

NOMINATION OF BENEFICIARY FORM VS BENEFICIARY TRUST

NOMINATION OF BENEFICIARY FORM

Purpose

- To give guidance to the product provider as to whom the proceeds should be paid to upon death.

Possible problems

- Multiple claims could be received at the same time; these claims may differ to what was stipulated in the form.
- RL360 may be unable to decide, with any certainty, who should get the benefits. Therefore;
- The Claimant will need to provide Isle of Man Probate proving that they are entitled to receive the plan proceeds. Probate is required for surety and to protect ourselves against successive claims.
- Before Isle of Man Probate can be granted, the claimant would have to prove to the Isle of Man Courts that the jurisdiction where the deceased was resident had granted them permission to deal with the deceased's affairs (i.e. Local Probate).
- The validity of a Nomination of Beneficiary form has never been tested in an Isle of Man Court.

There can be substantial costs associated with obtaining Isle of Man Probate.

The average fee for obtaining Probate in the Isle of Man where the only asset is an Isle of Man insurance policy whose value exceeds £50,000 is £250 plus disbursements. Disbursements consist of the Court Fee which is based on the gross value of

the estate in the Isle of Man and can be obtained from the Isle of Man Government General Registry website: www.gov.im/about-the-government/offices/general-registry-isle-of-man-courts-and-tribunals/

The claims procedure will usually **take substantially longer** than expected as the process of obtaining Isle of Man Probate can take many weeks or months depending upon the nature of the application.

BENEFICIARY TRUST

Purpose

To nominate beneficiaries to receive plan proceeds after death via a Trust. The Trust will not come into effect until after the death of the last surviving plan owner.

Advantages over the Nomination of Beneficiary form:

- If any multiple claims are received, they will never be taken into consideration as RL360 will only deal with the Trustees.
- RL360 will not need to decide who should get the benefits; payments will be made at the direction of the Trustees.
- Isle of Man Probate will not be required on plan owner's death. Therefore;
- The Trustees will be able to **avoid associated costs involved with obtaining Local and Isle of Man Probate.**
- There will be **no additional delay** in payment of claims, providing all the requested documentation has been received and the plan is cash

ready, benefits can be sent within normal payment time frames.

- Trusts are a tried and tested way of passing on benefits.

General features of the Beneficiary Trust

- No change of ownership during plan owner's lifetime.
- Trust created on death of the plan owner only.
- No access restrictions.
- Ensures that benefits from plans are paid to where the deceased intended.
- No Isle of Man Probate required on plan owner's death.

Suitable for clients who:

- Want to ensure that their intended beneficiaries receive the plan benefits.
- Know that their Trustees will act for them following their death.

Trustees can be:

- Plan owners' family members or close friends, etc.
- Professional advisers (i.e. lawyer, accountant, financial adviser, etc) or;
- Anyone over the age of 18 (providing they are of sound mind and are not bankrupt) who is willing to act on behalf of the plan owner.

IMPORTANT NOTES

For financial advisers only. Not to be distributed to, nor relied on by, retail clients.