

## CASE STUDY

# ALTERNATIVE BENEFICIARIES

APPROVED FOR CLIENT USE | APRIL 2024



**A single woman wants to make sure that all of her potential beneficiaries will have the option of taking drawdown.**

### The Challenges

Graham, a financial adviser, is about to meet his client Bryony. One of the things they want to consider is whether Bryony needs to update the expression of wishes on her Curtis Banks Your Future SIPP.

Bryony is 76 and divorced. Her current expression of wishes names her only son, David, as her beneficiary. David is 46 and self-employed. His business has been struggling for several years but is on the brink of a turn around. Bryony tells Graham that David's two children, Hannah and Tom, are about to finish university and don't yet know what to do next.

Bryony's primary aim is still to help David, should he need the support. However, if his business does become a success and he does not need the money when Bryony dies, they would both like at least some of the money to go to Hannah and Tom. Bryony is aware that the best benefit option for all three is likely to be a beneficiary's drawdown account.

Bryony will aim to keep her expression of wishes updated as and when her family's circumstances change, but she is worried about what might happen if she died before being able to update it.

### The Actions

Graham explains that if Bryony leaves her expression of wishes as it is, it would create a problem if David was to turn down some or all of the death benefits. Curtis Banks has discretion over where the death benefits are paid, and as Bryony has no other family and Graham will have a record of the conversation, Curtis Banks would be likely to choose her grandchildren as the beneficiaries. However, they would be going against the expression wishes which names David as the only beneficiary. The legislation would therefore only allow Curtis Banks to offer lump sum death benefits to Hannah and Tom.

Graham then explains that if Bryony also names her grandchildren on her expression of wishes, this problem goes away and Hannah and Tom would also have the option of drawdown. Bryony asks how this would work; she is concerned that this would mean that some of the funds *have* to go to her grandchildren, even if David is in greater need of the money.

Graham explains that Bryony can name Hannah and Tom as 'alternative' beneficiaries. She can ask Curtis Banks to only consider paying out to them if David turns down some or all of the benefits or if he dies before Bryony. In fact, the Curtis Banks expression of wishes form is structured to allow for this type of arrangement.

They could also accept a signed, written letter to that effect, as long as it didn't request anything which wasn't allowed within the legislation.

### **The Results**

Bryony updates her expression of wishes to name David as the main beneficiary, and Hannah and Tom as alternatives to receive 50% each of any funds not taken by David. Bryony has peace of mind that should anything happen to her before she is able to update her expression of wishes, her family can still benefit according to her wishes.

### **Important points to consider**

The value of pension funds may fall as well as rise. Your money is tied up until you take your benefits. Benefits can generally be taken any time after age 55, although this is due to increase to 57 in 2028.

### **Contact Details**

If you'd like to speak to us about anything in this case study, please contact us on:

**T 0370 414 7000**

We may record and monitor calls. Call charges will vary.

**E [enquiries@curtisbanks.co.uk](mailto:enquiries@curtisbanks.co.uk)**

Please remember not to send any personal, financial or banking information via email as it is not a secure method of communication.