type="checkbox"/> Absolute Owner</p> <p><input type="checkbox"/> Legal owner as trustees of a trust created by _____ as settlor by Declaration of Trust dated <input type="text" value="/ /"/></p> | <p><i>Enter here the nature of the ownership of the assignor.</i></p> <p><i>Enter here the name of settlor of trust and date of trust, if appropriate.</i></p> |
| <p>First life assured _____</p> <p>Second life assured (if any) _____</p> | <p><i>Enter here the names of any life assured.</i></p> |

Part B

The Assignor hereby assigns the Policy with effect from the Date of Assignment to the Assignee as:

| | |
|--|--|
| <p>Nature of Assignee’s ownership (please indicate)</p> <p><input type="checkbox"/> Absolute Owner</p> <p><input type="checkbox"/> as trustees of a trust created by _____ as settlor by Declaration of Trust dated <input type="text" value="/ /"/></p> <p>to be held by the Assignee upon the trusts declared in the said instrument.</p> | <p><i>Enter here the nature of the ownership of the assignee.</i></p> <p><i>Enter here the name of settlor of trust and date of trust, if appropriate.</i></p> |
| <p>Reason for the assignment (please indicate)</p> <p><input type="checkbox"/> gift, donation, gratuity, transfer for no value</p> <p><input type="checkbox"/> part of divorce settlement / separation (Court Order / Separation Agreement applies)</p> <p><input type="checkbox"/> part of divorce settlement / separation (no Court Order / no Separation Agreement applies)</p> <p><input type="checkbox"/> for money or money’s worth, transfer involving value to a</p> <p><input type="checkbox"/> beneficiary of a trust</p> | <p><i>Enter here the reason for the assignment.</i></p> <p><i>For possible tax implications please see ‘United Kingdom Tax’ note.</i></p> |

Subject to any legal requirement or agreement to the contrary, the Assignor shall not be obliged to pay any premium towards the Policy with effect from and including the date of this deed. If the Assignor pays any further premiums, they shall be paid by way of gift and no lien or charge shall be created by such payment.

Part C

- This instrument is executed as a deed and sealed (if required by law) all on the day and year first mentioned above.
- This deed shall be governed by the Law of England unless the addresses of all the Assignors are in Scotland or Northern Ireland when the deed shall be governed by the Law of Scotland or Northern Ireland respectively
- The form must be signed by each party listed in Part A, before a witness who must sign against each signature witnessed. The witness must be independent, over 18 and not a relative of the person whose signature is being witnessed
- **Once signed the form must be returned to the Life Assurance company indicated in Part A4 for noting and return.** Once returned to you it should be kept with the policy documents, Declaration of Trust and other Trust papers.

1. Signed and delivered by the Assignors:

| First policyholder/trustee | | Second policyholder (if any)/trustee | | |
|---|--|---|--|---|
| Full name | | Full name | | |
| Signature | | Signature | | |
| Witness | | Witness | | <i>Witnesses to assignors' signature sign here.</i> |
| Full name | | Full name | | |
| Signature | | Signature | | |
| Address | | Address | | |
| Post Code | | Post Code | | |
| Dated <input type="text" value=" / /"/> | | Dated <input type="text" value=" / /"/> | | |

2. Signed and delivered by the Assignees:

| Assignee 1 | | Assignee 2 (if any) | | |
|---|--|---|--|---|
| Full name | | Full name | | |
| Signature | | Signature | | |
| Witness | | Witness | | <i>Witnesses to assignees' signature sign here.</i> |
| Full name | | Full name | | |
| Signature | | Signature | | |
| Address | | Address | | |
| Post Code | | Post Code | | |
| Dated <input type="text" value=" / /"/> | | Dated <input type="text" value=" / /"/> | | |

United Kingdom Tax

The following note gives some indication of the tax treatment of life policies assigned in the United Kingdom. The correct treatment is not straightforward. Any income tax due if a chargeable event arises, any capital gains tax due on disposal of a policy which has been assigned for value or any inheritance tax due if a policy is gifted depends on:

- the relationship between the parties involved in the assignment
- the reason for the assignment (e.g. whether the contract is assigned by way of gift or for money or money's worth, or as part of a divorce settlement)
- whether the policy is being fully or partially assigned
- whether other withdrawals have been made in the same tax year as the assignment
- the way in which the insurance contract and the deed of assignment are structured

It may be advisable to take specialist advice before assigning a policy if there is any doubt as to the correct treatment.

Assignments between married individuals – Assignments between spouses actually living together at the time of the assignment will not be a chargeable event. However a chargeable event may arise if the individuals are separated or the assignment is part of a separation.

Assignments on divorce – Assignments as part of the financial arrangements of a divorce settlement where a Court Order applies will not be a chargeable event. However a chargeable event may arise if the assignment is part of a divorce where no Court Order applies or if there is a pre-nuptial agreement.

Full assignment as a gift

If a policy is fully assigned by way of gift, no chargeable event will arise, although the assignment will be considered a gift for inheritance tax purposes. The new owner will be treated as if the policy had always belonged to them.

Partial assignment as a gift

If a policy is partially assigned as a gift, no chargeable event will arise. A partial assignment can take place if, say:

- individual A assigns half of a policy to individual B so that it is now in joint ownership, or
- for a policy in joint ownership, individual A assigns their share to individual B (i.e. joint to single ownership).

Assignments for money or money's worth – tax treatment for the "seller" of a policy

If a full or partial assignment of a policy is made for money or 'money's worth', a chargeable event may arise for the individual disposing of the policy. Broadly a full assignment will be treated as if the policy is being surrendered (based on the consideration or market value). A partial assignment will be treated as a part surrender of a policy, based on a corresponding percentage of the surrender value, with tax treatment mirroring that of a partial withdrawal from the policy.

Assignments for money or money's worth – tax treatment for the "purchaser" of a policy

The purchaser of all or part of a policy may have to pay capital gains tax on subsequent disposal. However any amount charged to income tax arising from a chargeable event may be deducted from the proceeds for capital gains purposes to avoid double taxation.

Assignment of a qualifying policy

No chargeable event will arise if a qualifying policy (e.g. most endowment assurances) is assigned after 10 years or $\frac{3}{4}$ of its term (if earlier). The rules for qualifying policies are complex (e.g. chargeable events can arise if a policy is assigned within 10 years of it being significantly altered). Single premium bonds are non-qualifying and do not have this exemption.

Withdrawals in tax year of assignment

If withdrawals have been taken from a policy, which is subsequently assigned, in full or in part, in the same tax year, the assignor may have to pay income tax on their share of any gain arising from the withdrawals.

Gifts into trust

An assignment into trust will generally be for no value and there will generally be no chargeable event (unless, for example, the assignment is part of a reciprocal arrangement under a business trust). Assignment into trust will be a gift for inheritance tax purposes and will have varying consequences depending on the specific trust circumstances.

Transfer by Trustees to a beneficiary under the trust

An assignment out of a trust will again generally be treated as an assignment for no value. There will generally be no chargeable event. However the assignment will have varying IHT consequences depending on the type of trust being used and whether the individual in question was already being treated as the indirect owner of the assets in question for IHT purposes.

The form, the notes in relation to its use and the UK tax note are for general guidance only and are based on present understanding of United Kingdom law and HM Revenue & Customs practice. We take no responsibility for the interpretation of the law or future changes in the law or practice which may change at any time without warning. Tax liabilities are dependent on individual circumstances and no assurance can be given that the notes are suitable to your circumstances. You should seek separate legal and taxation advice before signing any form.