

Deed to waive an outstanding loan



The purpose of this deed is to waive repayment of some or all of the outstanding loan under a Friends Provident International Loan Trust.

This deed is provided as a draft to be considered by you and your professional adviser. We can accept no responsibility for the tax or any other consequences arising out of you executing this deed, or for ensuring that the deed meets with your requirements.

When this loan waiver deed is complete, it should be retained by the lender(s), with a copy being provided to Friends Provident International.

UK Inheritance Tax Consequences – Any waiver of the loan by the lender(s) will be a transfer of value for UK Inheritance tax purposes (IHT).

Discretionary Trusts – Where the amount of the loan being waived exceeds any available UK annual exemption(s), the excess will be a chargeable lifetime transfer (CLT).

Care should be taken, not to exceed the current IHT Nil Rate Band (NRB), including any transfers into discretionary trusts in the past 7 years.

If the cumulative amount exceeds the NRB, the excess will be subject to the lifetime inheritance tax rate of 20% (25% if paid by the Lender).

Absolute/Bare Trusts – Where the amount of the loan being waived exceeds any available UK annual exemption(s), the excess will be a potentially exempt transfer (PET).

We strongly recommend that you discuss the potential tax implications with your professional adviser.

A. Declaration

This Deed is made on the (dd/mm/yyyy)

You must date this deed using the date that the last person signs.

B. Friends Provident International Policy Number

C. The Parties

Between

Lender(s)

Full name

Residential address
and postcode

("the Lender(s)") of the first part and

Trustee 1

Trustee 2

Full name

Residential address
and postcode

Trustee 3

Trustee 4

Full name

Residential address
and postcode

("the Trustees") of the second part

D. Whereas

- 1 The Settlor(s) declared a trust dated (dd/mm/yyyy) ("the Trust")
- 2 By a loan agreement dated DD/MM/YYYY the Lender(s) lent the Trustees the sum of £ (the "Loan")
- 3 The Settlor(s) in accordance with the terms of the loan agreement can at any time demand repayment of the whole or any part of the outstanding loan (original loan minus any repayments already paid).
- 4 The Lender(s) now wishes/wish to irrevocably waive their right to repayment of £

Where there is more than one Lender, the repayment amounts shall be deemed to have been waived equally.

NOW THIS DEED WITNESSES

- 1 The Lender(s) irrevocably waives/waive their right to repayment of the outstanding loan amount and releases the Trustees from their obligation to repay the outstanding amount.
- 2 The trustees acknowledge that they shall treat the outstanding loan amount as an absolute gift and hold it in accordance with the terms of the Trust.

E. Data Protection

This form collects your personal data. We require your personal data so we can provide you with services relating to the performance of your contract. You may ask us to stop processing your data, however this may disrupt the services Friends Provident International can provide to you or may stop us being able to assist you. To find out how long we will keep your data, please refer to our privacy policy at <https://www.fpiinternational.com/legal/privacy-and-cookies>. Any data you provide to Friends Provident International may be shared, if allowed by law, with other companies both inside and outside of Friends Provident International and to persons who act on your behalf. Data and information about you can be transferred outside of the Isle of Man and Friends Provident International may be required to provide it to its regulator, its government or anyone else required by law.

Friends Provident International will use your data and information to allow for the administration of your policy, prevent crime, prosecute criminals and for market research and statistics. Friends Provident International will, at all times, make sure that your data and information is only used in ways that are allowed by law.

You can receive a copy of the information Friends Provident International holds about you free of charge by writing to our Data Protection Officer at: Friends Provident International Limited, Royal Court, Castletown, Isle of Man IM9 1RA, or by emailing DPO@fpiom.com. We can reserve the right to not send you your personal data in some circumstances - if we do we will write to you setting out the reasons why.

Our full privacy policy can be viewed at <https://www.fpiinternational.com/legal/privacy-and-cookies> or can be obtained by requesting a copy from our Data Protection Officer.

F. Signatures

Each signature must be witnessed by an independent person, who is aged 18 or over and is not a party to the trust.

If the lender is also a trustee, they will need to sign as the lender and also again as a trustee.

Signed and delivered as a Deed by the Lender

Full name

Residential address

Signature

Witness

Full name

Occupation

Residential address

Signature

Trustee Signatures - each Trustee must sign below

Trustee 1

Trustee 2

Full name

Residential address

Signature

Witness

Full name

Occupation

Residential address

Signature

Trustee 3

Trustee 4

Full name

Occupation

Residential address

Signature

Witness

Full name

Occupation

Residential address

Signature

OR in the case of a corporate trustee:

Executed as a deed by

Name of company

Authorised Signatory 1

Authorised Signatory 2

Full name

Signature

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