



Your Trust Choices

legalandgeneral.com/existing-customers/trusts

Life insurance is an important part of financial planning. Taking out a life insurance policy is the first step towards providing security for your dependants when you die.

You'll want to make sure that your policy reaches your dependants quickly. The emotional trauma of a death in the family could be made worse by legal delays, tax or debts having to be paid out of the money you want your dependants to receive. We have a range of online support available to help you place your policy in trust.

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Why use a Trust?

Placing your life insurance policy in trust is one way of helping make sure that your life insurance policy is given to those you want it to go to, without unnecessary delays. This can be especially important for unmarried couples who do not have a will as your partner may not be legally entitled to the policy proceeds at all unless placed in a trust.

A trust allows the policy proceeds to be given away for the benefit of others (the beneficiaries). This is done without giving the beneficiaries full control or access to the proceeds.

Who's involved in a Trust?

The settlor - the person giving away their life policy is called the settlor. The settlor chooses the trustees and the beneficiaries. For joint life policies, both of you must agree to place your policy in trust. For Absolute Trusts, the settlor is known as the 'donor'.

The beneficiaries - the people who can receive payment from the trust fund are called the beneficiaries.

The trustees - the trustees take legal ownership of the trust fund from the settlor. They then look after the trust fund, and, following a claim on the policy will make arrangements for the payments to be made to the beneficiaries.

Inheritance Tax

Whilst a policy in trust will not form part of your estate for Inheritance Tax purposes, on some occasions there is a potential for an Inheritance Tax charge to apply. Please contact legalandgeneral.com/existing-customers/trusts for further information.

What types of trusts do L&G offer?

Discretionary Trust

This trust offers most flexibility as the trustees can appoint from a wide range of beneficiaries, including your spouse and your children. The trustees have discretion about which of the beneficiaries will receive any benefits, how much they will receive and when they will receive it.

Absolute Trust

The beneficiaries are chosen at outset and are absolutely entitled to the trust fund. The beneficiaries are fixed at outset and cannot be changed in the future.

Survivor's Discretionary Trust

This is a special trust which is only suitable for use with joint life first death policies. The trustees pay the policy proceeds to the surviving settlor if he or she survives the first to die by 30 days. However, should the survivor die within 30 days of the first to die, the trustees pay the policy proceeds to the beneficiaries of the trust.

Flexible Trust

This is similar to a Discretionary Trust, but it is more complicated.

There are two types of beneficiaries:

- a. Default beneficiaries who are entitled to any income arising in the trust, and potentially all benefits at the end of the trust period, unless the trustees decide to pay this to a discretionary beneficiary. Default beneficiaries can be replaced by discretionary beneficiaries at any time.
 - b. Discretionary beneficiaries who are a group of people who may benefit from the trust, but only if the trustees choose to make an appointment to them. You may wish to consider taking specialist advice before using this type of trust.
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Please note: It is a good idea to put your policy in trust at outset. However, an L&G protection policy can be placed in trust at any time.

Further information on each of our trusts is available by visiting:

legalandgeneral.com/existing-customers/trusts

Important notes

This guide has been designed to give you general information about placing your L&G protection policy in trust and is not intended to replace legal advice.

The information in this guide is based on our understanding of current laws and tax rules which can change at any time.


Please seek legal advice for more details. Although we have made every effort to make sure that the information is accurate, we cannot take legal responsibility for any particular statements.

Alternative formats

If you would like a copy of this in large print, braille, PDF or in an audio format, call us on **0370 010 4080**. We may record and monitor calls. Call charges will vary.

Contact us

 [legalandgeneral.com](https://www.legalandgeneral.com)

 If you have any general questions, or would like more information, you can call our help desk.

Our help desk number is: **0370 010 4080***

Monday to Friday - 9am to 5pm

Call charges will vary.

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