

Digital Trust for existing policyholders.

Frequently asked questions

Supporting our customers at this challenging time

How does the digital trust (or paper version of the PDF) for existing policies work?

This is a signature less trust which can be completed entirely digitally. The policy holder is required to tick a box at the end of the trust (or sign if using the paper version of the PDF) and then return the trust to L&G.

The policy holder can place multiple policies in trust using the digital trust for existing policies. Simply list each policy number in the Schedule section of the trust document.

What documents are contained in the trust pack?

1. Interactive PDF form
2. Customer email
3. Discretionary Trust Guide

We can send you a trust pack by email or post.

Who do we write to once the trust is noted?

Once the form is completed and returned to L&G we write to both settlor and trustee to confirm the trust has been noted.

What happens if the Trustee rejects their appointment?

We include the contact information with the trustee appointment letter so they can let us know if they want to decline the appointment. L&G will then contact the settlor to suggest they appoint a new trustee.

What are the differences between the digital trust (or paper version of the PDF) for existing policies, the online trust which within the application process and the traditional paper trust deed?

The key differences are:

- There are no signatures or witnessing required in either the digital trust for existing policies or the online trust which is part of the application process. The traditional paper trust deed requires signatures of all parties and witnessing.
- The digital trust for existing policies only allows for two additional trustees to be appointed (traditional paper trust deed and online trust which is part of the application process allows four additional trustees)
- The digital trust for existing policies only allows for the Critical Illness Cover (CIC) and Terminal Illness Cover (TIC) to be paid to the policy holder (traditional paper trust deed and online trust which is part of the application process allows the CIC or TIC to go either the policy holder or the beneficiaries)

Can I put my existing policy into this trust?

Yes. The policies that can be placed in trust are:

- Single life policies
- All level, decreasing and increasing life insurance policies with or without critical illness cover
- Convertible term policies
- Whole of Life
- Family Protection Income Plans

The policies that cannot be placed in trust are:

- Relevant Life Plan
- Tax Efficient Life Insurance Plan
- Income Protection Benefit
- Share protection policies
- Key Person policies
- Joint life policies

General trust questions

What is the difference between a flexible trust and a discretionary trust?

The flexible trust allows the policy holder to name specific people who they want to benefit from the policy proceeds (but the trustees could choose to ignore this and give the money to someone else from the list of discretionary beneficiaries anyway). The discretionary trust gives the trustees the power to make the decision on who benefits. In either case the trustees decision making can be guided by a letter of wishes completed by the policy holder. The flexible trust is not available for the digital trust for existing policies.

Can I appoint more trustees? If so does it then require the signature of the original trustee?

It is possible to appoint additional trustees to your trust. This is done by using a deed of appointment of additional trustees and it requires the signature of all the current trustees at the time of the appointment.

Are the additional trustees required to provide authorisation to make a change to the policy or cancel?

The authority of the additional trustees is not required to change or cancel the policy.

Who should the additional trustee be and can they be the same as the beneficiary?

The additional trustee must be 18 or over and have mental capacity. The additional trustee can also be a beneficiary.

What happens if the additional trustee dies?

We need to see death certificate of the deceased additional trustee. The deceased trustee may need to be replaced by using a deed of appointment of additional trustees.

Can the appointment of trustees be staggered i.e. appoint two trustees from outset but the 2nd only comes into force if the 1st trustee dies?

This is not possible.

Can the additional trustee be removed without their authority?

This depends on the type of trust which has been used. The L&G online trust which is part of the application process and the digital trust for existing policies do not require the additional trustee's authority to remove them. The L&G paper trust deed may require the additional trustee's authority to remove them – the trust needs to be checked before this can be determined.

What does the gifted and retained benefits section of the trust mean?

This section determines where the Critical Illness Cover and Terminal Illness Cover benefits are paid. With the traditional paper trust deed and the online trust which is part of OLPC the policy holder can choose to keep these benefits or give them to the beneficiaries of the trust.

With the digital trust for existing policies the policy holder doesn't have this choice and all the Critical Illness Cover and Terminal Illness Cover benefits are paid to them.

What goes in the Schedule Section of the trust?

This must contain the policy number, name of life insured and description of the policy.

Who should the witness be?

With the traditional paper trust deed the witness should be someone 18 or over, of sound mind and who is neutral from the trust. With the online trust which is part of OLPC and the digital trust (or paper version of the PDF) for existing policies there is no requirement for witnessing.