



# Introducing Legal & General's Mastertrusts

Helping to make it easier  
and quicker to buy our  
registered and EGLP  
life cover.

# What is a master trust?

Traditionally, an employer sets up a Group Life Assurance policy under a trust. This offers tax advantages, and helps give employees legal certainty of a life cover payment on their death.

Our Mastertrust solutions aim to help you by avoiding the hassle of setting up and administering your own trust. They are designed to be quick to join, and give you the tax advantages of either

- a registered death in service scheme, or
- an excepted group life policy scheme.

If you insure Group Life Assurance benefits with us, you can choose to join one or both our Mastertrusts.

When you select our Mastertrust, all insured employees become scheme members. You'll have your own policy, pricing and terms and conditions. The experienced trustees we've appointed will look after the trust, keep up to date with relevant laws and regulation, and consider a deceased employee's circumstances and wishes when they pay benefit from the trust.



For more information about our Group Life Assurance policy, please read our [technical guide](#). Our technical guide will also help explain what we can cover, how we assess claims and our understanding of the tax rules that apply.

# What are the benefits of our Mastertrust solutions?

## Registered and EGPL solutions

We offer different solutions for two different tax regimes. Choose between:

- registered cover through our Group Life Mastertrust; and
- excepted group life policy cover through our Relevant Life Mastertrust; or
- a combination of both our Mastertrusts.

## Time savings with no extra cost

Setting up scheme trusts and rules can be complex and takes time. Our ready-made death in service schemes mean you don't have to set your own one up and manage it.

There's no additional cost to join and there's generally no extra charge for benefit payments paid under the trust. When there's a claim, you'll just need to provide a few basic details about a deceased employee, for example, who told you about their death, to help the trustees start identifying potential beneficiaries.

## Strong governance

We run the schemes with the help of experienced independent professional trustees. The scheme trustees take on the responsibility of deciding who to pay benefit to, by considering the deceased's Expression of Wish form and circumstances at the time of their death.

We also keep up to date with laws and regulations affecting the schemes and the responsibilities of trustees, so you don't have to.



# How do our Mastertrusts work?

## How is it set up?

We've set up our Mastertrust schemes under a definitive trust deed and rules, appointed independent professional trustees and built a strong governance structure. We're responsible for running the schemes, any HM Revenue & Customs reporting and keeping up to date with relevant laws and regulation. Any employer insuring their UK employees with us under one of our Group Life Assurance policies can apply to join.

 **[Read our Group Life Assurance technical guide for more information about tax.](#)**

We run two master trusts, each offering different tax advantages.

- Our Group Life Mastertrust is designed to distribute life cover benefits through a scheme that's registered with HM Revenue & Customs.
- Our Relevant Life Mastertrust is designed to distribute life cover paid from a relevant life policy insuring one person, or an excepted group life policy.

While our Mastertrusts can include many employers, each will have their own policy with its own specific terms and conditions. This gives you the freedom to choose the employees and the benefits you want to insure and include.


Our Mastertrust will only include the Group Life Assurance benefits insured with us. It cannot include any other benefits you either self-insure or insure elsewhere.

## How can I join your Mastertrust?

If you set up Group Life Assurance cover with us, you'll need to complete an application to join one of our Mastertrusts. We use different applications for the two Mastertrusts:

- [Application for the Group Life Mastertrust](#) (for registered cover)
- [Application for the Relevant Life Mastertrust](#) (for excepted group life policies)

Please complete both applications if you want to use our Mastertrusts for both registered and excepted group life policy cover.

 **We cannot include you in our Mastertrust before we've received your completed application, so it's best to send it in before your cover starts. If you set up cover and there's a death before we receive your application, you will be responsible for distributing the benefit and resolving any tax complications.**

You're providing your employees with a valued benefit and you'll want to tell them about it. Before you join, you'll need to consider how you'll update your employees and set up a process to collect employee Expression of Wish forms confirming who they'd like their benefit to go to.

Please read the sections 'Joining our Mastertrust schemes' and 'Your Commitment' for further details.

## How can an employee advise who they want their benefit paid to?

You'll need to encourage all insured employees of this scheme to fill in an Expression of Wish form. This form gives employees the opportunity to provide details of who they would like to receive their benefit if they die while they're covered. The employee needs to fill in this form when their cover starts and if their circumstances and wishes change. You'll need to set up a process to collect these forms and keep them in a safe place.

[Registered Group Life Expression of Wish form](#)

[Relevant Life Expression of Wish form](#)

## What happens if there's a benefit claim?

You'll need to complete our [Mastertrust Death Claim form](#) and send it to us with the insured employee's Expression of Wish form. We'll check the details and pay valid benefit claims to the trustees.

The trustees decide who'll receive the benefit, taking into account the details given on the Expression of Wish form, the Mastertrust Death Claim form, and the results of any investigation into the employee's personal circumstances.





# Is there anything further I should consider?

**Q. Does it meet my needs?**

**A.** You'll need to decide if our Group Life Mastertrust is suitable for your requirements. You may want to take legal advice to make sure.

We will not vary the scheme trust or rules to meet a specific need. We can offer a specimen trust and scheme rules, if you need to set up and run your own scheme.

**Q. How are the registered Group Life Mastertrust and Relevant Life Mastertrust are taxed?**

**A.** The key difference between our Mastertrusts are the tax rules that apply.

- Our registered Group Life Mastertrust takes advantage of the tax rules that apply to schemes registered with HM Revenue & Customs. For example, it can pay death benefits within the Lifetime Allowance (£1,073,100 for the tax year 2020/21) without any tax deductions.

Registered scheme benefits may not be suitable for all employees. For example:

- Registered pension scheme savings count towards the lifetime allowance too. A 55% tax charge could be due to any benefits that exceed the lifetime allowance when they're paid.
- An employee with fixed or enhanced protection from the tax charge above the lifetime allowance is likely to lose this valuable protection if they're included within our registered Group Life Mastertrust.

Our Relevant Life Mastertrust provides an alternative option. While benefits from this trust are usually paid without any deductions for tax, an exit charge or periodic charge may apply. These are worked out when the benefit is paid and won't exceed 6% of the benefit value in each case.

For a policy to be taxed as an Excepted Group Life Policy it needs to meet a few conditions. To meet one of these conditions relating to who can receive benefit, our Relevant Life Mastertrust will only pay benefit to individuals or charities.

You don't have to choose one of our Mastertrust over the other and can choose to join both. If you choose both, you'll need to clearly define the benefits that are paid through each and we'll set up separate insurance policies for them.



**[Our Group Life Assurance technical guide provides more detail about policy options and gives our understanding all the relevant tax rules in more detail. Helping you understand Relevant Life Policies and Excepted Group Life Policies explains these policy types in more detail, giving example of when employers consider alternatives to registered cover.](#)**

If you're not sure which of our Mastertrust is right for you, we strongly suggest you talk to your adviser.

**Q. Why is it important to check if any of my employees have enhanced or fixed protection?**

**A.** Registered schemes can provide tax advantaged retirement and life cover benefits up to a lifetime allowance, above which a tax charge applies. Some with large registered pension benefits applied for enhanced, or fixed protection from this tax charge when the lifetime allowance was first introduced, and when it later reduced. These protections from the tax charge above the lifetime allowance are likely to be lost if the employee were to join another registered scheme, such as our registered Group Life Mastertrust scheme.

Our Excepted Group Life Policy and our Relevant Life Mastertrust may be an option for employees with enhanced or fixed protection.



**[Our Group Life Assurance technical guide provides more detail about enhanced and fixed protection, and Excepted Group Life Policy options.](#)**

**Q. What happens if Group Life Assurance cover ends?**

**A.** If you join our registered Group Life Mastertrust, we'll automatically end your inclusion as an employer when your Legal & General Group Life Assurance policy ends.

If you joined our Relevant Life Mastertrust, you may have set up separate policies for different benefit levels to keep to the excepted group life policy conditions. Your inclusion as an employer under the Relevant Life Mastertrust will automatically end when your last Legal & General excepted group life policy or relevant life policy ends.

Your employees' inclusion as scheme members will automatically end when their cover ends.

**Q. Does your Mastertrust have limits?**

**A.** Our Mastertrusts will only provide the lump sum life assurance benefits insured with us. It will not take into consideration any benefit for an employee that we have declined, postponed or restricted because of medical underwriting. It cannot include any benefit you've chosen to self-insure, or insure elsewhere.

**We cannot include dependants' pension cover under either of our mastertrusts.**

**We can only include employees employed by a UK based employer. Employees of any of your overseas subsidiary or associated businesses are excluded.**



# Joining our Mastertrusts

Once you decide to set up a new Group Life Assurance policy with us, we can offer membership for one or both of our Mastertrusts. You'll need to fill in and return an application before you can join:

- [Application for the Group Life Mastertrust](#) (for registered cover)
- [Application for the Relevant Life Mastertrust](#) (for excepted group life policies)

It's best to make sure we have your completed Mastertrust application before cover starts. We cannot include you without it, or backdate your inclusion. If you set up cover and there's an insured death before we have your application; we'll pay the claim to you, and you'll be responsible for distributing the benefit and resolving any tax complications.

Only one application is needed for each of our Mastertrusts:

- Your application also allows for employees of any of your UK subsidiary or associated business that you may have chosen to insure. Your subsidiary and associated business do not need to sign the application.

- An application for our Relevant Life Mastertrust allows for all the Group Protection excepted group life policies and relevant life policies you set up with us.

For example, an excepted group life policy can only insure one benefit level. If you need to insure two benefit levels you'll need two excepted group life policies. We'll only need one mastertrust application to include both policies. If later you decide to set up an extra excepted group life policy for a third benefit level, unless you instruct us otherwise, your original application form will automatically include the third policy too.

- The applications for the registered Group Life Mastertrust and the Relevant Life Mastertrust are different. If you wish to join both schemes, you'll need to fill in and return both applications.

Your inclusion will be complete once we've received your application, set up the insurance cover and confirmed your inclusion in writing.





## Your commitment

To help you and your employees get the most out of our Mastertrusts, you'll be the link between us and your employees. Simple communications and processes will help your employees understand the value of what you've set up, and make sure any benefit payments go to the right people.

### 1. Employee communications

You'll want to tell your employees about the life cover you've arranged. We can provide template employee leaflets to support this on request.

We'd encourage you update your employees as soon as possible, and ask you include the following important information in your communications:

- **Expression of Wish forms**

Employees can use an Expression of Wish form to tell the trustees who they'd like to receive the benefit if they were to die. It's therefore very important they complete this form and return it to you. If their circumstances change, completing a new Expression of Wish form will replace all previous versions.

- [Registered Group Life Mastertrust Expression of Wish form](#)
- [Relevant Life Mastertrust Expression of Wish form](#)

The trustees will consider the employee's wishes and circumstances at the time of their death when they decide who will receive the benefit.

- **About their membership**

Life cover can give an employee peace of mind that if they were to die, you've arranged some financial protection for their loved ones. It's important you tell them about it.

We suggest you explain when their inclusion starts and stops, as well as the benefits. This will mirror the eligibility conditions and benefits we agreed to insure under our policy.

- **Basic tax information**

Benefit is usually paid tax free, however it's useful to know when tax could be deducted. Tax details will also be important for employees planning for retirement benefits or inheritance tax. The tax information you provide will depend on the master trust you choose:

For our registered Group Life Mastertrust, we suggest you consider including:

- Confirmation that the life cover benefits are provided through a registered scheme.
- Benefit is usually paid tax free provided it isn't above the Lifetime Allowance.
- Membership may be unsuitable for anyone who applied to HM Revenue and Customs for Enhanced Protection or Fixed Protection from the tax charge applying to benefits above the standard Lifetime Allowance.

For our Relevant Life Mastertrust, we suggest you consider including:

- To secure tax advantages the benefit is paid through a discretionary trust, usually free of any tax deductions.
- There are two types of tax charge that could apply to discretionary trusts called a 'periodic charge' and an 'exit charge'. It's unusual for them to apply, however if they do, the charge will not exceed 6% of the benefit value in each case. If they apply, the trustees will deduct the tax from the benefit before it's paid to the relatives, dependants or chosen charities.
- As part of any inheritance tax planning, it's best for them to tell a tax adviser about membership of our Relevant Life Mastertrust. In some circumstances the cost of the insurance cover could be considered part of a transferable nil rate band.

### 2. Expression of Wish forms

You'll need to remind your insured employees to keep their Expression of Wish forms up to date and store them safely. You'll need to send us the relevant Expression of Wish form if you make a claim.

### 3. Submitting a claim

Only you, as the principal employer, can claim under our Group Life Assurance policy.

To start the process, we'll ask you to fill in, sign and send our [Mastertrust death claim notification form](#) along with a copy of the employee's Expression of Wish form and a death certificate.

The claim form will ask you to provide some basic details about your employee's next of kin and who is looking after their estate. It will also prompt you to send in the birth and marriage certificate of those most likely to receive the benefit. We don't ask you to make specific enquiries, however, your help allows the trustees to start identifying potential beneficiaries quickly and minimises contact with the family at a difficult time.

# FAQs

**Q. Who can use these Legal & General Mastertrusts?**

**A.** Our Mastertrusts are available to any employer insuring their UK employees with us for Group Life Assurance. Registered and excepted group life policy options are available.

**Q. Who are the trustees?**

**A.** Legal & General Trustees Limited and three independent trustee companies; BESTrustees Ltd, The Law Debenture Pension Trust Corporation PLC and 20-20 Trustees Services Ltd. They decide who to pay the lump sum benefits to under the trust, considering the insured employee's wishes and circumstances.

**Q. What happens if I move cover to a new insurer?**

**A.** You cannot continue in our Mastertrust scheme if you end your Group Life Assurance cover with us. You'll need to consider setting up your own scheme or joining a different master trust arrangement.

**Q. How does the Relevant Life Mastertrust work if I've set up more than one excepted group life policy?**

**A.** For a policy to meet the legal definition of an excepted group life policy, it can only insure one benefit basis. Separate excepted group life policies are needed for each different benefit basis an employer may provide for different employee groups.

To keep administration simple, one Relevant Policy Mastertrust application will include all your excepted group life policies, no matter how many you set up. Unless you tell us otherwise, while you remain included in our Relevant Life Mastertrust we'll also automatically include any new excepted group life policies you may set up following any benefit restructures.

If a benefit restructure means you cancel some, but not all, your excepted group life policies; we'll continue to include you for the benefits that remain insured with us.

**Q. When does an employee's membership of the Mastertrust start and stop?**

**A.** Any employee insured under a policy set up under our Mastertrust is automatically a Mastertrust scheme member.

An employee's Mastertrust membership will automatically end when we stop insuring them under the policy, or the policy is removed from the Mastertrust.

**Q. What happens if I find out about an insured employee's death after I've left your Mastertrust?**

**A.** If the insured member died before you left our Mastertrust, you'll need to fill in a [Mastertrust Death Claim form](#) and any benefit will be paid through our Mastertrust. You'll also need to support the claims process by providing the basic details used by the trustees to start identifying the deceased's dependants.

We will not pay any benefit through our Mastertrust if the insured employee dies after you left our Mastertrust. If you still insure the benefits with us, we'll pay a valid claim to the trustees of the scheme you transferred the policy to.

**Q. What happens if the principal employer who is responsible for the Group Life Assurance policy changes whilst we are part of the Mastertrust?**

**A.** Please tell us in advance if the new employer wishes to keep the policy benefits within our Mastertrust by returning:

- a [Group Life Mastertrust application](#) completed by the new principal employer in respect of any registered cover; and
- a [Relevant Life Mastertrust application](#) completed by the new principal employer in respect of any excepted group life policy cover; and
- [change of policyholder form](#) completed by the old and new principal employers to confirm the transfer of the policy.

We cannot include the new principal employer until we have a completed application and the policy is transferred.

If the new employer wishes to provide benefits through their own scheme, we'll just need [change of policyholder form](#) to confirm the transfer and the new scheme's details. In these circumstances, inclusion within our Mastertrust will automatically end when the policy is transferred.

**Q. Who is responsible for returning the HM Revenue & Customs reports needed for registered schemes?**

**A.** We'll give HM Revenue & Customs all the details they need about our Group Life Mastertrust scheme.

**Q. What if we already have a scheme in place?**

**A.** You have the choice of either continuing with your existing scheme or joining our Mastertrust.

If you're considering using our registered Group Life Mastertrust, you'll need to check if any employees have enhanced or fixed protection before you cancel, or remove, the death benefits from an existing scheme. For further details, please refer to the section 'Do any employees have enhanced or fixed protection?'

We recommend you talk to your legal adviser before replacing your existing scheme with a master trust.

**Q. Can we remove our policy from your Mastertrust?**

**A.** Yes, you can leave our Group Life Mastertrust scheme at any time. We usually ask employers to tell us 30 days in advance; you can do this using our [change of policyholder form](#). You'll need to set up your own scheme to continue providing the insured benefits to your employees.

**Q. Can I cover employees of an associated company based overseas?**

**A.** No, our Mastertrusts can only include employees who are directly employed by a UK company.



**For more information, please read our [Registered Group Life Mastertrust scheme rules](#) and our [Relevant Life Mastertrust scheme rules](#).**

**Why use Legal & General?**

In addition to our reputation and experience in providing death in service benefits, here are some other reasons to choose us to protect your employees.

- We've been providing cover for employees for over 90 years and are one of the leading Group Life Assurance providers in the UK.
- Legal & General have gained significant experience in administering master trusts over recent years.
- We have built our reputation on the strong belief in treating our customers fairly.
- We provide an Employee Assistance Programme (EAP) as standard for all our Group Life Assurance scheme members. This includes bereavement counselling for immediate family following a claim, as well as advice, training and services that helps employees deal with events and issues in their everyday work and personal life.

# Contact us



**0345 072 0751** Monday to Friday 9am to 5pm.  
We may record and monitor calls.



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## **Legal & General Assurance Society Limited**

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