

RULES

OF THE

RISK ASSURANCE MANAGEMENT

LIMITED

MASTER TRUST

(for registered schemes)

Risk Assurance Management Limited (1)
and

Pi Consulting (Trustee Services) Limited (2)

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BETWEEN:

- (1) **RISK ASSURANCE MANAGEMENT LIMITED** (company number 01334065) whose registered office is at The Engine House, 77 Station Road, Petersfield, Hampshire, United Kingdom, GU32 3FQ (the "**Company**");
- (2) **PI CONSULTING (TRUSTEE SERVICES) LIMITED** (company number 04261011) (the "**Trustee**") whose registered office is at 2 Allington Close, Wimbledon Village, London, SW19 5AP.

1 BACKGROUND

- 1.1 The Company wishes to establish a trust to be called the Risk Assurance Management Limited Master Trust (the "**Trust**") under irrevocable trusts with effect from the Commencement Date for payment of a death in service lump sum benefit for certain present and future employees and/or directors of those employers that participate in the Trust from time to time.
- 1.2 Each such employer will have its own separate section under the Trust.
- 1.3 The Trustee has agreed to be the first trustee of the Trust.
- 1.4 The benefits of the Trust shall be derived from the net proceeds from a policy or policies attributable to a Member insured with Risk Assurance Management Limited.

2 ESTABLISHING THE TRUST

- 2.1 By making these Rules (the "**Rules**") the Company establishes the Trust under irrevocable trust with effect from the Commencement Date and appoints the Trustee to be its first trustee.
- 2.2 The Principal Employer and the Trustees confirm that the Trust shall be administered in accordance with:
 - (a) the requirements applying to schemes which are Registered Pension Schemes; and
 - (b) all relevant legislation, including any requirements of the Pensions Act 1995, the Pensions Act 2004 or the Finance Act 2004 that are applicable to a scheme of its type.
- 2.3 The Trustee shall be the initial scheme administrator for the purposes of section 270 of the Finance Act 2004.

3 THE FUND

- 3.1 The Trustees shall hold the Policy Proceeds on trust in accordance with these Rules for the purposes of the Trust.
- 3.2 For the purposes of the Trust the Trustee may, in addition to any statutory powers, retain or place on deposit or current account with any bank or deposit taking institution any cash they hold in relation to the Policy Proceeds. They shall be permitted to hold such cash in a non – or low – interest bearing account.

4 MEMBERSHIP

- 4.1 An employee of a Participating Employer shall be admitted as a Member if a Policy provides a lump sum death benefit in respect of him and the terms of his membership shall be as set out in that Policy.

5 TERMINATION OF MEMBERSHIP

5.1 A person shall cease to be a Member immediately if:

- (a) he ceases to be an employee of a Participating Employer;
- (b) the Participating Employer by which he is employed ceases to participate in the Trust;
- (c) his employer notifies the Company that the Member, or that a category of employees to which the Member belongs, shall be excluded from Membership;
- (d) cover under a Policy ceases in respect of him for whatever reason. The Company's determination as to whether and, if so, on what terms a Policy is in force or terminated shall be final and binding.

6 LUMP SUM DEATH BENEFIT

6.1 This Rule is subject to Rule 7 (Unauthorised Payments).

6.2 If a Member dies, the Trustees shall hold Net Policy Proceeds attributable to that Member on the trusts of this Rule.

6.3 The Trustees shall hold the Net Policy Proceeds attributable to that Member on trust with power to pay it out (in one or more payments) within two years of the earlier of the date on which the Trustees first knew of the Member's death and the date on which they could first reasonably be expected to have known of it. They may pay the lump sum for the benefit of such one or more of the following and in such proportions as they decide:

- (a) the Member's Spouse;
- (b) any parent or grandparent of the Member or his Spouse;
- (c) any Dependant of the Member;
- (d) the descendant (including half-blood relationships and children conceived but not yet born) of any grandparent of the Member or his Spouse, and the spouses of such descendants;
- (e) any person or unincorporated body that the Member notified to the Trustees for the purpose of this Rule;
- (f) any person or unincorporated body beneficially interested under the intestacy or any will of the Member; and
- (g) the Member's personal representatives (other than where the residue of the Member's estate passes to the Crown, the Duchy of Lancaster or the Duke of Cornwall).

A Member's step-children shall count as his natural children for the purposes of this Rule.

The Trustees may pay the whole or part of the lump sum to other trustees to hold on trust for the benefit of one or more of the people on the above list.

The Trustees may rely on:

- (h) any confirmation by the Company or by another Participating Employer that a person is on the above list

- (i) any confirmation by a solicitor that the trusts on which a lump sum is to be held mean that it can only be paid to or used for the benefit of one or more of the people on the above list
- (j) any information provided by solicitors acting for the personal representatives of the Member

and shall not be under any duty to make any further enquiry.

The Trustees may deduct from the lump sum any expenses they incur in preparing to make a payment. In exercising their power under this Rule 6, the Trustees may (but need not) have regard to any wishes that the Member expressed in writing to them.

- 6.4 The Trustees shall distribute to such charity as it may decide (subject to Rule 7) any balance of a lump sum benefit not paid out under Rule 6.3 within the period of two years mentioned in that Rule.

7 UNAUTHORISED PAYMENTS

- 7.1 The Trustees shall not make any payment under the Trust that is an Unauthorised Payment.

8 TAX

- 8.1 The Trustees may deduct from any payment they make an amount equal to any tax for which they are or might become liable (under the Finance Act 2004 or otherwise), including any for which they are or may be jointly and severally liable.
- 8.2 If any liability for inheritance tax or any other tax arises in respect of any benefit under the Trust, the Trustees may apply the benefit in whole or in part in the payment of such tax (including any interest due) and deduct the amount so paid from the benefit. Alternatively, they may postpone the payment of the benefit until the liability has been met in some other way or provision satisfactory to the Trustees has otherwise been made for it.

9 PREMIUMS

- 9.1 Each Participating Employer shall pay the premiums required under the Policy immediately they fall due and will comply with the terms of the Policy in all respects.

10 EXPENSES

- 10.1 The Company will be responsible for meeting the expenses of operating the Trust including the fees referred to in Rule 11.2.

11 TRUSTEES

Appointment and removal

- 11.1 The Company may, by deed, appoint and remove Trustees of the Trust without limitation as to numbers. It may appoint a corporate body as sole trustee. A Trustee may resign by giving written notice to the Company. Anyone who ceases to be a Trustee shall execute any documents that the Company and/or the other Trustees consider to be reasonably necessary to give proper effect to the end of his trusteeship.

Charging

- 11.2 A Trustee who carries on a profession or business that includes acting as a professional trustee may charge for his services as a trustee of the Trust on a basis agreed with the Company from time to time. Likewise, if a Trustee is interested in a company or firm that acts as a professional trustee, it may charge on a basis agreed with the Company for

providing his services. Any charges or payments under this Rule 16 shall form part of the expenses of running the Trust to be met under Rule 10 (Expenses).

Conduct of business

- 11.3 Where there is a sole corporate trustee, its business will be conducted in accordance with its constitution. Otherwise the Trustees may regulate their business at meetings as they see fit.
- 11.4 The Trustees shall not be obliged to give to any Member or any other person any reason or justification for any exercise of any of their duties, powers or discretions.

Delegation, Agents and Advisers

- 11.5 The Trustees may delegate any of their duties, powers or discretions to anyone (including a committee of themselves) on any terms. The terms may allow sub-delegation. The Trustees shall not be under a duty to supervise any delegate. Nor shall they be responsible for the negligence or default of a delegate (or sub-delegate) or any loss incurred as a result of delegation (or sub-delegation). The Trustees may also appoint agents and professional advisers on such terms as they may think fit from time to time.

Protections for the Trustees

- 11.6 No Trustee (including directors of any corporate trustee) shall be liable for anything whatsoever in relation to the Trust except for fraud or any act or omission knowingly and intentionally committed in bad faith by him.
- 11.7 The Company shall indemnify each Trustee against all liabilities, expenses, actions, proceedings, costs, claims, fines, penalties or awards in respect of any matter relating to the Trust in any way (including any that he incurs as a result of any act or omission by an agent appointed by the Trustees) save to the extent that they relate to fraud or any act or omission knowingly and intentionally committed in bad faith by the Trustee seeking to be indemnified or, in the case of a paid Trustee, his negligence. This indemnity shall continue after the Trust has been discontinued.
- 11.8 The Trustees shall not be obliged to make any payment following the death of a Member unless and until they have actually received the Policy Proceeds in respect of that Member, and then only to the extent of the amount actually received net of any deductions allowed under these Rules.

12 INFORMATION

- 12.1 The Trustees and Participating Employers shall comply with the requirements of the Finance Act 2004 about providing information to Her Majesty's Revenue and Customs and keeping records.

13 AMENDMENT

- 13.1 The Company may, with the consent of the Trustees, by deed alter, add to, delete or replace any of these Rules. It may do this with effect from any date, past, present or future. But any amendment that would prejudice the Registered Status of the Trust shall be invalid.

14 PARTICIPATING EMPLOYERS

- 14.1 An employer may agree with the Company and the Trustees to participate in the Trust. An employer that wants to participate shall enter into such documentation as the Company and the Trustees may require in a form prescribed by the Company and the Trustees where that employer agrees to comply with the Rules as amended from time to time and to comply with the terms of the Policy. The documentation may have retrospective effect.

- 14.2 The Company, the Trustees and the employer may agree special conditions for the employer's participation. Participation may be for a definite or an indefinite period.
- 14.3 A Participating Employer shall cease to participate in the Trust if the Policy in respect of that Employer ceases for whatever reason.
- 14.4 A Participating Employer shall cease to participate in the Trust if it gives the Trustee and the Company 30 days' written notice (or such shorter notice as they agree to accept).

15 DISCONTINUANCE

- 15.1 The Company may discontinue the Trust at any time by giving written notice to the Trustees and the Participating Employers at that time.
- 15.2 If the Trust is discontinued:
- (a) all Members shall immediately cease to be Members;
 - (b) the Trustees shall distribute any lump sums which are held on the discretionary trusts of Rule 6 on the date of discontinuance; and
 - (c) to the extent that they hold any remaining funds under the Trust after the application of paragraph (b), refund such funds to the Company after deducting any tax for which they are or may become liable.
- 15.3 Following a distribution, refund or payment of tax under Rule 15.2, the Trustees shall be discharged of any obligation to pay benefits under these Rules and the Trust shall be dissolved.

16 PERPETUITY PERIOD

- 16.1 The perpetuity period applicable to the Trust shall be 125 years from the Commencement Date plus such further period (if any) as may be lawful including any period during which the Trust is exempt from the rule against perpetuities.
- 16.2 The Trustees shall discontinue the Trust one year before the expiry of the perpetuity period.

17 EXECUTION OF THESE RULES

- 17.1 These Rules may be executed in any number of counterparts and by each party on separate counterparts. Each counterpart is an original but all counterparts together constitute one and the same instrument.

18 GOVERNING LAW

- 18.1 English law governs the Trust and the running of it. The parties submit to the exclusive jurisdiction of the English courts.

19 DEFINITIONS

"Civil Partner"	means a civil partner of a Member as defined in the Civil Partnership Act 2004.
"Commencement Date"	means the date of execution of these Rules .
"Company"	the Company which established the Trust or any other Company which has, with the consent of the Trustees, taken over the role of Company in relation to Trust.

"Dependant"	means, in relation to a Member, any natural person who in the opinion of the Trustees was at the time of death of the Member financially dependent on him or in a financial relationship of mutual dependence with him or dependent on him because of physical or mental impairment.
"Lifetime Allowance"	has the same meaning as for the Finance Act 2004.
"Lifetime Allowance Charge"	has the same meaning as for the Finance Act 2004.
"Member"	means any person in respect of whom lump sum death benefits are payable under a Policy. "Membership" has a corresponding meaning.
"Net Policy Proceeds"	means the Policy Proceeds less any tax which the Trustee is obliged to deduct (whether attributable to the benefits payable to a Member, or attributable to a tax charge payable by the Trustee or the Company and which relates to the operation of the Trust).
"Participating Employer"	means an employer participating in the Trust and, in relation to any particular Member, means that Participating Employer by which he is at the relevant time employed or by which he was last employed.
"Policy"	has the meaning set out in Rule 1.4.
"Policy Proceeds"	means the proceeds under a Policy received by the Trustees.
"Registered Pension Scheme"	has the meaning in section 150 of the Finance Act 2004.
"Registered Status"	means the Trust's status as a Registered Pension Scheme.
"Spouse"	means in relation to a Member the wife or husband to whom they were legally married at the date of the Member's death and includes a Civil Partner.
"Trustees"	mean the trustee or trustees for the time being of the Trust. "Trustee" means any one of them.
"Unauthorised Payment"	has the meaning given to that phrase by section 160(5) of the FA2004.

In these Rules, unless inconsistent with the context:

- ☐ "he" also means "she"
- ☐ any reference to legislation which applies to any part of the United Kingdom includes any corresponding legislation applicable to any other part of the United Kingdom, and
- ☐ references to statutes include modifications and re-enactments, and any regulations that go with them.