Nominating Beneficiaries

Making sure your pension goes to the right people



Your pension is one of your most valuable financial assets. While much of the focus is understandably on saving and investing for retirement, it is equally important to consider what happens to your pension benefits if you pass away.

By completing (and regularly reviewing) a Letter of Wishes, you can help ensure that your pension benefits are distributed in line with your wishes and in the most efficient way possible.

Nominating beneficiaries is an important part of retirement planning. Below, we explain why it matters, how it works, and the steps you should take.

What is a Letter of Wishes beneficiary nomination?

A beneficiary nomination is a way of indicating who you would like to receive your pension benefits in the event of your death.

It is typically completed through a:

- Letter of Wish Form

This allows the scheme trustees to understand your preferences when deciding how to distribute any benefits payable.

Why is it important?

Ensures your wishes are known

- Without a nomination, trustees must make decisions based on limited information.

Helps your loved ones financially

- Your pension can provide valuable financial support to dependants.

Faster payment of benefits

- Clear nominations can help reduce delays at an already difficult time.

Potential tax efficiency

- Pension death benefits can often be passed on in a tax-efficient manner, depending on who receives them.

Who can you nominate?

You can typically nominate:

- A spouse or civil partner
- Children (including Dependant or adult children)
- Other Dependants (financially Dependant individuals)
- Non-Dependants (e.g. siblings, friends)

Key point

You can nominate more than one person and allocate percentages (e.g., 50% to spouse, 25% to each child).

Important considerations

Discretionary nature

In occupational pension schemes, nominations are not legally binding, but:

- Trustees will strongly take them into account
- Clear and up-to-date nominations are highly influential

Keep it up to date

Your circumstances may change over time. You should review your nomination if you experience:

- Marriage or divorce
- Birth of children
- Changes in relationships
- Death of a previously nominated beneficiary

Common pitfalls to avoid

Not completing a nomination

- This leaves important decisions to trustees without your guidance.

Outdated information

- Failing to reflect life changes can lead to unintended outcomes.

Naming only one beneficiary

- This can create risks if circumstances change.

Final Thoughts

Completing a beneficiary nomination form is a quick step that can make a significant difference to your loved ones.

It provides:

- Clarity for trustees
- Financial support for your family
- Peace of mind for you

If you are unsure whether you have a nomination in place, or if you would like to review or update your details please contact your financial adviser.



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