

# WHAT HAPPENS IF THE PLAN OWNER DIES DURING THE PAYMENT TERM?



## **WHERE THE PLAN IS OWNED ON A SINGLE OWNER BASIS**

If the plan owner dies at any time during the payment term, the plan will not end automatically. The plan will remain in-force and regular payments must continue in accordance with the plan schedule. This could prove to be problematic especially if the deceased was the main income provider for the family.

Alternatively, the representatives of the deceased's estate have the option to cancel the plan early without incurring any early exit charges. To select this option, we must receive notification of the death (including an acceptable death certificate) within 90 days of death occurring.

## **WHERE A PLAN IS OWNED ON A JOINT OWNER BASIS**

If either plan owner were to die at any time during the chosen payment term, the plan will not end automatically. Ownership of the plan will transfer automatically to the surviving plan owner and will continue in accordance with the plan terms and conditions. If the surviving plan owner were to also die during the payment term, the options available on a single ownership basis will apply.

## **QUESTIONS AND ANSWERS**

We have provided some additional Q&As which we hope helps answer any other questions you may have.

### **Q. Who can inform RL360 of the death of a plan owner?**

A. The plan owner's financial adviser, a surviving plan owner (for a joint ownership plan), a family member or the legal representatives. They can also provide the death certificate.

### **Q. Who can instruct RL360 to cancel the plan?**

A. Only the representatives of the deceased's estate can officially instruct RL360 to cancel the plan.

**Q. You say that you can only cancel the plan early if instructed to by the legal representatives of the deceased's estate. What happens if it takes longer than 90 days to obtain the relevant paper work to provide these instructions?**

**A.** We acknowledge that it can take some considerable time to obtain the relevant documentation such as probate. However, if we have been notified of the death and received the death certificate within the 90 days of death occurring, we will cancel the plan without the deduction of early exit charges once all the relevant paper work has been provided.

**Q. When do you redeem the funds?**

**A.** Following receipt of the death certificate, all funds held within the plan will be sold at the next available date. The proceeds will be held in cash until we receive official notification to cancel the plan.

**Q. Do the plan charges continue to be taken whilst you are processing the claim?**

**A.** No. Once we have received the death certificate, the plan charges will be suspended.

**Q. When do you pay out the plan value?**

**A.** Once we have received all requested documentation and are satisfied that the claim is valid.

**Q. Are Corporate and Trust plan owners subject to the same rules as individual plan owners?**

**A.** No. Corporations and Trusts are legal entities and therefore cannot die.

**Q. What happens once the payment term is complete?**

**A.** Early exit charges do not apply once the payment term is complete. Therefore, the plan may be cancelled at any time regardless of whether the plan owner has died or not.



**Q. Will RL360 reclaim any unearned commission if the plan owner dies during the earnings period?**

**A.** No, provided that we have been notified of the plan owner's death and received the death certificate within the 90 days of death occurring.

**Q. What happens if notification of death is received after 90 days from when death occurred?**

**A.** We should always be informed of the death of a plan owner as soon as it is practical. However, where notification is provided **after** 90 days from when death occurred, the plan can still be cancelled early, or ownership of the plan can be transferred in accordance with the deceased's wishes. Where the plan is cancelled, early exit charges may apply.

#### **IMPORTANT**

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

Please note that if we haven't been notified of the death of the plan owner, we will assume that payments will continue in accordance with the terms and conditions of the plan. In most cases the plan is funded by the deceased plan owner so, if payments cease and we have not been notified of their death, the plan may be made paid up or could even lapse.

If you have any other questions or queries with regards to any of the information provided in this guide please do not hesitate to contact your RL360 regional sales manager who will be happy to assist.