# Children's Investment Trust

## Customer Guide


**Important Information**

The information provided is accurate when Aviva Life & Pensions Ireland DAC created this brochure in April 2025. You should not base your decision to invest in this product solely on the information in this document. You should seek professional tax and legal advice to satisfy yourself of your tax position and the legal responsibilities of trustees. The information given is a guideline only. It's important that you read Aviva's Investment Bond Customer Guide in conjunction with this document. This guide is available from your Financial Broker or you can download it on aviva.ie. The information given is a guideline only. Remember that tax laws can change over time, so it's important to check revenue.ie for the latest information.

For all trusts, Trustees must register trusts with Ireland's Central Register of Beneficial Ownership of Trusts (CRBOT) to comply with anti-money laundering laws. Registration is done via Revenue's Online Service (ROS), requiring information about beneficial owners.

Click here for more information.

# Give children a solid financial foundation

**Giving your loved ones the best start to their adult life may be one of your financial priorities, whether you're:**

- Saving for their education so they have the financial resources to pursue higher education without being burdened with significant debt.
- Helping them meet future significant expenses such as getting married, having a deposit for their first house, or buying their first car.
- Giving them the financial resources to help them set up their own business.

# What is Aviva's Children's Investment Trust?

**Aviva's Children's Investment Trust is a Bare Trust used in conjunction with Aviva's Investment Bond product which may provide a tax-efficient way to help you save for your loved ones' future.**

- Aviva's Investment Bond is a unit-linked lump sum investment plan that allows you to invest in a range of investment funds that aim to grow your money over the medium to long term.
- A Bare Trust is a trust that allows you to transfer funds for the benefit of a minor to potentially avail of Capital Acquisition Tax Thresholds[1].

# Why Aviva's Children's Investment Trust?

- **Long-term growth -** Your money is invested on behalf of your beneficiary, meaning it will have potential for growth, especially over the long term. This investment growth is not treated as an additional gift in the hands of your beneficiary, so no Capital Acquisition Tax is payable on the growth[1].
- **Investment choice -** Our Investment Bond offers various investment options across asset classes, risk profiles, and fund managers.
- **Straightforward -** Aviva will deduct any exit tax due on the growth of the policy.
- **Keep track of investments -** with Aviva online and our easy-to-use fund centre you can track the value of the policy and its performance over time.

**Learn more: Read our Investment Bond Customer Guide, which you can download on aviva.ie or request a copy from Aviva or your Financial Broker.**

*1. Visit revenue.ie for more details.*

**Warning: Past performance is not a reliable guide to future performance.**
**Warning: The value of your investment may go down as well as up.**
**Warning: If you invest in this product you may lose some or all of the money you invest.**
**Warning: These funds may be affected by changes in currency exchange rates.**

# More about Bare Trusts

## Useful definitions:

**Trust:** a legal arrangement that allows a Trustee to hold and manage assets on behalf of a Beneficiary.

**Settlor(s):** The Settlor or Settlors are a person or people who:

- Set up the Children's Investment Trust
- Invest the premium into the Policy.
- Appoint the Trustees.

There can be up to two Settlors. The Settlor(s) may also be Trustees.

**Trustees:** The Trustees legally hold and manage the Policy on behalf of the Beneficiary until they reach 18 and possibly later. The Settlor(s) appoint the Trustees. There should be a minimum of two Trustees.

**Beneficiary:**

- may receive the Policy's benefits when they reach 18 years.
- is typically the minor child or grandchild of the Settlor(s) when the Bare Trust is set up.
- is the named individual who must benefit from the Bare Trust.

**Aviva:** Aviva Life & Pensions Ireland DAC

# Setting up a Bare Trust

## What is a Bare Trust?

A Bare Trust is a type of trust that allows money to be paid in by a Settlor(s) to a trust fund managed by Trustees on behalf of the Beneficiary of the trust. The Settlors and Trustees are often the Beneficiary's parents, grandparents, or other relatives.

## What is the purpose of a Bare Trust?

A Bare Trust can be used to gift money to children under age 18 in a potentially tax efficient manner. It also allows Trustees to control how the money is invested through Aviva's Investment Bond.

## What is Capital Acquisition Tax (CAT)?

CAT is a tax on gifts and inheritances. Your beneficiary can receive gifts and inheritances up to a set value over their lifetime before paying CAT. Gifts and inheritances received below these thresholds over the beneficiary's lifetime are not subject to CAT.

| | Group A | Group B | Group C |
|---|---|---|---|
| Current CAT Thresholds (on or after 02 Oct 2024) | €400,000 | €40,000 | €20,000 |

Generally, Group A includes children of the disponer. Group B includes other relatives of the disponer, such as grandparents. Group C includes everyone else. For more details see CAT groups and group thresholds (revenue.ie).

Aviva accepts no responsibility for monitoring CAT thresholds or for any CAT liabilities that may arise.

## How much tax do my beneficiaries pay on amounts above the tax-free threshold?

The current CAT rate as of April 2025 is 33% for amounts above the relevant threshold.

## What are the tax advantages of a Bare Trust?

A Bare Trust can be used to benefit from today's CAT thresholds.  Any investment growth on the Investment Bond is not treated as an additional gift and therefore not subject to CAT.

## Who manages the Bare Trust?

The Trustees manage and control the funds until they are released to the Beneficiary(ies) at a future date. The Trustees can request a fund switch at any time.

## Can a Trustee be a Settlor?

Yes.

## Can a Trustee be a Beneficiary or vice versa?

No.

## Can a Settlor change Trustees?

Yes, a Trustee can be appointed or removed by the Settlor(s) after the trust has been set up by writing to Aviva.

## Can the Bare Trust be revoked?

No, a Bare Trust cannot be revoked. Once monies are paid into the trust, the Beneficiary becomes immediately and absolutely entitled to the assets. Therefore, a transfer of money into the trust cannot be reversed.

## Are there any limits on the number of Settlors?

Yes, there is a minimum of one Settlor and a maximum of two Settlors per policy.

## Are there any limitations on the number of Trustees or Beneficiaries?

A minimum of two Trustees must be always appointed. Typically, one policy is set up per Beneficiary.

## Can the Beneficiary be over 18 at product inception?

No, Aviva designed this product for beneficiaries under the age of 18 only.

# What happens when the Beneficiary reaches age 18?

Where a Beneficiary reaches age 18, the Bare Trust ceases in respect of that Beneficiary. When a Beneficiary reaches age 18, they can surrender the policy and Aviva will make payment directly to that Beneficiary. Aviva will confirm the surrender request at this time with the Trustees and validate the amount of the surrender with them. Should a Beneficiary and /or Trustees wish for the Trustees to continue to manage the assets on behalf of that Beneficiary, then a separate contractual arrangement must be put in place between the relevant parties to that effect. This contractual arrangement is a matter for the parties involved to agree and put in place.

**Important:** In the absence of any contractual arrangement, payment of proceeds to the Beneficiary who has turned age 18 can be made directly by Aviva to that Beneficiary upon their request. In the absence of such an agreement, the Trustees could be held liable to a Beneficiary for losses suffered by the trust and could affect the classification of the trust as a Bare Trust for tax purposes.

We recommend that professional financial and legal advice is sought in relation to entering into such contractual arrangements between the Trustees and the Beneficiary.

When paying the funds from the product, we will need to carry out full anti-money laundering checks on the Beneficiary.

# Making withdrawals or surrendering the policy

## Does Aviva pay policy proceeds directly to the Trustees or the Beneficiary?

As the policy will be held by the Trustees, Aviva will only ever pay the policy proceeds directly to the Trustees where the Beneficiary is aged under 18. See 'What happens when the Beneficiary reaches age 18?' for further details of what happens when the Beneficiary reaches age 18.

# What happens on death?

## What happens if the Beneficiary dies before they reach 18?

Where a Beneficiary dies, their share will go to their estate and be distributed in accordance with the rules of intestacy[1].

## What happens to a Bare Trust if the Trustees should die before the Beneficiary reaches 18?

Under the Bare Trust declaration of trust document, it will be a matter for the Settlor(s), or if the Settlor(s) have died, an appointed person, to select new Trustees to manage the Bare Trust.

## What happens to a Bare Trust if the Settlor(s) should die before the Beneficiary reaches 18?

Nothing. The Bare Trust will continue to be managed by the Trustees in accordance with their powers and duties in the declaration of trust document.

*1. Intestacy: Intestacy refers to the condition of an estate of a person who dies without a will.*

# What are the advantages of setting up a Bare Trust?

Using a Bare Trust to pass wealth to minor children can provide several advantages:

- **Benefit from CAT thresholds:** Using a Bare Trust, you may be able to gift an amount tax free up to a certain amount (see CAT thresholds). The investment growth on the policy is not treated as an additional gift and is not subject to CAT[1].
- **Control** - By establishing a Bare Trust:
  - The Trustees choose the funds in the plan and keep control of the investments within the trust while still ensuring that they are held for the benefit of the beneficiary.
  - The Beneficiary can be specified at the outset.
- **Protection** - Placing money in the Children's Savings Investment Trust to benefit minor children can help protect those assets from potential creditors or legal disputes as the assets are held in the trust; they are separate from the settlor's assets and may not be subject to claims against them.

*1. Exit tax is due on any investment growth. A life assurance levy of 1% is chargeable on all premiums. See our Investment Bond Customer Guide for more information.*

# A Bare Trust may not be suitable for you if:

- You wish to keep ownership of the money.
- If you need access to the investment funds for your own personal use.
- The beneficiaries are aged 18 or over on product inception.

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# Case Study - Grandparents

- Jim and Mary wish to gift:
  - €40,000 to their 10-year-old grandson Stephen.
  - €40,000 to their 8-year-old granddaughter Emma.
- Jim and Mary's Broker suggest they take out Children's Investment Trust from Aviva. By doing this Stephen and Emma do not exceed their €40,000 group B threshold for CAT, on the basis they haven't received any other gifts/inheritances under the group B CAT threshold, As a result, no CAT is payable by Stephen and Emma when the Children's Savings Trust is set up. In addition, no CAT is payable on investment growth.
- Say Stephen's policy grows to €75,000, by the time he reaches his 18th birthday, no CAT is payable on the €35,000 investment growth. Exit tax will be payable as normal.
- Say Emma's policy growth to €83,000 by the time he reaches her 18th birthday, no CAT is payable on the €43,000 investment growth. Exit tax will be payable as normal.

Jim and Mary set up one policy for Stephen and a separate policy for Emma and complete separate Children's Investment Trust Application Forms including the Bare Trusts and list:

- Jim and Mary, as Settlors and Trustees on both policies.
- Stephen and Emma as the Beneficiaries of the policies.
- As Trustees, Jim and Mary manage the assets in the Trusts.
- Jim and Mary are the lives assured on each policy.
- Aviva require full anti-money laundering requirements for Jim and Mary.
- Aviva will calculate and deduct any applicable exit tax due and pay this to Irish Revenue.
- While the Beneficiaries are aged under 18, we will pay any surrenders or withdrawals from the policy to Jim and Mary's bank accounts as Trustees of the policies.
- When the Beneficiary reaches age 18, the Bare Trust ceases in respect of the Beneficiary. Should a Beneficiary and /or Trustees wish for the Trustees to continue to manage the assets on behalf of that Beneficiary, then a separate contractual arrangement must be put in place between the relevant parties to that effect. This contractual arrangement is a matter for the parties involved to agree and put in place.
- In the absence of any contractual arrangement, payment of proceeds to the Beneficiary who has turned age 18 can be made directly to that Beneficiary upon request. Aviva will confirm the surrender request at this time with the Trustees. In the absence of such an agreement, the Trustees could be held liable to a Beneficiary for losses suffered by the trust and could affect the classification of the trust as a Bare Trust for tax purposes.
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