



Beneficiary nomination vs trust: key considerations for client conversations

Support your client conversations with a simple comparison of beneficiary nominations and trusts, covering ownership, flexibility, payouts and inheritance tax treatment.

We know each client's situation is different. Our handy checklist of things to think about can help guide client conversations around the right option for them.

The guide includes:

- ownership of the plan
- flexibility and changes in circumstances
- who makes decisions about the death benefits
- Inheritance Tax (IHT) treatment

Explore the guide 



Beneficiary nomination or a trust?

Give your clients peace of mind that their payout will go to the right person at the moment of truth, by choosing the right option for them.

We know each client's situation is different and deciding whether beneficiary nomination or a trust is the right choice for them depends on their individual circumstances. Our handy checklist of things to think about can help guide client conversations around the right option for them.

Things to think about	Beneficiary nomination	Trusts
What plans are they available for?	Single own Personal Menu Plan that includes an application process.	Single own life, joint life first death and joint life second death Personal Menu Plans, either as part of the application process or for in force plans.
How does the process work?	Clients can nominate up to five beneficiaries. The process – no extra form needs to be completed.	You'll need to complete a trust form. You can use our guides or speak to your Royal London contact if you have any questions.
How long does it take for the benefits to be paid out?	On death any benefit is paid to the nominated beneficiaries without waiting for probate.	On death any benefit is paid to the surviving trustees without waiting for probate.
What level of flexibility does each option offer?	Clients can update or change their nominated beneficiaries at any time. If the plan includes more than one cover, your clients can nominate different beneficiaries for each cover. Each year we'll remind clients that they can review and change their beneficiaries.	Flexibility depends on the type of trust. With an absolute trust, clients can't change their beneficiary(ies). With a discretionary trust clients can tell the trustees of any changes, but the ultimate decision on who receives the proceeds rests with the trustees.
What happens if circumstances change?	It's important that clients update their beneficiary nomination as soon as a named beneficiary is no longer appropriate. There's no discretion for anyone to change the nomination after their death.	Trustees manage the death benefit for the beneficiary(ies), so it's important to change a trustee who's no longer suitable. Under a discretionary trust, even though trustees decide which beneficiaries receive any benefits, clients should keep their trustees updated of any changes in circumstances.

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