

POLICY SUMMARY.

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This policy is provided by Legal & General Assurance Society Limited.

OVERVIEW

Our Relevant Life Plan is designed for businesses to provide individual life cover benefit for its employees, to help protect against the impact of death and Terminal illness on the employee and their family whilst they are employed.

The policy could be used to help the lifestyle of the employee's family and their everyday living expenses.

The policy is a single life policy which is designed to cover the employee whilst they are employed by their current employer.

A Relevant Life Plan offers a tax efficient way to an employer to arrange life cover, with the benefit paid out to the employee's family or financial dependents.

It must meet legislative requirements so that the plan can qualify for certain tax benefits. Relevant Life Plans are usually viewed as an allowable business expense by HMRC. This means that all premiums and paid benefits qualify for full Income Tax relief, National Insurance relief and Corporation Tax relief. Premiums could be reduced by up to 49% compared to a typical life policy if the employee is a higher rate taxpayer. For a basic rate taxpayer this figure could be up to 40%.

Our Relevant Life Plan assumes that the policy will be placed in a Discretionary Trust at the start, with the employee's family or dependents as beneficiaries. The benefit will pay out to the trustees of the Relevant Life Plan Trust.

This Policy Summary is only a brief guide to the employee's cover and exclusions. The employer will find full details in the Policy Booklet which will form the basis of our contract with the employer.



WHAT IS COVERED?

The employee will be covered whilst they are employed by their current employer if before the end of the policy:

- The employee dies
- The employee is diagnosed as being terminally ill, and in the opinion of their hospital consultant and our medical officer, the illness is expected to lead to death within 12 months.

We'll pay out the amount of cover in full once. After this happens, the policy will end and they will no longer have any cover.



WHAT IS NOT COVERED?

The employee is not covered if the employee doesn't give us full and honest answers to the questions we ask them before the policy starts. Please don't assume that we'll contact the employee's doctor to find out their full medical details.

- We won't pay out if, within the first year of the policy, the employee's death is caused by suicide or, intentional and serious self-injury an event where, in our reasonable opinion, the employee took their own life.
- We won't pay out the amount of cover if the employee is diagnosed with a terminal illness which doesn't meet our definition. Terminal Illness Cover can't be claimed:
 - after the employee's death,
 - or if the length of the policy is less than two years.
- We may restrict some elements of cover based on the information that the employee and employer gives us. If we do this we'll tell the employer what we've excluded in the Policy Booklet under the heading 'What is not covered'.
- Relevant Life Plans have no cash value and we will not pay out if the employee reaches the end of the policy without making a valid claim.
- If the employer stops paying the premiums, the cover will end 30 days after the first missed premium.

TAXATION

- The policy is based on our understanding of current laws and tax rules, however, tax legislation may change and this may impact the tax efficient benefits.
- If the policy is not written under a Discretionary Trust then this may impact the tax efficient benefits.
- There is no guarantee that the favourable tax position will apply in all cases, for example, if the policy was taken out for tax avoidance purposes.

ABOUT THE POLICY.

To be eligible for a Relevant Life Plan, the employee must be:

- A UK resident
- An employee of a business that resides in the UK, for example, directors on PAYE and salaried partners.

Sole traders, equity partners of a partnership or equity members of a Limited Liability Partnership (LLP) are not 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 an 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).

MAXIMUM AMOUNT OF COVER

The table below shows the maximum amount of cover available, based on the employee's remuneration. Remuneration includes salary, bonuses, benefits in kind and regular dividends from shares in the employer's company or a company within the employer's group of companies.

| AGE | LIMITS |
|----------------------|-------------------------|
| 18 – 29 years | up to 25 X remuneration |
| 30 – 39 years | up to 25 X remuneration |
| 40 – 49 years | up to 25 X remuneration |
| 50 – 59 years | up to 20 X remuneration |
| 60 – 73 years | up to 15 X remuneration |

If the employee already has life cover, this will be taken into account to determine their maximum cover.

We will ask for evidence of earnings for any amount of cover requested over £3,500,000

THE PREMIUMS

Guaranteed premiums

Premiums will remain the same during the length of the policy unless the employer makes any changes.

Increasing cover

If the Increasing Relevant Life Plan is chosen the premiums will increase in line with the change in the Retail Prices Index (RPI) multiplied by 1.5 subject to a maximum increase of 15% per annum. The RPI provides an indication of inflation on a monthly basis. The RPI measures and tracks the average change in the purchase price of goods and services such as housing expenses and mortgage interest payments.

AGE LIMITS

- The employee must be between the ages of 18 and 73 at the start of the policy. The minimum duration of the policy is 1 year and 2 years if increasing cover is chosen. The maximum is 40 years but the policy must end before their 75th birthday.

THE COVER

Level cover

The amount of cover will stay the same unless the employer changes it.

Increasing cover

If the Increasing Relevant Life Plan is chosen it is designed to protect the policy against inflation. Every year, we'll give the employer the option to increase the amount the employee is insured for by the change in the Retail Prices Index (RPI) up to a maximum of 10% of the current amount of cover, without the need for further medical evidence. The RPI is a way of measuring the impact of inflation on family budgets and is set by the Government.

The premium will increase at a different rate to the amount of cover because it's indexed by the change in RPI multiplied by 1.5 up to a maximum of 15% of the current premium. This takes into account the fact that the likelihood of claiming increases as the employee gets older.

If changes to the RPI are 1% or less then both the premium and amount of cover will stay the same until the next review.

If the employer decides not to increase the amount the employee is insured for, we won't offer the employer this option again.

BENEFITS FOR ALL POLICIES.

The following benefit(s) may have eligibility criteria and restrictions that apply.

ACCIDENTAL DEATH BENEFIT

Included at no extra cost.



WHAT IS COVERED?

We'll cover the employee from when we receive the application, 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 of cover, up to a maximum of £300,000 for all applications.

The benefit will be paid out if the employee sustains bodily injury caused by accidental, violent, external and visible means which is the sole cause of death and if the death occurs within 90 days of such an accident.



WHAT IS NOT COVERED?

We won't pay out if death occurs from:

- Suicide, intentional and serious self-injury or an event where, in our reasonable opinion, the employee took their own life.
- Taking part or attempting to take part in a dangerous sport or pastime.
- Taking part or attempting to take part in any aerial flight other than as a fare paying passenger on a licensed airline.
- Committing, attempting or provoking an assault or criminal offence.
- War (whether declared or not), riot or civil commotion.
- Taking alcohol or drugs (unless these drugs were prescribed by a registered doctor in the United Kingdom).
- Accidents that happened prior to application.

We don't provide this benefit:

- If we have been told that the application is to replace an existing policy with us while cover is still provided under the existing policy.
- From the date the employer tells us that they no longer want the application to proceed.

The amount of cover will be paid only once either under the Accidental Death Benefit or the policy itself.

TRUST INFORMATION

Our Relevant Life Plan assumes that the policy will be placed in a Discretionary Trust (Legal & General's Relevant Life Plan Trust) at the start, with the employee's family or dependants as beneficiaries.

WHAT IS A RELEVANT LIFE PLAN TRUST

Our Relevant Life Plan Trust is a Discretionary Trust. A Discretionary Trust is a legal arrangement which allows the Relevant Life Plan to be given to a trusted group of people (trustees), to look after, before they pass it on to the beneficiaries. The trustees are legal owners of the policy.

The employer is automatically appointed as a trustee but the employee is not. The employer can opt out of being a trustee by completing the relevant section of the Trust Deed. Up to four further trustees can be appointed, one of which can be the employee. The employee can elect the beneficiaries when setting up the trust using a Nomination Form however, it is the trustees who also decide how much the beneficiaries receive and when.

Please ask a financial adviser or see our Guide to being a Trustee for further information on what to expect when becoming a trustee.

HOW TO SET UP THE RELEVANT LIFE PLAN TRUST

The following key documents need to be completed:

The Trust Document

This is the legal document that creates the trust. It must be signed by the employer and the trustees. It names the people involved, what roles they have and gives details of the Relevant Life Plan which is being put into trust.

The Nomination Form

We recommend that the employee completes a Nomination Form, which says who they would like to benefit from the Relevant Life Plan. The Nomination Form acts as a guide for the trustees, however, it is not legally binding.

WHO RECEIVES THE LUMP SUM PAYMENT?

The benefit will pay out to the trustees of the Relevant Life Plan Trust and the trustees decide which of the beneficiaries receive the payout, how much and when.

ARE PAY OUTS TAXED?

Any pay out that we make should be free of UK Income Tax and Capital Gains Tax. The Government may change this tax position at any time.

Benefits paid through the Relevant Life Plan Trust should not form part of the estate of the employee for Inheritance Tax purposes. Lump sum benefits are subject to the normal Inheritance Tax rules for Discretionary Trusts. There are some occasions when an Inheritance Tax charge might arise within the trust itself, in particular, periodic and exit charges.

Please speak to a financial adviser for further details.

CONTINUATION COVER

The employee has two options if they wish to keep their policy after leaving their current employer, with both options there will be no need for further medical evidence or underwriting. If the employee decides not to use the continuation cover the policy will end 90 days after leaving the employer.

OPTION 1: NEW EMPLOYER

New employer takes over the payment of the premiums from the old employer.

For this option the policy should remain as a tax efficient Relevant Life Plan and the features and benefits will remain the same (for example, Terminal Illness Cover will continue)

To do this:

- We must be told within 90 days of leaving the old employer, that the policy is to continue with the new employer as a Relevant Life Plan. We will need details of their new employer and the new employer will need to take over the payment of the premiums from the start of their employment. There must be no break in premiums between the old and new employer.
- The trust will continue, however, the old employer should retire as trustee and the new employer should be appointed in their place to ensure that the old employer is no longer involved and to make things practically simpler in the future.

OPTION 2: EMPLOYEE

The employee takes over the payment of premiums from the older employer.

For this option the policy will no longer benefit from the tax advantages of being a Relevant Life Plan and Terminal Illness Cover will no longer apply. However, the trust can continue and may provide the same Inheritance Tax benefit as putting a standard policy in a family trust; please see a financial adviser for more information.

To do this the employee must:

- Let us know within 90 days of leaving the old employer that they are leaving but that they want the policy to continue in a personal capacity, without Terminal Illness Cover.
- Arrange to take over payment of the premiums, by providing us with a new direct debit mandate.
- The trust will continue, however before the life insured pays any premiums, they should ensure that they are removed as a beneficiary of the trust. In addition, the principle employer should retire as a trustee and a new trustee should be appointed in their place to ensure that the principle employer is no longer involved and to make things simpler in the future.

FURTHER INFORMATION

CAN THE EMPLOYER INCREASE THE COVER?

Yes, the employer can increase the employee's cover. Usually changes to the amount of cover will be assessed at the time. However, if the "Changing your policy" section is shown in the Policy Booklet then the employer can increase the cover, if there are certain changes in the employee's life, without the need to provide us with further medical information. Eligibility criteria apply. Please see the Policy Booklet for further information.

CAN THE EMPLOYER MAKE CHANGES?

Yes, the employer can make changes to the policy. Please talk to us and we'll consider the request and let the employer know if what is being asked for is possible and what the new premium will be.

If the employer makes any changes to the policy then a new policy may be set up and different terms and conditions could apply.

HOW TO CANCEL OR CLAIM

The employer can cancel the policy at any time. When they first take out the policy they will have the opportunity to cancel. If the employer cancels within 30 days, we'll refund any premiums they have paid. If they cancel the policy at a later stage, they will not get any money back.

To cancel or claim write to us at:

Claims or Cancellations Department, Legal & General Assurance Society Limited, City Park, The Droveaway, Hove, East Sussex BN3 7PY

Or call or email us:

- **For Life claims:**

0800 137 101*

life.claims@landg.com

- **For Cancellations:**

0370 010 4080*

HOW TO COMPLAIN

To complain about our service or to request a copy of our internal complaint handling procedure, please contact us at:

Legal & General Assurance Society Limited, Knox Court, 10 Fitzalan Place, Cardiff, CF24 0TL

0370 010 4080*

Making a complaint doesn't affect the legal rights of the employer or the employee. If either aren't happy with the way we handle the complaint, they can talk to the Financial Ombudsman Service at: Exchange Tower, London E14 9SR

0800 023 4567

0300 123 9 123

complaint.info@financial-ombudsman.org.uk

www.financial-ombudsman.org.uk

* We may monitor or record calls. Call charges will vary.

THE FINANCIAL SERVICES COMPENSATION SCHEME (FSCS)

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. Whether or not you are able to claim and how much you may be entitled to will depend on the specific circumstances at the time. For further information about the scheme please contact the FSCS at: **www.fscs.org.uk** or call them on: **0800 678 1100**.



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Legal & General Assurance Society Limited

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We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.