

# Securing the best family legacy with Hibah Takaful

Legacy planning is often perceived as the domain of the wealthy. However, everyone has the right and responsibility to ensure that their hard-earned wealth is passed on to their families and loved ones, securing their financial future as envisioned.

Being a trusted insurance and takaful provider, Sun Life Malaysia believes that wealth distribution is as crucial as wealth accumulation and preservation, completing the financial planning ecosystem. In fact, we are seeing Islamic estate planning growing to be an important area in Islamic finance.

Sun Life Malaysia chief executive officer, president and country head Raymond Lew shared: "Takaful is not just any ordinary insurance - it's a versatile, Shariah-compliant financial instrument that assists our Clients transfer their wealth through conditional hibah, at the same time, fulfil their religious obligations like Zakat, Hajj and Fidyah."

## Hibah Takaful - Planned Giving

There are many legacy planning tools, such as wills, trusts, Employees Provident Fund (EPF)

### InsureLit Matters

by Sun Life Malaysia



**When you designate a beneficiary under takaful through conditional hibah, the death benefits from your takaful are automatically excluded from faraid upon your passing.**

nominations, and property distribution. One option that is gaining popularity is hibah takaful. Hibah takaful, which literally means gifting, is a powerful and accessible Shariah-compliant form of insurance that also serves as a versatile estate planning tool, providing relief to families during challenging times.

In general, when a breadwinner dies, his wealth, including EPF, stocks, savings, businesses, and other assets, could be frozen under

the Probate and Administration Act 1959 (Revised 1972). Hibah takaful offers a solution to this by allowing for a smoother and more direct distribution of wealth.

While other Islamic asset planning tools like faraid and wasiat exist, many people find Hibah more versatile because it allows for the distribution of wealth to anyone, regardless of family ties, race, or religion.

This allows your nominee to directly access and use the funds as needed.

When you designate a beneficiary under takaful through conditional hibah, the death benefits from your takaful are automatically excluded from faraid upon your passing. This allows your nominee to directly access and use the funds as needed.



Sun Life Malaysia chief executive officer, president and country head Raymond Lew.

## Why Hibah Takaful Matters

Hibah Takaful serves as a versatile family legacy planning instrument. Here's how:

- 1. Income Replacement:** Hibah Takaful becomes an indispensable financial safety net for families, especially when the breadwinner is no longer alive. Takaful payouts can help the family maintain stability during the interim period as they wait for the inheritance distribution process to be completed.
- 2. Debt Settlement:** Muslims have a duty to settle their debts, even after death. Hibah takaful offers essential support by helping heirs pay off substantial debts, such as business debts, thus protecting other valuable assets from being sacrificed to cover these liabilities.
- 3. Absolute Recipient, Not Contestable:** You can nominate anyone to receive the takaful benefit as a beneficiary through a conditional Hibah upon your death. The takaful benefits payable to the beneficiary upon the death of the takaful participant will not form part of the estate of the deceased takaful participant or be subject to his debts.
- 4. Smooth Claims Process:** This nomination process is simple and straightforward. All you need to do is appoint a beneficiary for your takaful certificate, and the beneficiary will receive the sum covered. The benefit payout is not subject to the Faraid distribution. Sun Life Malaysia launched the industry's first e-hibah feature, allowing our clients to nominate their beneficiaries anytime, anywhere.

Leaving a hibah to your family provides peace of mind, knowing that your loved ones will be financially supported and not burdened by your passing. Your family will also appreciate the financial stability during their time of adjustment.

Follow Sun Life Malaysia's InsureLit Campaign to enhance your insurance/takaful knowledge for a financially fit future for you and your family. Visit [www.sunlifemalaysia.com](http://www.sunlifemalaysia.com) for more information.