LSO vs Will vs Trust

Three ways to pass on wealth in Malaysia — compared honestly on cost, speed, control and certainty. Each has a job; here's how they differ.

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Ask ten people how to pass on wealth in Malaysia and you will hear three words: will, trust, insurance. They are usually presented as rivals. They are not — they are three different tools for three different jobs, and most families who plan well end up using more than one.

The cost of using none of them is visible at national scale: an estimated RM90 billion in frozen inheritance assets, RM65 billion reported unclaimed by AmanahRaya over the past decade, and a probate process that can stretch for years when someone dies intestate (without a will). Distribution that could take two to three months with planning routinely takes years without it.

The three instruments, honestly compared

	Will (Wasiat)	Trust	Insurance nomination + LSO
What it governs	Your whole estate — property, accounts, vehicles, everything you own	Only assets you transfer into the trust	Only the insurance policy money
Speed	Slow-ish: requires probate (Grant of Probate), often months to years	Fast for trust assets: bypasses probate	Fastest: paid on claim documentation, outside probate
Control over how & when	Limited — mostly decides who gets what	Very high — conditions, ages, staged releases, professional management	High for policy money — staged instalment payouts on your pre-set schedule
Cost	Low: a few hundred to a few thousand ringgit to draft	Highest: setup fees plus ongoing trustee fees	Built into the plan — no separate legal setup for the payout structure
Certainty	Can be contested; validity depends on proper execution	Strong, if properly settled and funded	Strong for policy proceeds; nomination rules under the Financial Services Act protect payment

	Will (Wasiat)	Trust	Insurance nomination + LSO
Best at	Making sure everything you own has a named destination	Complex estates, businesses, special-needs dependants	Creating immediate, income-shaped liquidity for the family

Why speed matters more than people think

When a breadwinner passes away, bank accounts can be frozen until the estate is administered. The family's need for money, however, starts immediately — the mortgage does not pause for probate. This is the unique job of insurance money with a proper nomination: it is typically the first money to arrive, and with a Legacy Settlement Option on plans such as PRUWealth Enrich 2.0, it arrives not as one risky lump sum but as staged payouts on the schedule you designed.

So which one do you need?

- Almost everyone needs a will — it is the baseline that gives every asset a destination and an executor.
- Almost every family benefits from insurance with proper nomination — it creates immediate liquidity outside probate; adding the LSO shapes that money into a protective income.
- Some families — with businesses, larger estates, or vulnerable dependants — should add a trust for fine-grained, professionally managed control.

> **The honest summary**
> A will decides who. A trust adds deep control for complex situations, at a price. Insurance nomination with the LSO makes sure your family has money that actually arrives — fast, and in the right shape. They are not rivals; layered together, they close each other's gaps.

I am a wealth planner, not a lawyer — for wills and trusts I work alongside the legal professionals who draft them. What I bring to the table is the layer I know deeply: making sure that when your family needs money most, there is money that arrives immediately, in instalments that protect the people receiving them.

Let's talk about your numbers

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Sources & further reading

- Asia News Network — frozen inheritance assets in Malaysia estimated at RM90 billion
- New Straits Times / Malay Mail (Feb 2025) — AmanahRaya on RM65 billion unclaimed assets and estate delays
- iProperty Malaysia — intestacy and the Distribution Act 1958 (dying without a will)
- Prudential Assurance Malaysia — PRUWealth Enrich 2.0 (Legacy Settlement Option)

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