



Protect your child's investment from potential tax.

Formalise Trust Status for your Jump account.



How to make sure your Jump Plan is protected from potential tax liabilities.

Thank you for investing in the Jump Plan. This investment is intended to benefit from stock market growth until such time as the child who is intended to benefit from the Jump Plan reaches the age of 18. At this point in time, the value of the Plan can be paid out to him or her, or they can remain invested for further gains.

Some investors are concerned about the potential tax liabilities that could arise from their investment in the Jump Plan. Under current HM Revenue & Customs rules, the value of the Jump Plan might be included in your own estate for tax purposes.

However, you can ensure that potential tax liabilities are minimised by placing the Jump Plan into a Bare Trust which acts as a tax “firewall” around the Plan. A summary of the principal tax advantages of the Trust is shown opposite.

To take advantage of the protection a Trust can offer, you simply need to complete the enclosed Declaration form and retain it for your records.

Further instructions for the completion of the Declaration form are enclosed with this brochure.

As soon as the Declaration form is completed, the Jump Plan will be deemed to be held for the sole benefit of the child. At that point it should not form part of your estate for tax purposes.

Please note that although you will have a degree of legal control, as Trustee, over the Jump Plan, your decision to establish the Trust is irrevocable. The value of the funds held in the Plan will from that point onwards be held in Trust for the child and may only be applied for his or her benefit.

Why it makes sense to set up a Trust.

Without the Jump Bare Trust Option

- The value of the Plan will generally be regarded as your asset for tax purposes.
- Income tax may be levied on the Plan at your usual rate and it might be included in your estate for inheritance tax purposes.

With the Jump Bare Trust Option

Although you would be the legal owner of the Plan, it would be treated generally for tax purposes as belonging to the child.

Inheritance tax

- Investments under £3,000 per annum may be covered by your annual gift allowance and free of inheritance tax.
- If you make regular payments out of your income, these may be exempt from inheritance tax.
- Investments in excess of £3,000 may only be subject to inheritance tax if you die within 7 years of establishing the Trust.
- Subject to the above, the investment would not be included in your estate for inheritance tax purposes.

Income tax

- If you are the parent of the named child, income in excess of £100 would be treated as belonging to you for tax purposes (or £200 in the case of a joint application by both parents) and taxed at your usual rate(s).
- Subject to the above, the income would be taxed as the child's and their tax-free personal allowance, currently £5,435 per annum, should offset any liability to income tax.

Capital Gains Tax

- The child's personal tax-free allowance, currently £9,600, should offset any liability to capital gains tax that may arise on any increase in the value of the Plan.
- Your own capital gains tax personal allowance should be unaffected by your payments into the Plan.

Note: the above tax summary is understood to be correct as at June 2008.

Questions and Answers.

Q: Do I need to contact HM Revenue & Customs should I decide to sign the Declaration form?

A: No, from 13th March 2008 declarations of trust are no longer subject to Stamp Duty. The Declaration form should be retained by you.

Q: What is the main benefit to be gained from trust status?

A: Generally, because there are a number of tax advantages as explained further in the table on the previous page.

Q: What if I wish to cancel my Jump Plan?

A: You may cancel your regular payments into the Plan at anytime. However because the Trust is arranged for the benefit of the child, once you have cancelled your payments into the Plan, the Plan must still be held in Trust for the benefit of the child. You will have no right to alter or cancel the Trust once it is established, although under the general law, Trustees have power to deal with the Trust assets providing that they are acting for the benefit of the child. Otherwise, the assets will remain in the Trust until the child reaches age 18 when the funds can be accessed by him or her directly.

Q: Can I increase my child's Jump investment?

A: Yes, you (or any other person) can add to the fund at any time. There is no requirement to sign any further forms once the Trust is established. Any additional funds transferred into the Plan will be held on trust for the child. (You simply need to forward a cheque made payable to Jump Client Account, your name.) Please quote your Plan number in all correspondence and also write the Plan number on the back of the cheque.

Q: Can I take income from Jump?

A: Normally, income is reinvested – but if you wish, you can have this income paid out to you to be used for the benefit of the child. As explained further on the previous page, under current HM Revenue & Customs rules, the child's income tax allowances and exemptions should be available to minimise any liabilities in this regard (except where you are the child's parents and the income exceeds £100 per parent per annum, in which case the income will be taxed as your own).

Q: What if I want to add extra conditions to the Trust – to specify a later age when the child can access the account, for example?

A: This kind of flexibility is not available under this Trust arrangement. You would need to contact your solicitor and/or financial adviser if you wish to establish a Trust with alternative provisions.

You are advised to seek your own personal advice as to your own specific tax position. The information contained in this brochure, and the enclosed documents, represents our understanding of the current UK tax legislation and HM Revenue & Customs practice. Please contact an independent professional adviser should you have any further questions.

What you need to do.

Complete the enclosed Declaration form in accordance with the instructions on the reverse of the form.

(It is important that you write the Jump Plan number, which can be found in the letter sent to you when you opened your Jump Plan.)

The first applicant should then sign and date the form and write their address in the lower left area of the form.

You should then retain the original Declaration.

THE TRUST PROVISIONS

THIS DEED witnesses that the Applicant(s) hereby irrevocably declare(s) ^(Note 1) that:

1. The Share Fund and all property for the time being representing the same or arising therefrom shall henceforth be held upon trust for the Beneficiary upon the terms set out below.
2. The Applicant(s) hereby appoint(s) the Additional Trustee to be trustee of the Share Fund and to act in that capacity jointly with the Applicant(s) ^(Note 2).
3. The Applicant(s) hereby declare(s) that the capital and income of the Share Fund shall be held in trust for the Beneficiary absolutely provided that whilst the Beneficiary is under the age of 18 years the Trustees may pay or otherwise apply the whole or any part of the income of the Share Fund for the maintenance, education or benefit of the Beneficiary as the Trustees shall in their absolute discretion think fit and retain the balance of the income upon trust for the Beneficiary absolutely and the Trustees may, whilst the Beneficiary is under the age of 18 years, pay or apply such retained income as if it were income arising in the year of such payment or application as the case may be ^(Note 3).
4. Section 31 of the Trustee Act 1925 shall not apply to this Deed ^(Note 4).
5. Section 32 of the Trustee Act 1925 shall apply to this Deed as if the proviso (a) of subsection (1) had been omitted ^(Note 5).
6. The Trustees may pay apply or transfer the income or capital of the Share Fund to the parent or guardian of the Beneficiary and the receipt of such parent or guardian shall be a good discharge to the Trustees.
7. The Share Fund may be invested or applied in the purchase of, or at interest upon the security of, such stocks, funds, shares, securities or other investments or property of whatsoever nature including the purchase or improvement of land and property anywhere in the world and whether involving liability or producing income or not with or without security as the Trustees may in their absolute discretion think fit so that the Trustees shall have the same full and unrestricted powers of investing and varying investments in all respects as if they were absolutely and beneficially entitled thereto. The Trustees shall not be required to diversify the investment of the Share Fund ^(Note 6).
8. The power of appointing new or additional trustees hereof shall be vested in and exercisable by the Applicant(s) jointly and subject thereto by the survivor of the Applicant(s) and subject thereto by the Trustees ^(Note 7).
9. The Trust created by this Deed shall be governed by the law of England and Wales.

In Witness Whereof this Deed has been signed and delivered on the date written below ^(Note 8).

SIGNED AND DELIVERED as a Deed)
by the First Applicant, before)

Witness Signature _____

Address _____

Postcode _____

Occupation _____

SIGNED AND DELIVERED as a Deed)
by the Second Applicant, before)

Witness Signature _____

Address _____

Postcode _____

Occupation _____

SIGNED AND DELIVERED as a Deed)
by the Additional Trustee, before)

Witness Signature _____

Address _____

Postcode _____

Occupation _____

DATE | | | | | | | | | |



Explanatory Notes.

1. This document creates an irrevocable Trust. You will have no right to alter or cancel the Trust once you have signed the document. The effect of the Declaration is to remove the ownership of the investments comprised in the Share Fund from your estate, whilst permitting you to have a degree of legal control over the assets.
2. The role of the Trustees is to administer the Share Fund for the benefit of the Beneficiary and to ensure that the beneficial ownership of the Share Fund remains with the Beneficiary. If any of the Applicants or Trustees should die, the beneficial ownership of the Share Fund remains unchanged. In these circumstances, new trustees may be appointed to the Trust. If you wish to immediately appoint an additional Trustee to act jointly with yourself, and the Second Applicant, you should insert the name of the Additional Trustee in the relevant section.
3. The Trustees are given a power to apply the income for the benefit of the Beneficiary but will otherwise reinvest and hold the income for the Beneficiary.
4. Section 31 of the Trustee Act 1925 is excluded from the terms of the Trust in order to ensure that the Trustees have power to apply the income of the Trust for the benefit of the Beneficiary, as explained above.
5. Section 32 of the Trustee Act 1925 is amended so as to allow the Trustees to exercise their statutory power of advancing capital to the Beneficiary in relation to the whole of the Share Fund, rather than one half of the Share Fund as currently provided for in the statute.
6. The Trustees are given wide powers of investment with regard to the Share Fund and are excused from the duty to diversify the investments comprised in the Trust. This means that the Trustees will not be subject to criticism for failing to spread the investment of the Share Fund across a variety of financial sectors, as they are required to do under the general law.
7. This clause confirms who is entitled to appoint new Trustees to the Trust, as further described at Note 2 in the previous column.
8. The Declaration should be signed by the Applicant(s), (and the Additional Trustee if applicable), in front of an independent witness (i.e. not a relative or their spouse) and the date on which the last person signs the Deed should be written below the signatures, where indicated.

Please remember, past performance is not a guide to future performance, and the value of your shares and the income from them can rise and fall, so you may not get back the amount originally invested. Issued and approved by Witan Investment Services Limited. Witan Investment Services Limited is registered in England no. 5272533 of 4 Broadgate, London EC2M 2DA. Witan Investment Services Limited provides investment products and services and is authorised and regulated by the Financial Services Authority. Calls may be recorded for our mutual protection and to improve customer service.