

keyfacts®

RELEVANT LIFE PLAN

KEY FEATURES OF THE RELEVANT LIFE PLAN.

LIFE COVER

This is an **important document** which should be kept in a safe place.



› USING THIS DOCUMENT.

WHAT ARE KEY FEATURES?

The Financial Services Authority is the independent financial services regulator. It requires us, Legal & General, to give **you** this important information to help **you** decide whether our Relevant Life Plan is right for **you** and **your** employee(s). This document should be read carefully so that **you** understand what **you** are buying, and then keep it safe for future reference.

OTHER DOCUMENTS

You should read this document alongside the **Personal Illustration** which **your** Financial Adviser will give **you**. **You** can also ask **your** Financial Adviser for a copy of the Policy Terms and Conditions of the plan.

BEFORE YOU START READING

There are a few technical terms used within this document, explanations of these can be found in the glossary on page 14 of this document. Whenever terms covered in the glossary appear in the main text, we've highlighted them in **dark yellow**.

If **you** need more detailed information about how the plan works, **you** can ask us or **your** Financial Adviser for more information.



FINDING OUT MORE

This icon appears when more detailed information is available elsewhere. If **you** would like to see any of the other documents we mention before buying this plan, please ask us or **your** Financial Adviser.

ABOUT LEGAL & GENERAL

The Legal & General Group, established in 1836, is one of the UK's leading financial services companies. As at 30 June 2011, we were responsible for investing £370 billion worldwide on behalf of investors, policyholders and shareholders. We also had over seven million customers in the UK for our life assurance, pensions, investments and general insurance plans.

CONTENTS**AN OVERVIEW OF THE RELEVANT LIFE PLAN****04**

Its aims

05

Commitments

05

Risks

05**QUESTIONS AND ANSWERS****06**

How does the plan work?

06

Ensuring the dependants receive the plan benefits

07

What is a Relevant Life Plan trust?

08

How does the plan pay out?

08

How much does the plan cost?

09

How is the plan managed once cover has started?

09**FURTHER INFORMATION****10****GLOSSARY****14**

AN OVERVIEW OF THE RELEVANT LIFE PLAN.



A Relevant Life Plan is a term assurance plan available to employers to provide a benefit for an employee. It meets certain legislative requirements which means it can be a tax efficient benefit for an employee. It has been designed to comply with the conditions for Relevant Life Policies contained in section 393B(4) of the Income Tax (Earnings and Pensions) Act 2003. For further information please speak to **your** Financial Adviser.

Although any employer is eligible, Relevant Life Plans are particularly aimed at:

- Employers who wish to provide life cover for specific employees (for example high earners and directors) above those available in a employer's group scheme.
- Employers who are unable to take out group cover for their employees (for example the employer may have too few employees to be eligible for a group scheme).

A Relevant Life Plan is designed to be written in a discretionary trust (Legal & General's Relevant Life Plan Trust) at outset, with the employee's family and dependants as beneficiaries. If the plan is not placed in trust at outset, you should seek your own expert legal and tax advice. The rest of this document assumes the plan will be placed in trust.

A Relevant Life Plan is paid for by the employer.

ITS AIMS

Our Relevant Life Plan has some specific aims.

It's designed to provide a lump sum benefit to **your** employee, payable either on their death or should they be diagnosed with a terminal illness during their employment, within the length of the plan.

Life Cover

- This pays out if the employee dies, or whilst in **your** employment is diagnosed with a terminal illness where they are not expected to live for more than 12 months.
- The cash lump sum will stay the same for the length of the plan, unless the Indexation or the Guaranteed Insurability option is selected or the plan is changed in any way (please refer to page 7 and page 9 for full details).

The plan will only pay out once. After this happens, the plan will end and the employee will no longer have any cover.

COMMITMENTS

Both employer and employee need to make some very specific commitments for the plan to work properly.

- **You** have to keep paying the premiums for the length of the plan. **You** can pay them monthly or annually by direct debit. If **you** stop paying, the cover will stop 30 days after the last payment was due.
- **You** must ensure **your** employee answers all the questions we ask fully, honestly and accurately. Please don't assume we'll contact their doctor.
- **You** must ensure **your** employee lets **you** know if any information they have provided us with changes before the plan starts, and **you** must pass this on to us immediately.

RISKS

There are some risks that need to be understood about the plan.

The plan will not pay out, or might not pay out in full, if:

- The employee doesn't give us full, honest and accurate information when we're setting up the plan.
- There isn't a **valid claim** made within the length of the plan.
- The plan is cancelled after the 30 day cancellation period, or premiums are stopped at any time, in which case the cover will end and we won't refund any money.

Please note:

- Tax legislation may change.
- There is no guarantee that the favourable tax position will apply in all cases, for example, if the plan was taken out for tax avoidance purposes.

There are also other circumstances when the plan will not or might not pay out in full. See page 8 for more details.

The cost of the plan might rise, making it more expensive than **you are willing or able to pay, if:**

- The plan is changed. For example, increasing the amount the employee is covered for, or extending the plan so it lasts longer, will make the premiums go up.

QUESTIONS AND ANSWERS.

This section answers some important questions about our Relevant Life Plan to give a better idea of how the plan works, the options and benefits available, and what to expect if a claim is made.



HOW DOES THE PLAN WORK?

Type of cover available?

- Life cover – which pays out a cash lump sum when the employee dies, or is diagnosed with a terminal illness, whilst in **your** employment and has a **valid claim**.

What other choices will need to be made?

The employee needs to decide:

- Who they would like the plan to pay out to.

You need to decide:

- When **you** want the plan to start, and how long it lasts for. Please see table two on page 7.
- How much the plan will pay out. Table one below lays out the limits, which are subject to employee **remuneration**. These are also subject to **underwriting**.

Table one

MAXIMUM COVER AVAILABLE IS	
17 - 29 years	up to 25 X remuneration
30 - 39 years	up to 20 X remuneration
40 - 59 years	up to 15 X remuneration
60 - 73 years	up to 10 X remuneration

Supporting evidence of earnings will be routinely required for sums assured above £2,500,000.

The maximum sum assured is £10,000,000. However, under exceptional circumstances we may be able to consider a higher sum assured but this would be dependent on the employee's circumstances and the **underwriting** at the time.

Table two

MINIMUM TERM	MAXIMUM TERM	MAXIMUM AGE AT PLAN START DATE	YOUR PLAN MUST END BEFORE AGE
1 year	40 years	73	75

Please note, terminal illness cover doesn't apply during the last 18 months of a plan; for plans of less than two years; or if the employee leaves **your** employment.

Does the plan include any additional benefits?

The plan automatically includes some additional benefits, which cost nothing extra. Some of these benefits are subject to age and other restrictions. See **your** Financial Adviser for more details. These benefits are:

Accidental death benefit

We'll cover the employee from when we receive the application form, for up to 90 days or until we accept, postpone or decline the application. This means that if the employee dies due to an accident during this time, we'll pay out the amount we've been asked to insure for, up to a maximum of £300,000. Terms and conditions apply.

Increasing the cover

If there are changes in the employee's life, cover can be increased without having to give us any more medical information. To be able to do this, the plan must be taken out before their 45th birthday and not had a **rating** applied to their cover.

This can be done if they get a salary increase due to a new job or promotion, get married or enter into a registered civil partnership, become a parent, increase their mortgage to move or to make major home improvements. **You** might see this option described as the 'Guaranteed Insurability option' in other documents. If the amount the employee is covered for is increased the premiums will go up.

Are there any optional benefits?

There is an optional benefit that can be added to the plan, when the plan is being set up. This is available for an additional cost:

Indexation option

This protects the plan against inflation. Every year, we'll give **you** the option to increase the amount the employee is insured for, in line with any changes in the **Retail Prices Index**. We can do this without having to ask the employee for any extra medical information.

If **you** decide not to increase the amount the employee is insured for, we won't offer **you** this option again and the premium will stay the same for the remaining length of the plan.

If we increase the amount of cover, the premiums will also go up.

i Details of how this optional benefit works can be found in the Policy Terms and Conditions. Please ask us or **your** Financial Adviser for a copy.

i Details of how this works are in the Policy Terms and Conditions. **You** can ask us or **your** Financial Adviser for a copy.

ENSURING THE DEPENDANTS RECEIVE THE PLAN BENEFITS

The main purpose of a Relevant Life Plan is to help provide financial protection for the employee's dependants. The most efficient and effective way to do this is to make sure that the plan is placed in trust. By doing this, the proceeds of the plan can be paid out quickly and efficiently to the beneficiaries. Furthermore the benefit won't be included in the taxable estate of the employee.

WHAT IS A RELEVANT LIFE PLAN TRUST?

A trust is a way of transferring something of value (the asset) for the benefit of others (the beneficiaries) but without giving them full access and control over it. The trust specifies who may benefit from the asset. The trust will also specify who **you** want to look after and control the asset (the trustees). **You** will automatically be a trustee and there can be up to three others, one of whom could be the employee.

Our Relevant Life Plan Trust is a discretionary trust where the trustees have a degree of discretion as to which of the beneficiaries will receive any benefits, how much they will receive and when they will receive those benefits. The employee can complete a nomination form to provide guidance to the trustees as to who they wish to receive benefits. This is a guide to the trustees and it will not be legally binding on them.

A trust form and nomination form are included with the application form.

HOW DOES THE PLAN PAY OUT?

What kind of payments does the plan make?

- We'll pay out a cash lump sum if the employee dies or is diagnosed with a terminal illness, whilst in **your** employment. If a terminal illness claim is made, both an attending consultant and our medical officer must agree that life expectancy is less than 12 months.
- Once we've made a lump sum payment, the plan and all cover ends.

Who receives the payment?

- The benefit will be paid to the trustees of the Relevant Life Plan Trust.

Are benefits taxed?

- Any benefits paid are free from UK income tax and Capital Gains Tax.
- Benefits paid through the Relevant Life Plan Trust do not form part of the estate of the employee for Inheritance Tax (IHT). However there are some occasions where there is a potential for an IHT charge to arise:
 - on every ten year anniversary of the trust - the **periodic charge** or
 - whenever property leaves the trust - the **exit charge**.
- The Government may change this tax position at any time.

What will definitely stop the plan from paying out?

- Life cover won't pay out if the employee commits suicide within the first year of the plan.
- Any claim for Terminal Illness Cover won't pay out during the last 18 months of the plan.
- The employee leaves the company and decides not to use the Continuation cover (please refer to page 9 for further details).

What might stop the plan from paying out?

- Our Relevant Life Plan might not pay out if:
 - **You** or **your** employee do not give us all the information that we ask for, or give us inaccurate information. This applies to information we ask for when the plan is being set up, and when the trustees make a claim.
 - **You** or **your** employee do not tell us if any of the information given in the application changes before the policy starts. **You** need to let us know, to make sure the cover is not affected.
 - There are specific conditions under which the plan won't pay out. If this applies, we'll write to **you** and **your** employee when we're setting up the plan to let you both know about any **exclusions** we're applying, and check that **you** are willing to accept them.

HOW MUCH DOES THE PLAN COST?

The premium we set for the plan will be shown on the **personal illustration** and **policy schedule**.

How do we set the premiums?

- The cost of the premium depends on several factors. We look at the employee's personal circumstances (for example, their job, whether they smoke plus their age and health), the amount of cover chosen, and how long the cover needs to last. Once that's done, we'll write to **you** to confirm details of the plan and premium.
- Sometimes if, for example the employee takes part in dangerous activities, or has a **pre-existing** medical problem, we might need to charge an extra premium. If that's the case, we'll let **you** know full details of any additional costs for **you** to agree before the cover starts.

How is the plan paid for?

- **You** pay us premiums for the length of the plan. **You** can pay them either monthly or annually by direct debit. If **you** stop paying them, the cover will come to an end 30 days after the last premium was due.

Will the premiums ever change?

- The premiums are guaranteed. This means that they will stay the same for the length of the plan, unless **you** choose the Indexation option or make changes to the cover in any way.
- If cover is increased, then the premiums will go up to pay for the extra cover.
- If any other changes are made to the plan, for example increasing or decreasing the length of the plan or cover the premium may be affected. See 'What if circumstances change and amendments are needed to the plan?', opposite for further details.

HOW IS THE PLAN MANAGED ONCE COVER HAS STARTED?

What if circumstances change and amendments are needed to the plan?

- The length of the plan can be reduced or increased, as can the amount the employee is covered for. Premiums can be changed between monthly or annually. If **you** want to make any of these changes, then please either talk to **your** Financial Adviser or get in touch with us.
- We'll consider **your** request and let **you** know if what **you** are asking for is possible. We'll also need to ask any other policy owners if they're happy with the change or changes **you** want to make.
- The changes that **you** ask for might mean that we need to set up a new plan. There could be differences between the current plan and the new one. If that's the case, **you** will need to ensure that **you** understand all the differences. **You** can contact us or **your** Financial Adviser for more information.

Continuation cover

- If the employee leaves **your** employment there are two options which must be exercised within 30 days of leaving:
 1. their new employer can apply to continue with the policy (with the same sum assured, premium and term), without the need for further medical evidence or underwriting; or
 2. they can start paying the premiums themselves and the policy will continue (with the same sum assured, premium and term), without the need for further medical evidence or underwriting.

Please note, if this option is exercised Terminal Illness Cover will not apply.
- If neither of these options are taken within 30 days cover will cease.
Terms and conditions apply.

What if the plan needs to be cancelled?

- When the plan is first taken out we'll send **you** a cancellation notice. This gives **you** 30 days to change **your** mind about starting the plan. If **you** cancel the plan within this period, we'll refund any premiums **you** have paid.
- Once the plan has been held for more than 30 days and the plan is cancelled, or premiums are stopped, we won't refund any money.
- To cancel the plan please write to the address shown on page 10, under 'Further information'.

Can Legal & General make changes to the plan once it's started?

We may make changes to the Policy Terms and Conditions applying to the plan if there are any changes in legislation, regulation or taxation. If this happens, we'll notify **you** in writing in advance of any changes being made.

➤ FURTHER INFORMATION.

WHAT IF MORE INFORMATION IS NEEDED?

If **you** have any general questions, or would like more information, **you** can call our helpdesk.

If **you** are visually impaired, and would like this document in Braille, large print or audiotape, copies are available from our helpdesk.

Our helpdesk number is: **0370 010 4080***.

Calls to this number will not exceed **your** fixed line or mobile phone provider's national rate and will be included in any inclusive free minute plan or discount scheme **you** may have with **your** telephone provider. Call charges will vary between telephone providers. This number may not be available from outside the UK.



HOW TO CONTACT US TO CLAIM OR CANCEL THE PLAN?

To cancel the plan please write to our Life Premium Collections and Cancellations department at the address shown below.

In the event of the employee's death the trustees will need to send the following items to our Life Claims department:

- An official death certificate.
- The original policy schedule.
- The original Relevant Life Plan Trust deed (and any subsequent deeds).

And any documents we may reasonably request.

The address to send these items to is:

**Legal & General
City Park
The Droveaway
Hove
East Sussex BN3 7PY**

OR

For terminal illness claims **you** can call us on freephone **0800 137 101***.

Calls are free from a landline only.

Once the claim is accepted, the trustees will be paid by direct credit.

*We may record and monitor calls.



HOW TO COMPLAIN?

If **you** have a complaint about our service or would like a copy of our internal complaint handling procedure, **you** can call our helpdesk or write to our Complaints Department at:

Legal & General
Knox Court
10 Fitzalan Place
Cardiff CF24 0TL

Telephone: **0845 071 1439***.

Call charges will vary.

If **you** are not happy with the way we handle **your** complaint, **you** can talk to the Financial Ombudsman Service at:

South Quay Plaza
183 Marsh Wall
London E14 9SR

Telephone: **0845 080 1800**.

Email: complaint.info@financial-ombudsman.org.uk

Website: www.financial-ombudsman.org.uk

Making a complaint doesn't affect **your** legal rights.

*We may record and monitor calls.

THE FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

The FSCS is designed to pay compensation if a firm is unable to pay claims, because it has stopped trading or been declared in default.

So, if we run into financial difficulties, **you** may be able to claim via the FSCS, for any money **you** have lost. However, before looking to pay compensation, the FSCS will first see if they can arrange for the current plan to be maintained. They may arrange for the plan to be transferred to another insurer or provide a new policy. If these aren't possible, the FSCS aims to provide compensation.

Most of our customers, including most individuals and small businesses, are covered by the FSCS. Whether or not **you** can claim, and the amount **you** could claim, will depend on the specific circumstances of **your** claim. The FSCS will pay 90% of the value of the claim. There is no upper financial limit on the amount of the payment.

You can find out more about the FSCS, including eligibility to claim, by visiting its website www.fscs.org.uk or calling **0800 678 1100**.

The rules of the FSCS might change in the future and the FSCS may take a different approach on their application of the above, depending on what led to the failure.



WHO REGULATES LEGAL & GENERAL?

Legal & General Assurance Society Limited is authorised and regulated by the Financial Services Authority. We are entered on their register under number 117659.



You can check this at www.fsa.gov.uk/register/



You can write to them or phone them at:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS



Telephone: **0845 606 1234**.

LANGUAGE

We communicate in English. This covers the Policy Terms and Conditions, any other documents or letters we send **you**, and any telephone conversations we might have with **you**.

LAW

This contract is governed by English law.



Please note:

This leaflet is a guide to our Relevant Life Plan and is based on our understanding of current laws and tax rules. Further details are given in the **Policy Schedule** and the Policy Terms and Conditions. **You** should get expert advice about the legal and tax information contained in this Key Features document.

➤ GLOSSARY.

Exclusions	If we apply an exclusion to the policy, this means we won't cover the employee for a particular condition or if they take part in certain pursuits or hobbies. If they die due to this condition or pastime the trustees won't be able to make a claim.
Exit charge	An Inheritance Tax liability may arise where capital leaves the trust. For example, a charge may arise where the trustees pay the policy proceeds to a beneficiary following a claim. Different calculations are done depending on whether the distribution of capital occurs before or after the first 10 year anniversary of the trust. Where an exit occurs during the first 10 years the calculation is based on the values at the creation of the trust. Where the exit occurs between 10 year anniversaries the calculation is based on the values at the previous 10 year anniversary. In either case, the rate of tax upon which the exit charge is based is a maximum of 6%.
Periodic charge	An Inheritance Tax liability may arise on each 10 year anniversary of the creation of the trust. The charge is based on the value of the property in the trust, which is referred to as 'relevant property'. The value of the relevant property will be the value of the policy. The maximum rate of tax that can be charged on the relevant property is currently 6% of the assets over the nil rate band, less any chargeable transfers made by the employee in the seven years preceding the creation of the trust. The value of a life assurance policy for Inheritance Tax purposes will often be small. A periodic charge may become payable upon death and the value of the policy proceeds exceed the employee's available nil rate band.
Personal illustration	This is the document provided before the plan is taken out that details the exact plan, the premium and the options you have chosen.
Policy Schedule	We'll send you this document when we set the plan up. This shows what cover the employee has.
Pre-existing condition	A pre-existing condition is any medical condition, disorder or disability from which an employee is already suffering when a plan begins. 'Pre-existing' means the condition occurred before the date the policy is issued.
Rating	A rating is where we add an additional amount to the plan premium because the risk is considered to be higher than that assumed when we originally quoted.
Remuneration	This includes salary, bonuses, benefits in kind and regular dividends from shares in your company or a company within your group of companies.
Retail Prices Index	A way of measuring the impact of inflation on family budgets which is set by the Government. We use this rate to calculate any increases in your premiums and sum assured if you have selected the Indexation option.
Underwriting	The process your application goes through to allow us to assess any risks and decide how much your premiums will be.
Valid claim	When we're told about a claim, we'll send you and any additional trustees a claim form to complete and return to us. To make a valid life claim we'll ask for supporting evidence. If a claim is made under Terminal Illness Cover, then the employee must meet our definition of terminal illness as described below. We'll pay a claim for terminal illness if the employee is diagnosed as being terminally ill, and in the opinion of an attending consultant and our medical officer, their life expectancy is less than 12 months.
You/Your	This refers to the employer who will be effecting this policy on their employee(s).



www.legalandgeneral.com

Legal & General Assurance Society Limited

Registered in England No.166055

Registered office: One Coleman Street, London EC2R 5AA

This is also our head office in the UK

We are authorised and regulated by the Financial Services Authority.
We are members of the Association of British Insurers.

W13546 print date: 04/12 approval number: H125790