



Future proofing advice

A lifetime of advice

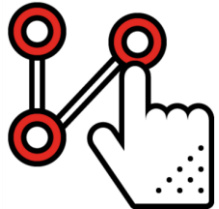
Learning objectives



By the end of this workshop, you will be able to do the following



Identify where protection needs exist and how your client could benefit from advice



Consider how to use a cashflow model to highlight a customer's need for protection



Articulate how these ideas can be effective at every stage of your client's life

Perceived cost

The value of advice



What is your estimate?

What is the monthly premium for
£800k Term assurance over 22 years
for a non-smoker age 45?

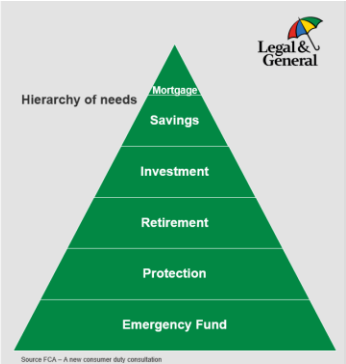
Coming up



Consumer duty



16 | Intermediary Designed



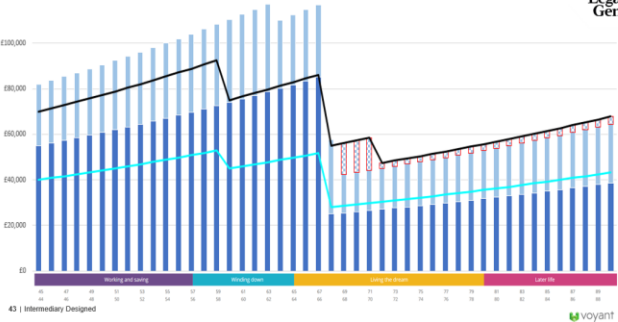
Belief cycle

- Is the need for protection part of your overall proposition?
- How do you move this on to talk about protection, insurance or your advice?
- Do you lead the conversation talking about what products can do for them?

19 | Intermediary Designed



Cashflow model



43 | Intermediary Designed

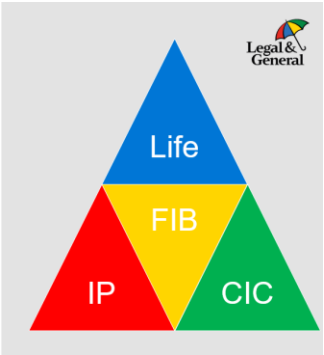
Framing

Lifestyle advice

A protection portfolio that meets client needs, and blends products to deliver comprehensive lifestyle cover.

71 | Intermediary Designed

Anchoring



Frame your value and remove objections

I don't need protection

You are important to your family because of the income you generate that pays for the bills, lifestyle and enjoyable treats

I won't get sick

Your savings are a valuable asset that could disappear if you became ill or injured - We just never know what's around the corner

Can't afford it

Part of my job is to suggest some affordable options for you to consider to help if you or your children become seriously ill

I have savings

Which will help take care of the additional costs of being seriously ill and protect your savings to ensure that you have them for when you really need them

I can rely on others

And you won't have worry about the embarrassment of running out of money and needing to rely on relatives to help you, but instead concentrate on getting back to health

I can cut back

Ultimately it means you can afford to maintain a large part of your spending and support your family through a very difficult time without having to worry about money

28 | Intermediary Designed

Claims 2023

	Life Insurance*	Terminal Illness Cover	Critical Illness Cover	Children's Critical Illness Cover	Income Protection†
Number of claims paid	13,007	1,149	3,597	195	389
Claims paid	97%	92%	93%	97%	80%
Total paid	£519m	£139m	£255m	£3.75m	£3.6m
Average payout	£39,916	£121,621	£70,978	£19,234	£600 per month
Maximum payout	£3,000,000	£1,400,000	£750,000	£33,579	£14,615 per month
Length of policy at claim	1 days (shortest) 10 years (average) 65 years (longest)	57 days (shortest) 9 years (average) 23 years (longest)	13 days (shortest) 9 years (average) 24 years (longest)	162 days (shortest) 4 years (average) 19 years (longest)	8 days (shortest) 2 years (average) 31 years (longest)
Age at point of claim	22 years (youngest) 70 years (average) 101 years (oldest)	26 years (youngest) 36 years (average) 80 years (oldest)	22 years (youngest) 48 years (average) 69 years (oldest)	4 days (youngest) 8 years (average) 21 years (oldest)	19 years (youngest) 41 years (average) 62 years (oldest)
Top 3 claims	32.6% Cancer 21.7% Heart related 5.9% Neurological	92.9% Cancer 2.8% Neurological 0.8% Respiratory	66.2% Cancer 12.2% Heart related 6.5% Stroke	54.4% Cancer 7.7% Child funded benefits 5.6% Benign tumour	43.2% Musculoskeletal 17.5% Cancer 5.4% Mental health

160 | Intermediary Designed

Nudging

**What value do you,
your proposition,
and your services add?**



The janitor who helped put a man on the moon





“I’m helping put a man on the moon.”
– Janitor – NASA-1962

What do you do?
What’s your purpose?

Explain simply what you do without using the words :

Investment – Wealth – Pension - Mortgage - Protection - Insurance - House - Financial Adviser -

Your last ten clients

What percentage of the last ten clients did you :

Discuss the need for Life Insurance for death or terminal illness?

How Many of those 10 did you discuss protecting their family income with?

How many of those have no idea that cover is available for them to consider?



Write yourself a note to make contact

What are challenges /objections do you get?



**NO
Money**

**NO
Need**

**NO
Hurry**

**NO
Desire**

**NO
Trust**

**PARENTS WILL HELP ME / I'LL MOVE
BACK IN WITH PARENTS AND SELL UP:**

TOO EXPENSIVE:

I'VE GOT COVER THROUGH WORK:

**CAN I TAKE IT AWAY AND I'LL
THINK ABOUT IT:**

ALREADY SORTED:

TOO YOUNG / HEALTHY:

I'LL DO IT MYSELF ONLINE:

STATE WILL PROVIDE:

I'M IN A HURRY – NO TIME:

I'VE GOT MY OWN ADVISER:

**I'M SELF EMPLOYED
– I STILL GET INCOME:**

YOU WON'T PAY OUT:

Wealth opportunities to talk protection?



opportunities to talk protection



Family protection



Co-habiting



wealth planning



Single life applications



IHT



Business protection

Write it or refer it?.



Know your proposition and what you offer

- Show enthusiasm
- Services included
- Any reviews
- Demonstrate expertise
- Added services
- Why YOU?

Consumer duty



New Consumer Duty



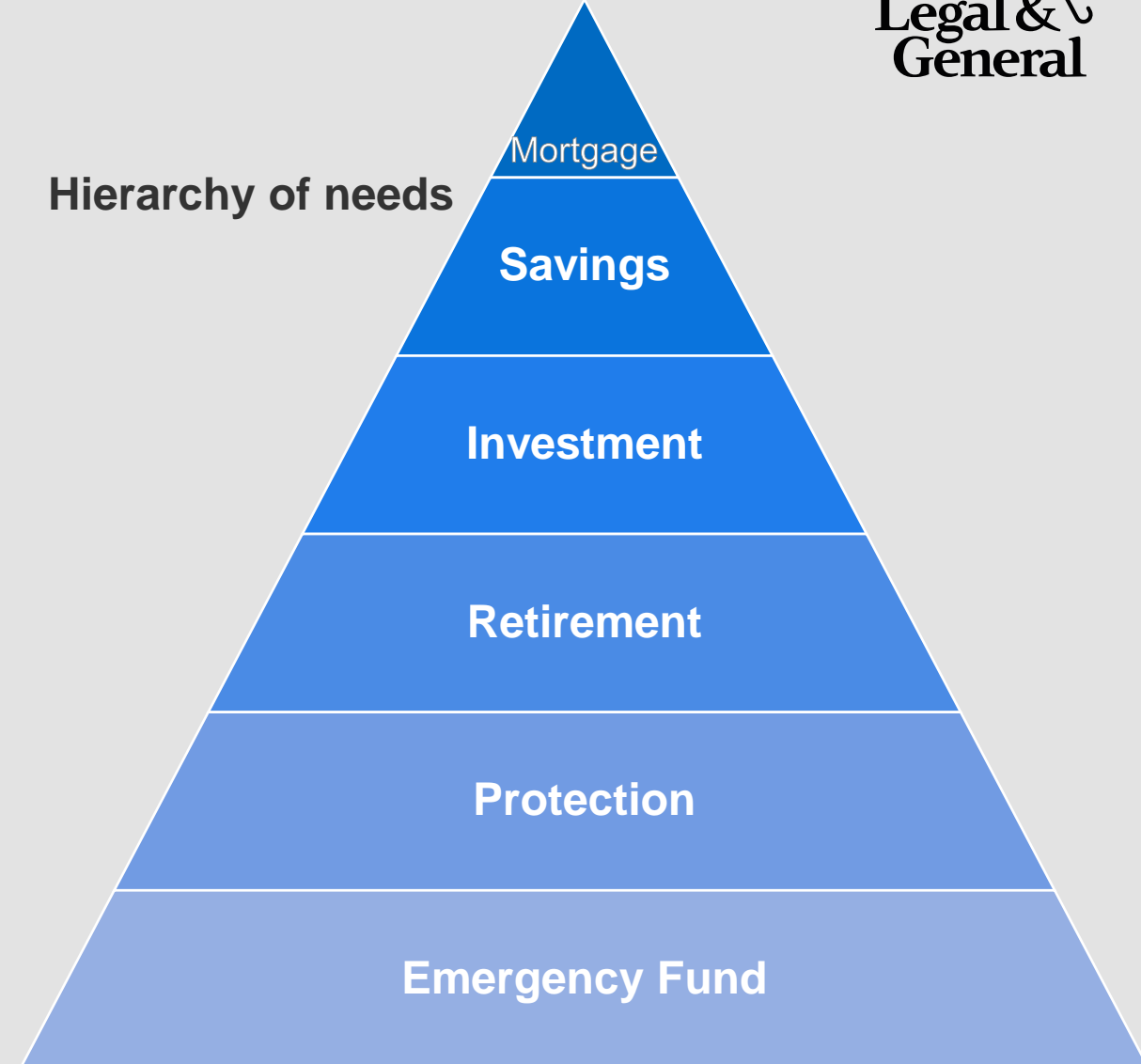
Raising the standard of consumer protection

Act in good faith
towards retail
customers

Avoid causing
foreseeable harm
to retail
customers

Enable and
support retail
customers to
pursue their
financial
objectives

Hierarchy of needs



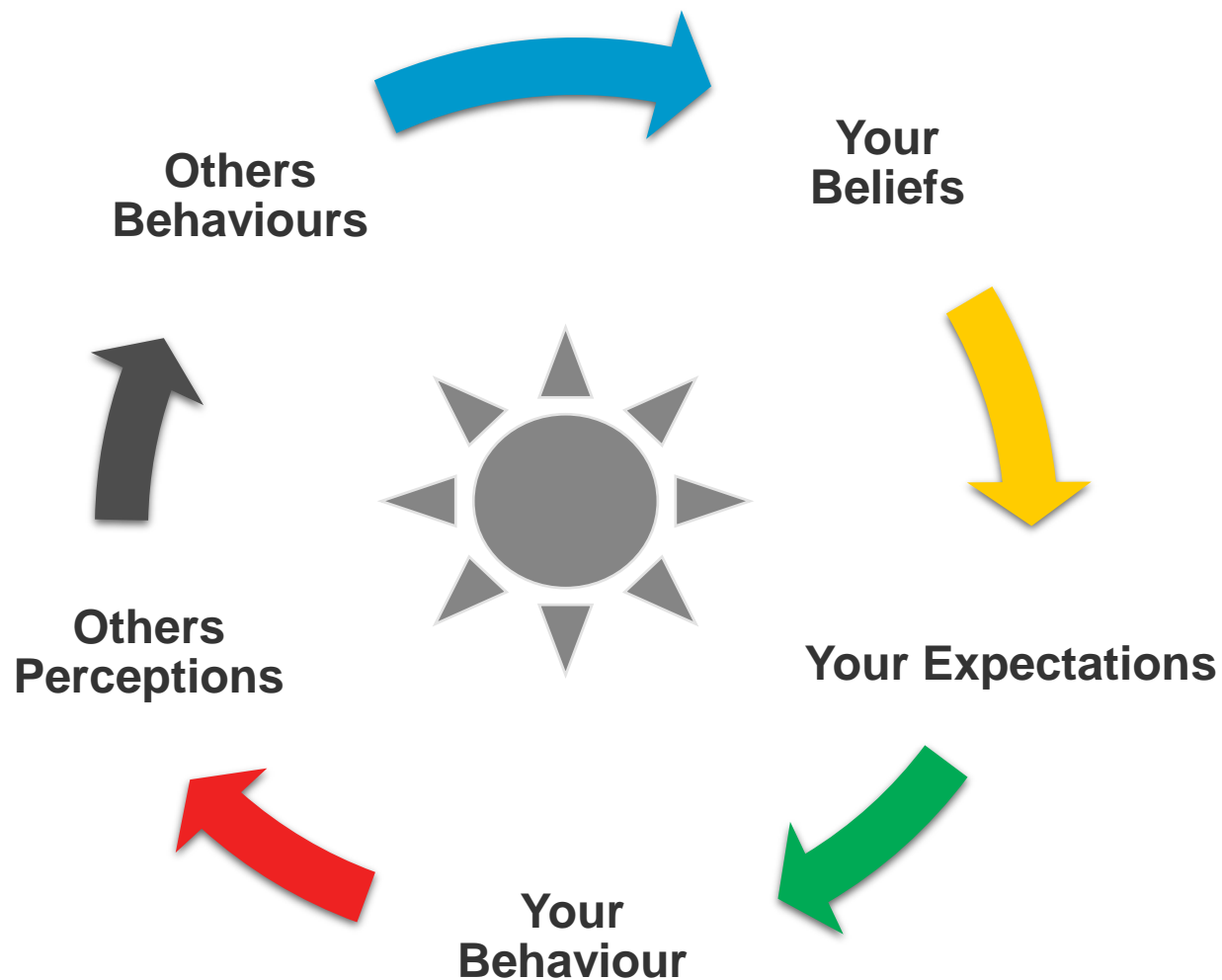
Source FCA – A new consumer duty consultation

Your beliefs - be the expert

What makes the difference?

Your proposition
Your expertise
Your services
Extra services
Your enthusiasm

Why choose You?



Is there a bias ?



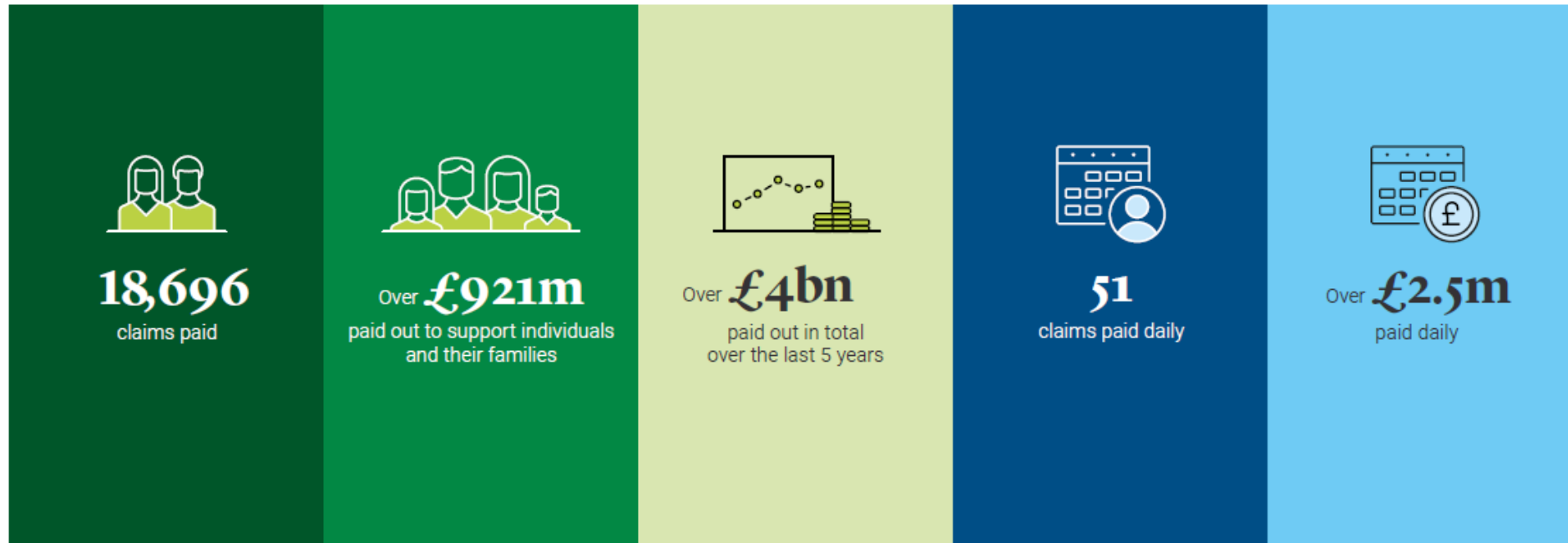
**What protection do your
client's buy?
Why?**

Our claims statistics 2023



There when you need us

Supporting our customers and their families during life's most difficult moments is the real story behind our business. We've further improved our claims process and put more support in place.



The Human Tree



Low self esteem, fear,
doubt, lack of focus,
No energy, resentment,

Sad, hurt , ashamed,
unloved, undervalued,
nervous, depressed

Self-image, experiences
Influence , perception, control

Blame, procrastination, delay,
self defeat

Limiting



Focus, drive, commitment
Love, enthusiasm,
Dedication, determination

Happy, valued, euphoric
Self assured, confident
Strong, healthy, special

Self image, experiences
role models, expectation

Independent ,attentive,
praise, reward,
constructive

Empowering

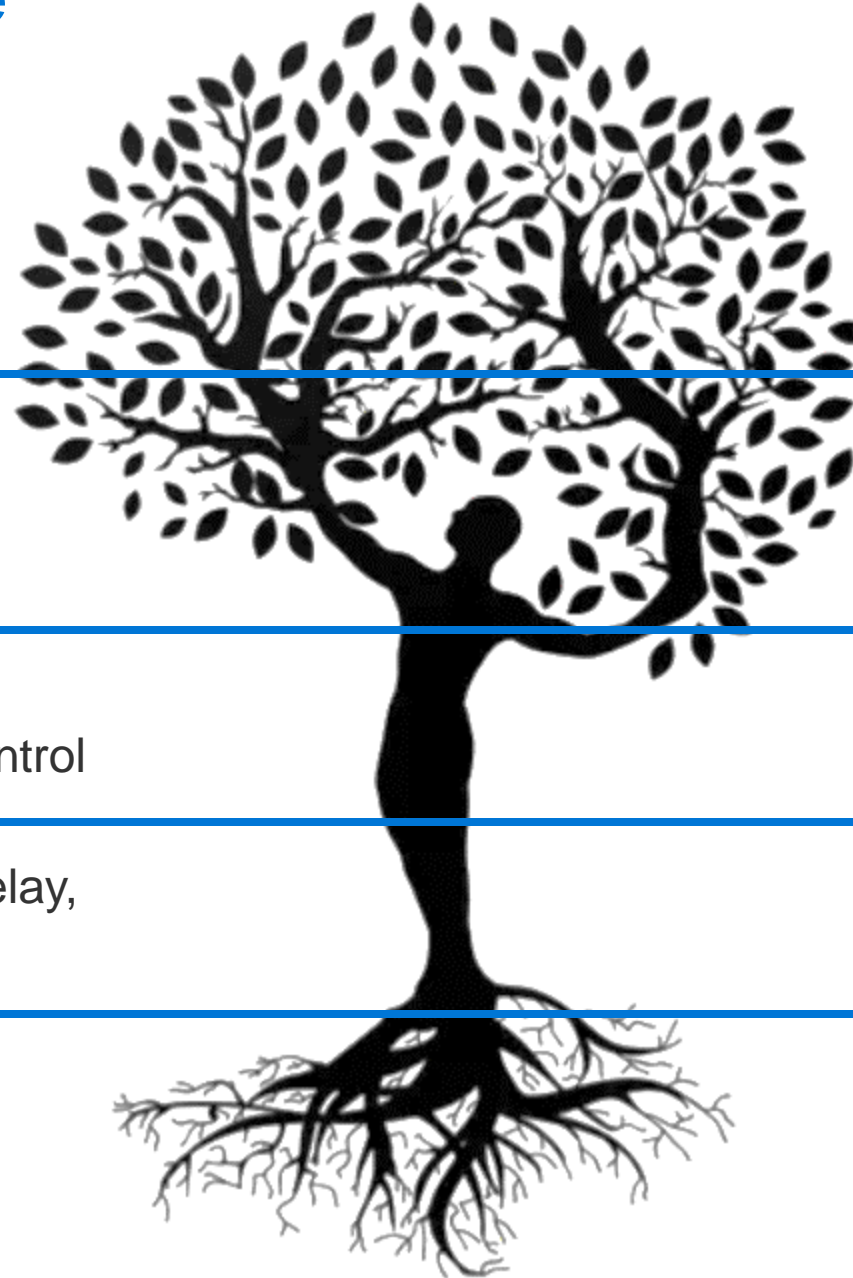
Behaviour

Feelings/State

Attitude

Responsibility

Beliefs



Priming



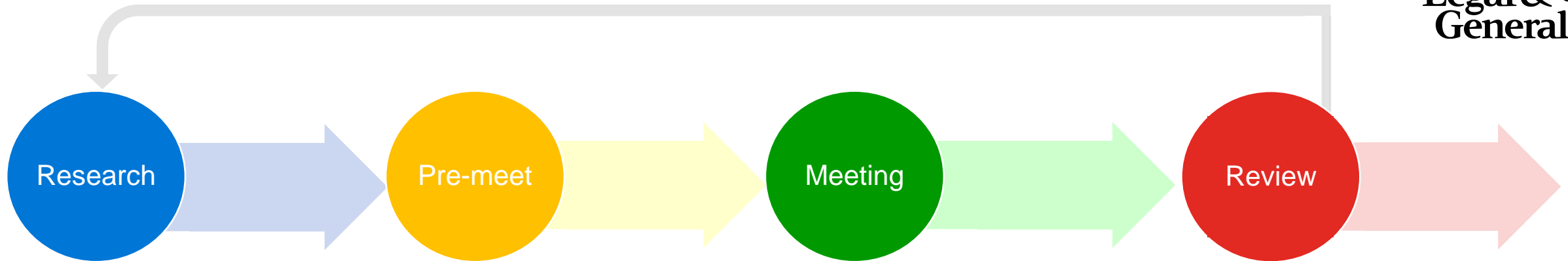
The power of first impressions

What do you do pre-meeting to prepare your client in preparation for a meeting about protection?

What else could you do?

How might it influence the outcome?

The repeatable process



What do you know
About your client?

What is going on in their
Life?

What do you want them
to be thinking about?

How do you contact
them pre meeting?

What do you send them
To read, complete, consider?

How do you “Prime” them for
The conversation?

First Impression

Positioning statement

What’s the focus
(Anchor) ?

Confirmation

Restate

Demonstrate

Protection drives the process



Optimism



Overestimate the probability of a positive event

Underestimate the probability of a negative event

Underestimate the probability of getting cancer

overestimate our ability to get buy

Influences include

Perceived control

Being in a good mood

How do you position the risk?

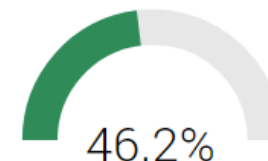


What are the chances?

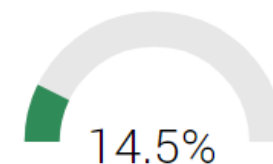
While Risks may vary, their impact can be severe. Our risk reality calculator can help you to consider how to protect what matters, for today and tomorrow.

Use our tool to find out

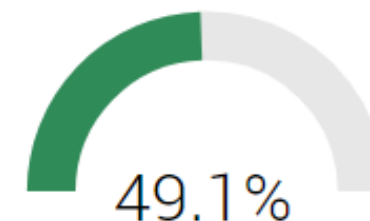
- ✓ Understand the probability of certain key events happening in your life
- ✓ Help you to explore the impact that these event may have on you
- ✓ Help you decide what to do about these risks



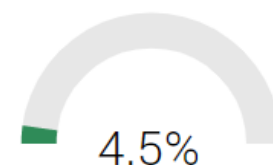
Unable to work for 1 month or more



Chance of suffering a serious (or critical) illness or death



Chance of one of the following three events happening to you



Chance of dying

Frame your value and remove objections



I don't need protection

Can't afford it

I can rely on others

I won't get sick

I have savings

I can cut back

You are important to your family because of the Income you generate that pays for the bills, lifestyle and enjoyable treats

Your earnings are a valuable asset that could stop if you became ill or injured – We just never know what's around the corner

Part of my job is to suggest some affordable options for you to consider to help if you or your children became seriously ill

Which will help take care of the additional costs of being seriously ill and protect your savings to ensure that you have them for when you really need them

And you won't have worry about the embarrassment of running out of money and needing to rely on relatives to help you , but instead concentrate on getting back to health

Ultimately It means you can afford to maintain a large part of your spending and support your family through a very difficult time without having to worry about money

Nudging the process - confirmation bias



Always

I will listen to you to fully establish your current and future circumstances and needs to fully understand all about you and your family.

Are you ok with this?

Be

I will then recommend an affordable financial safety net (if needed) based on your circumstances and needs.

Following me so far?

Confirming

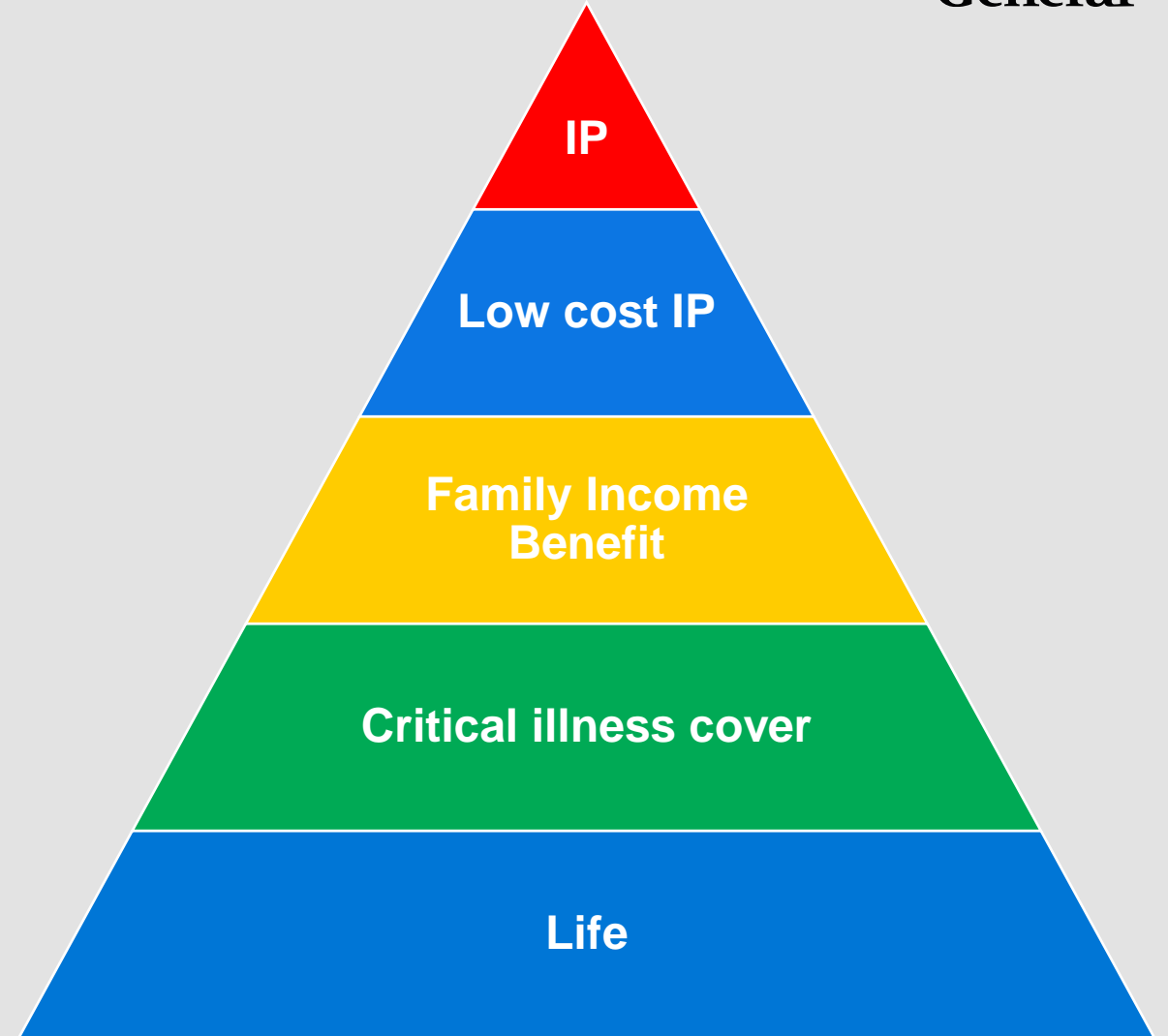
It will then be down to you to decide which option suits you best.

Does that make sense?

Basic advice model

- “to cover the mortgage”

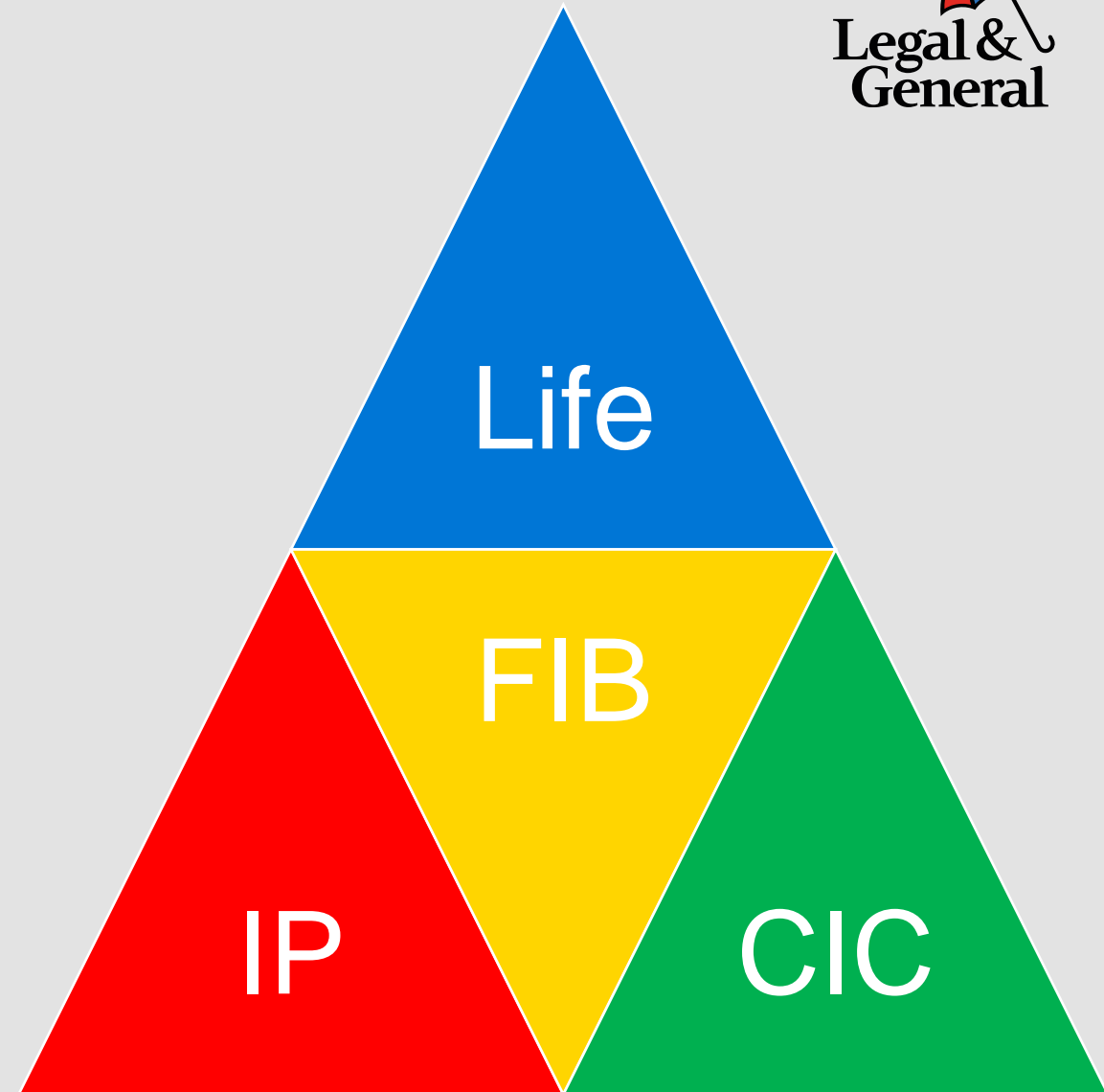
Do you stop here?



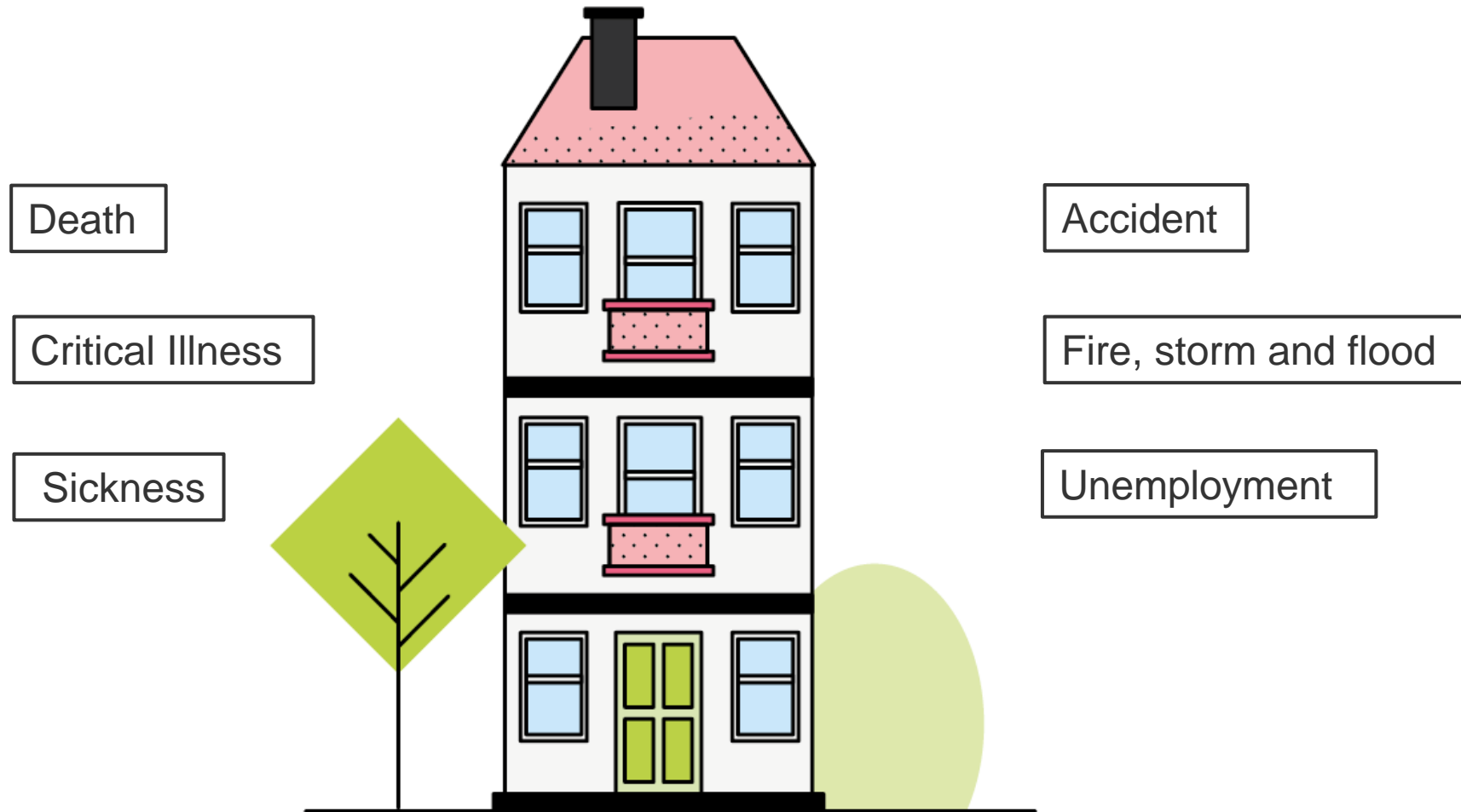
Holistic advice

– “to protect your lifestyle”

A protection portfolio that meets client needs, and blends products to deliver comprehensive lifestyle cover.

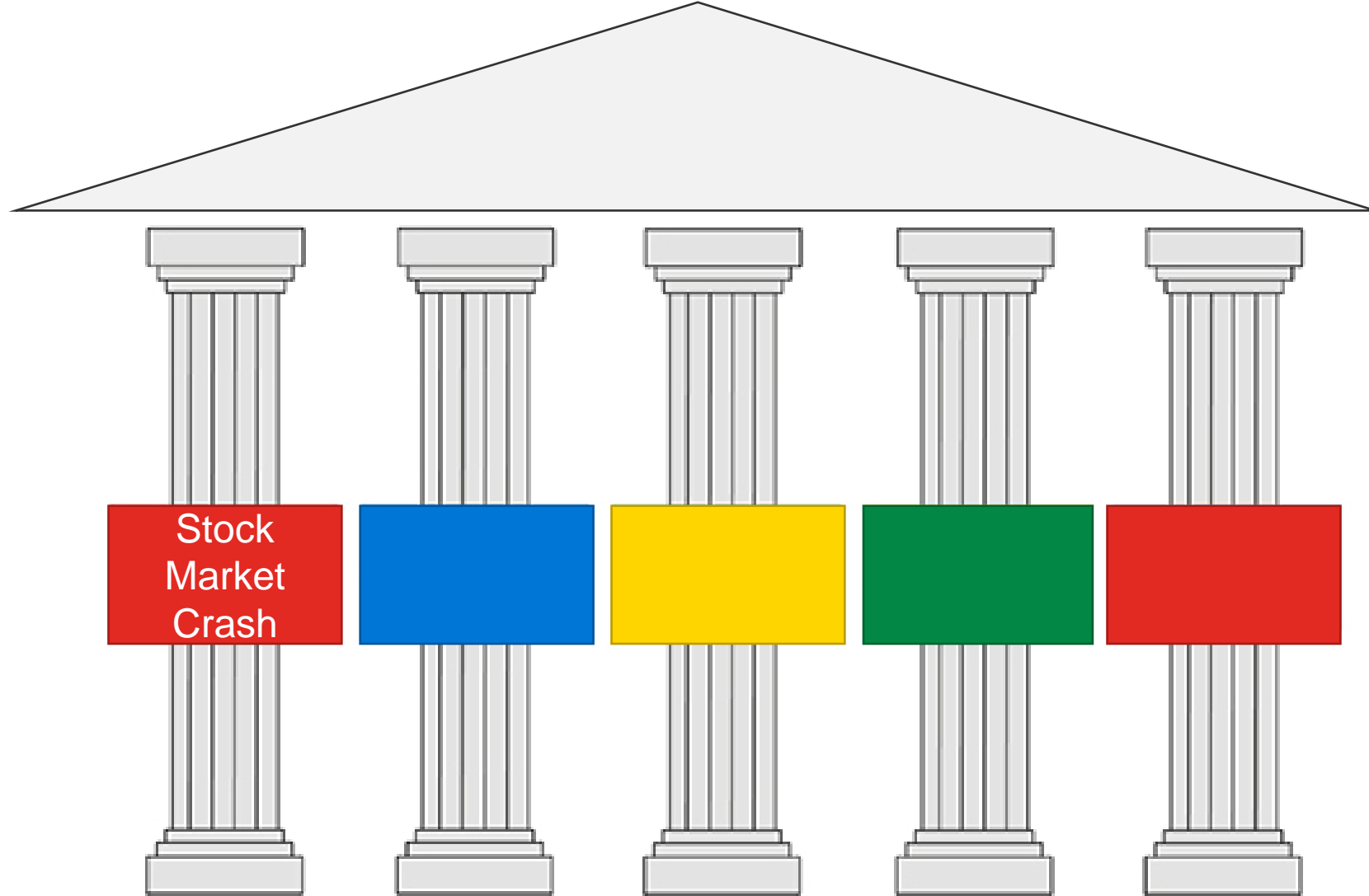


When normality stops – six ways to lose your home



You may be evicted if you do not keep up your mortgage repayments

Ways to lose your portfolio



You build a portfolio to achieve a client's goals

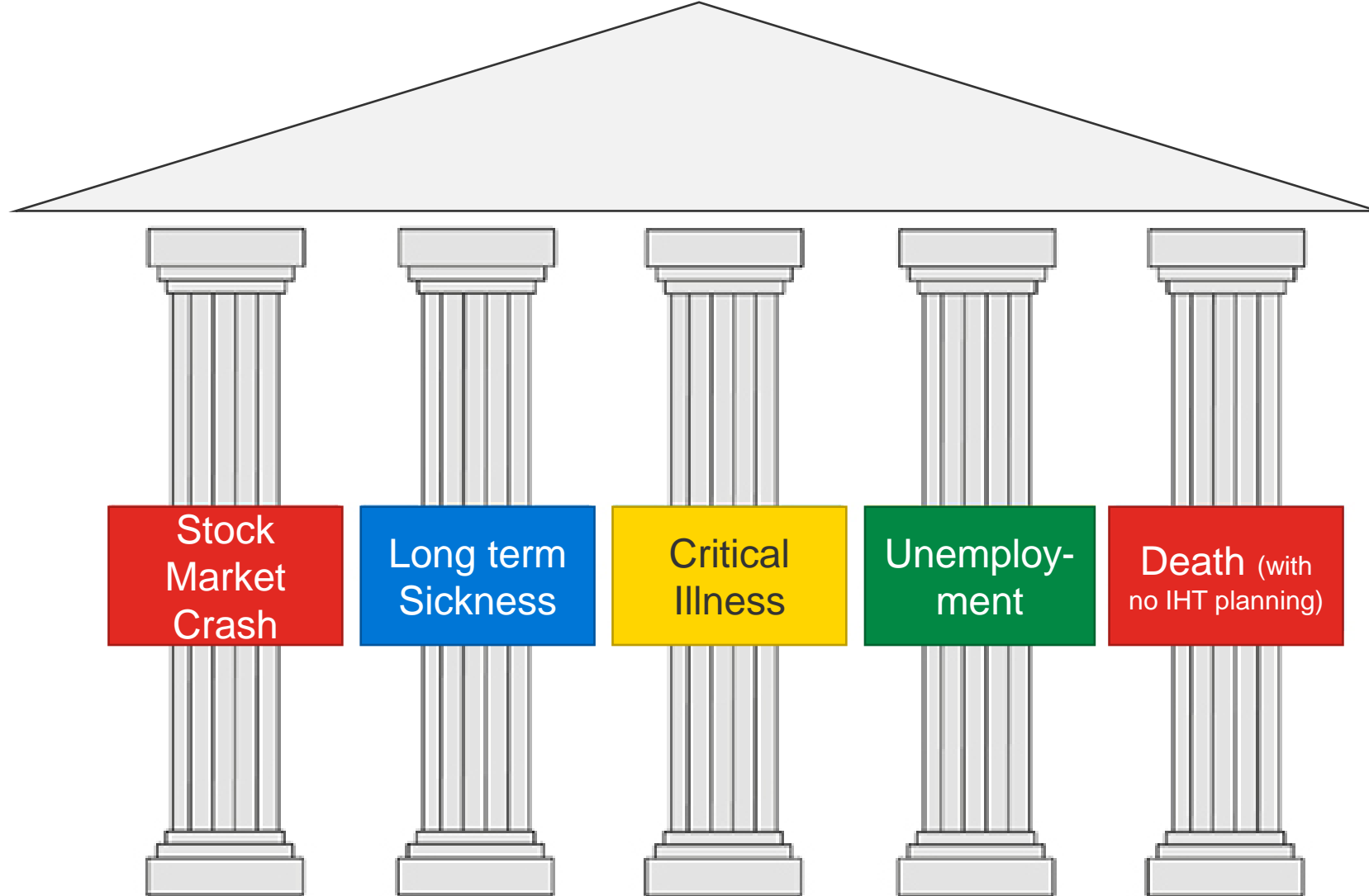


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	EM Equity	Gilts	EM Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	North American Equity	North American Equity	Japanese Equity	EM Equity	EM Equity	North American Equity	North American Equity	North American Equity
2	Asia ex Japan Equity	International Bonds	Asia ex Japan Equity	EM Equity	UK Corporate Bonds	Asia ex Japan Equity	Europe ex UK Equity	Gilts	North American Equity	North American Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Asia ex Japan Equity
3	Europe ex UK Equity	Japanese Equity	UK Equity	North American Equity	International Bonds	UK Corporate Bonds	Japanese Equity	UK Corporate Bonds	Europe ex UK Equity	Asia ex Japan Equity	Europe ex UK Equity	International Bonds	UK Equity	EM Equity
4	International Bonds	UK Corporate Bonds	Europe ex UK Equity	Japanese Equity	North American Equity	EM Equity	UK Equity	International Bonds	International Bonds	Japanese Equity	Japanese Equity	UK Corporate Bonds	EM Equity	Japanese Equity
5	North American Equity	North American Equity	UK Corporate Bonds	UK Equity	UK Equity	UK Equity	Asia ex Japan Equity	EM Equity	UK Equity	Europe ex UK Equity	UK Equity	Asia ex Japan Equity	Asia ex Japan Equity	Gilts
6	UK Equity	Europe ex UK Equity	North American Equity	UK Corporate Bonds	Japanese Equity	North American Equity	UK Corporate Bonds	Asia ex Japan Equity	Gilts	UK Equity	North American Equity	Japanese Equity	Japanese Equity	UK Corporate Bonds
7	Gilts	UK Equity	International Bonds	Gilts	Asia ex Japan Equity	International Bonds	International Bonds	Japanese Equity	UK Corporate Bonds	UK Corporate Bonds	UK Corporate Bonds	EM Equity	UK Corporate Bonds	Europe ex UK Equity
8	UK Corporate Bonds	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Europe ex UK Equity	Japanese Equity	Gilts	UK Equity	Asia ex Japan Equity	Gilts	Gilts	Europe ex UK Equity	Gilts	International Bonds
9	Japanese Equity	EM Equity	Japanese Equity	International Bonds	EM Equity	Gilts	EM Equity	Europe ex UK Equity	EM Equity	International Bonds	International Bonds	UK Equity	International Bonds	UK Equity

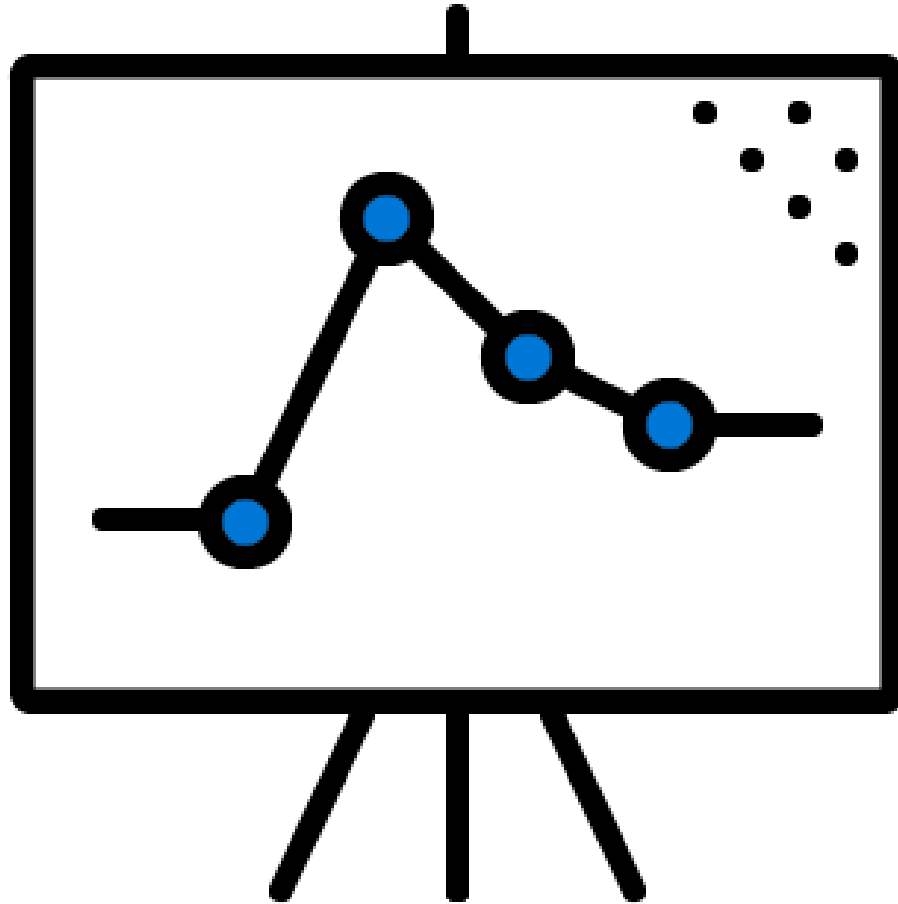


What protects the income that powers the portfolio?

Ways to lose your portfolio



Capacity for loss



Capacity for loss refers to an individual's ability to withstand a financial loss and considers the risk an individual is willing to take.

Investing in low risk assets

Loss of Health
Loss of Income
Loss of Life

A lifetime of advice - Cash flow modelling process



Fact finding

Determines the current situation



Set Goals

Develop the client's "bucket list" personal and financial



Scenarios

Identify alternative course of action for "what if?"



Assess Risk

Consider lifestyle factors, values and risk tolerance



Action plan

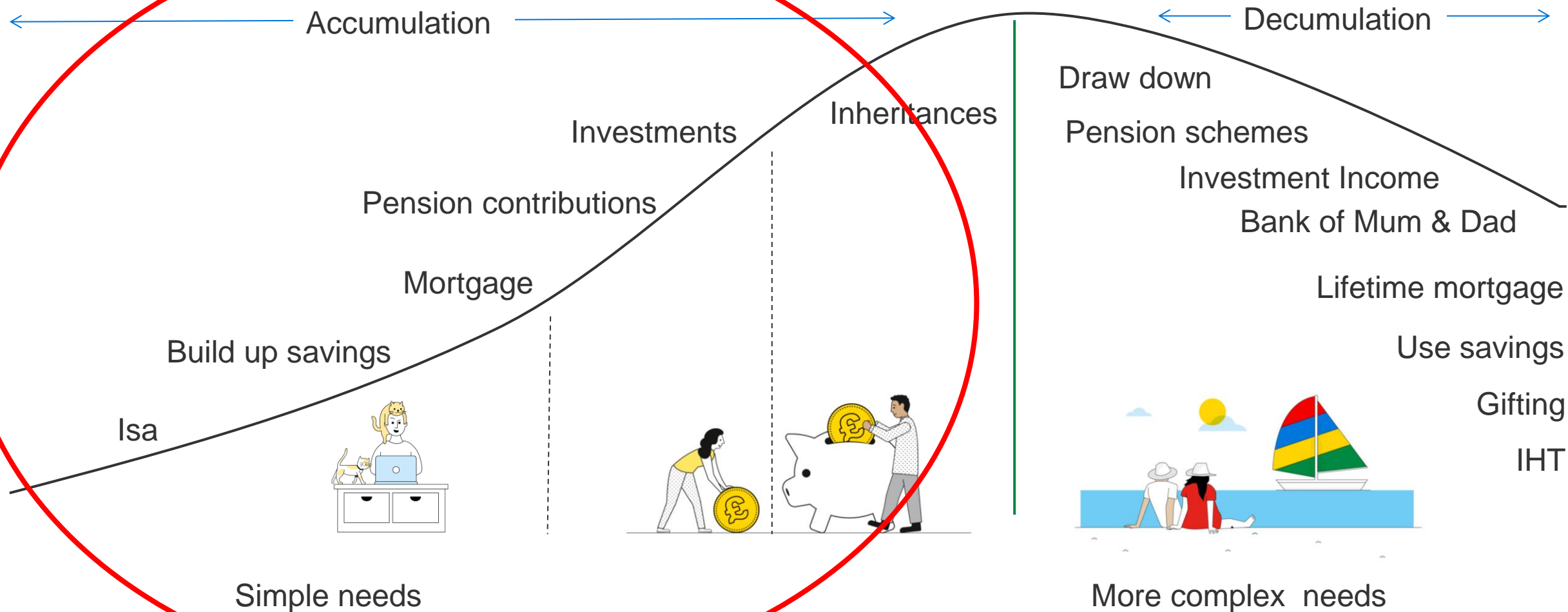
Deliver advice using tools and examples



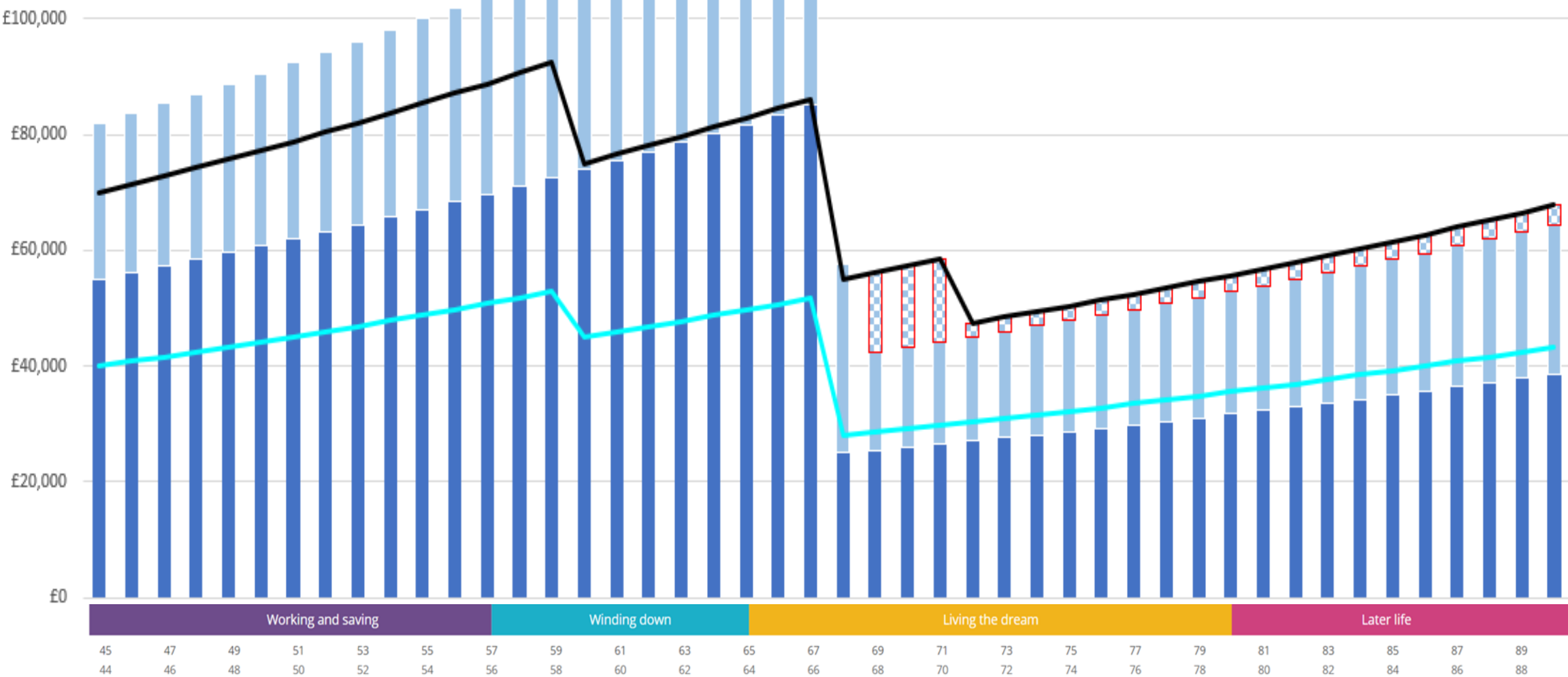
Review

Regularly revisit goals and review the plan

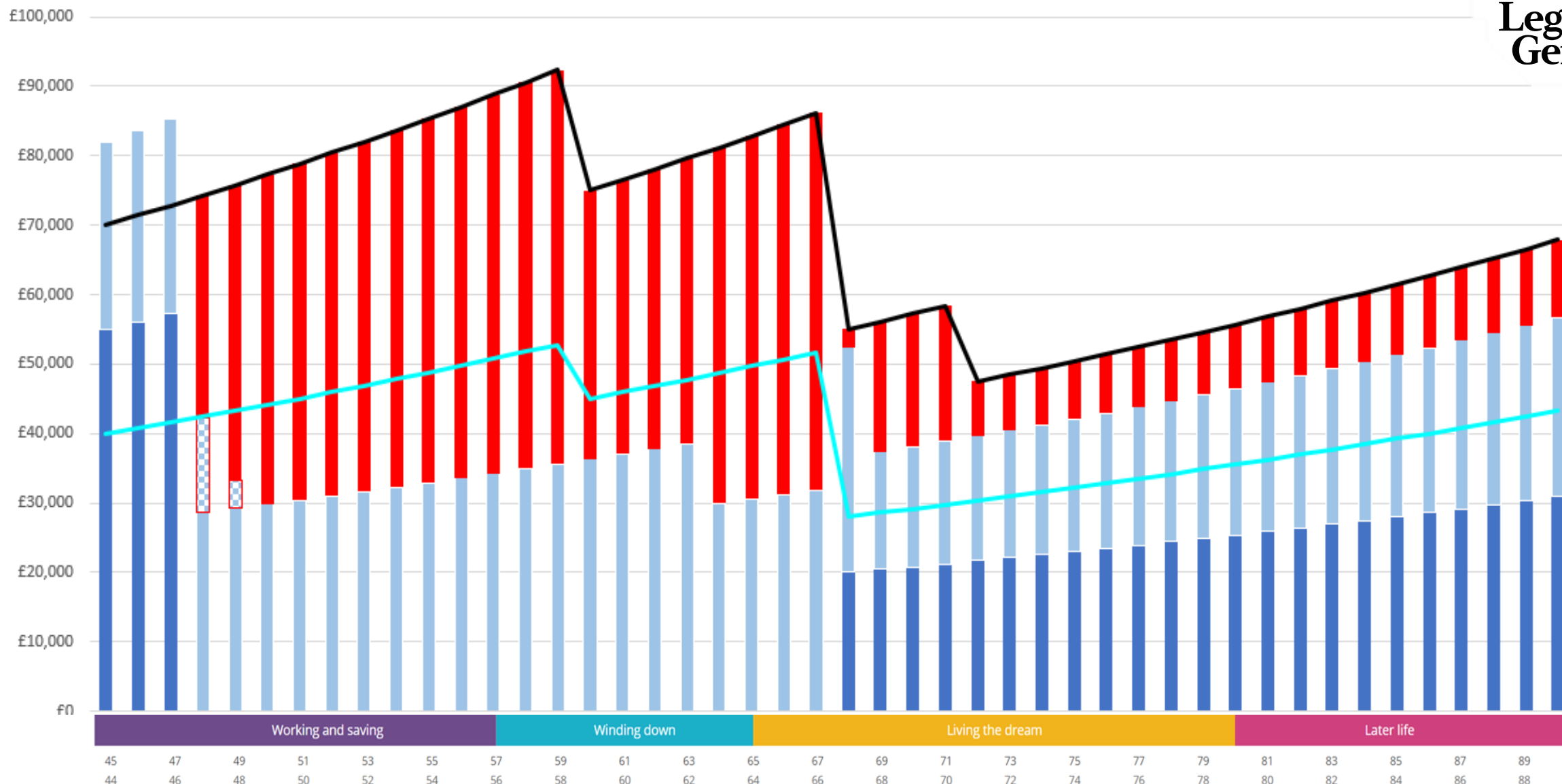
Protection opportunities



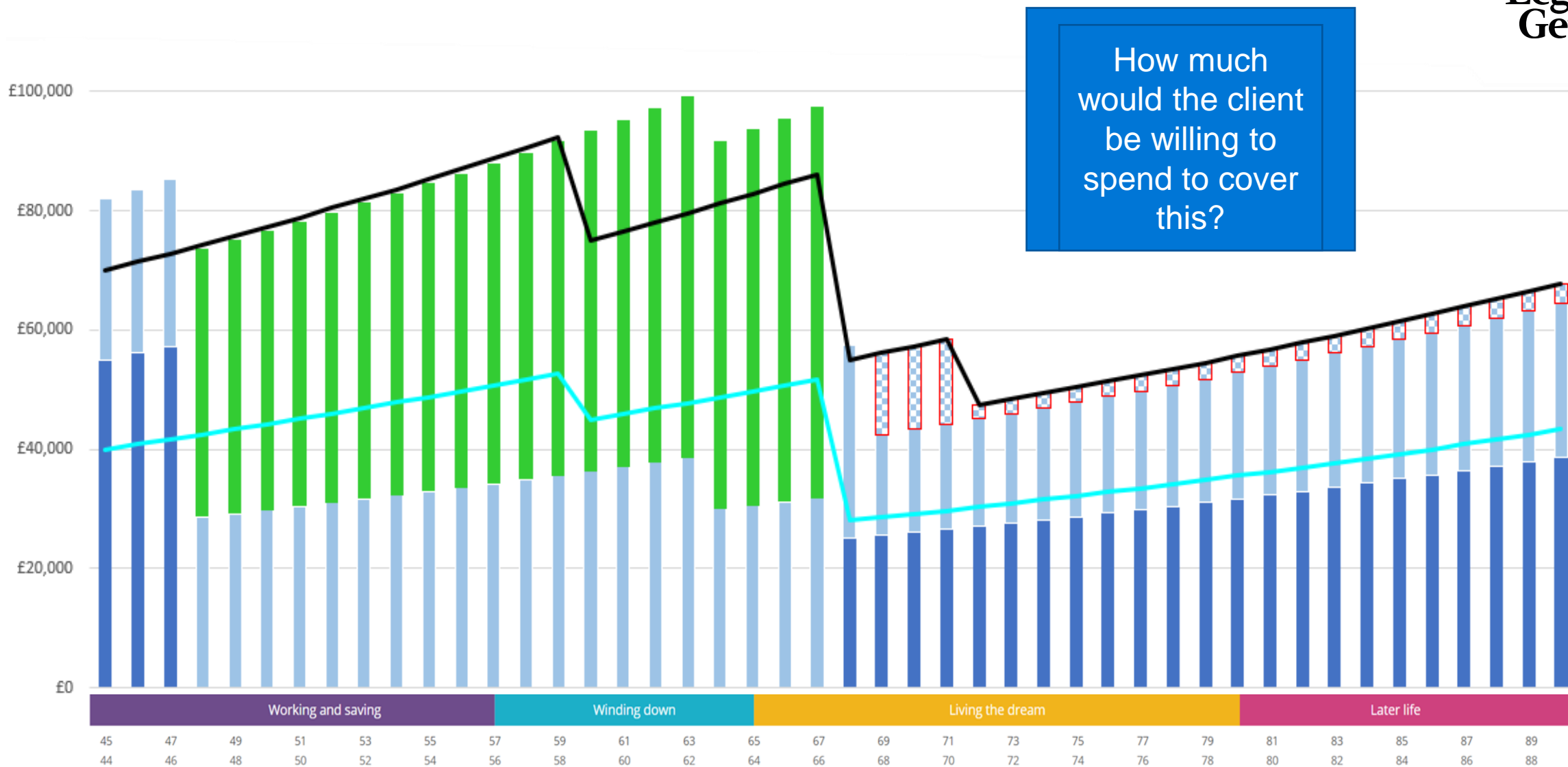
Cashflow model



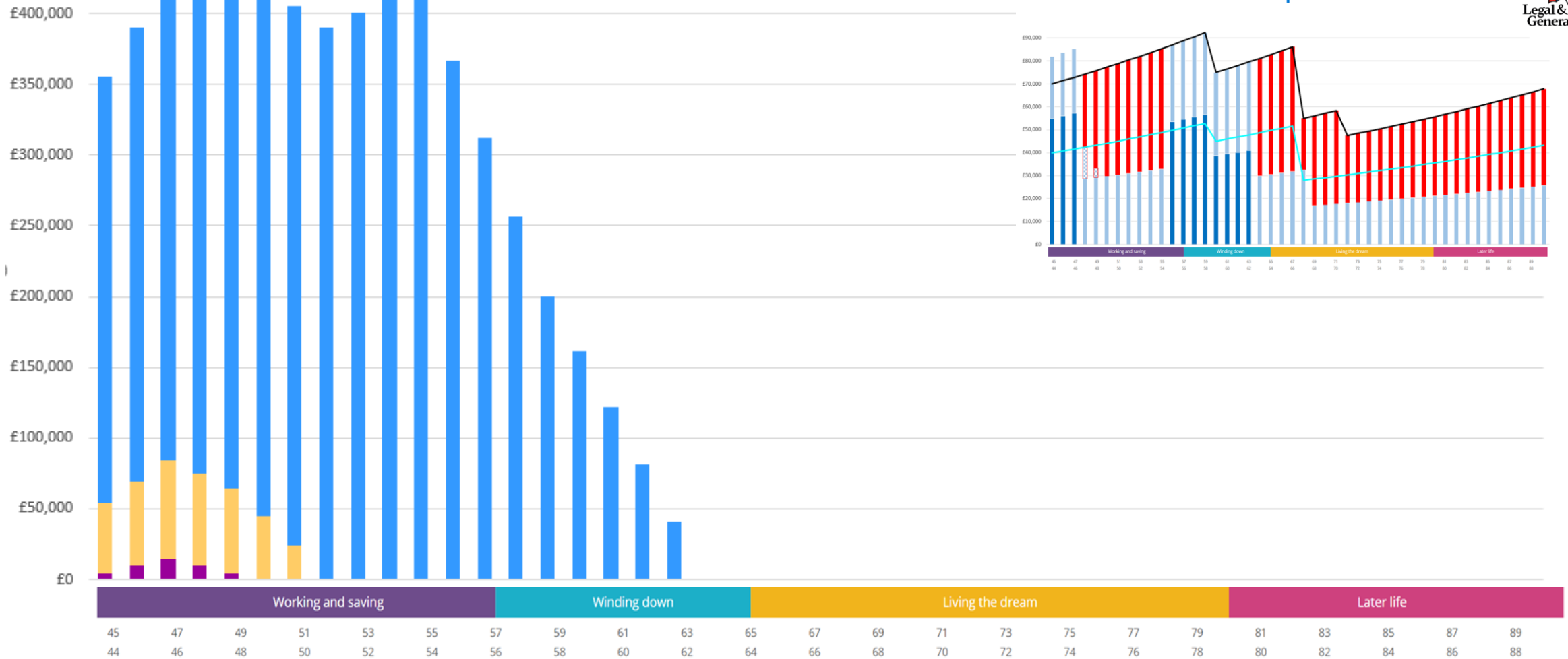
Cashflow model – Income stops



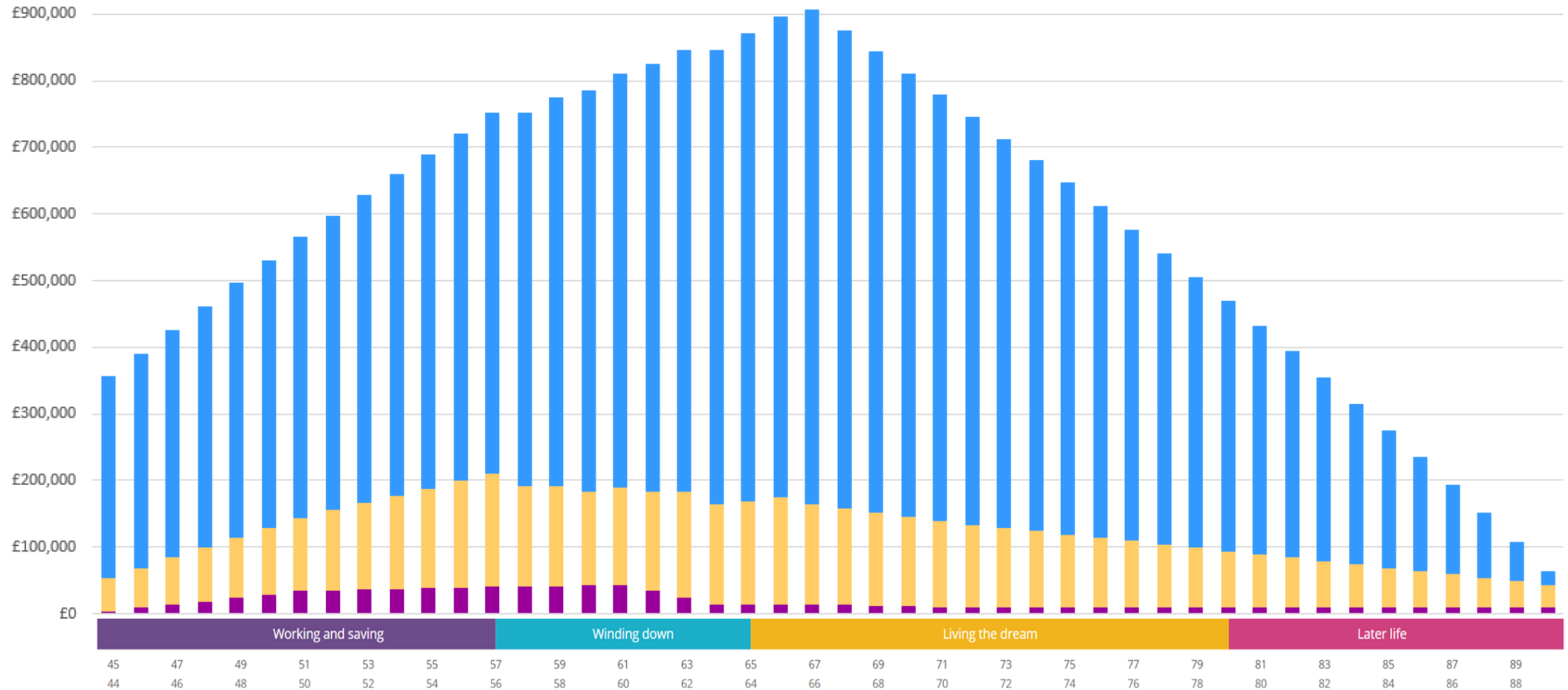
Cashflow model – Income covered



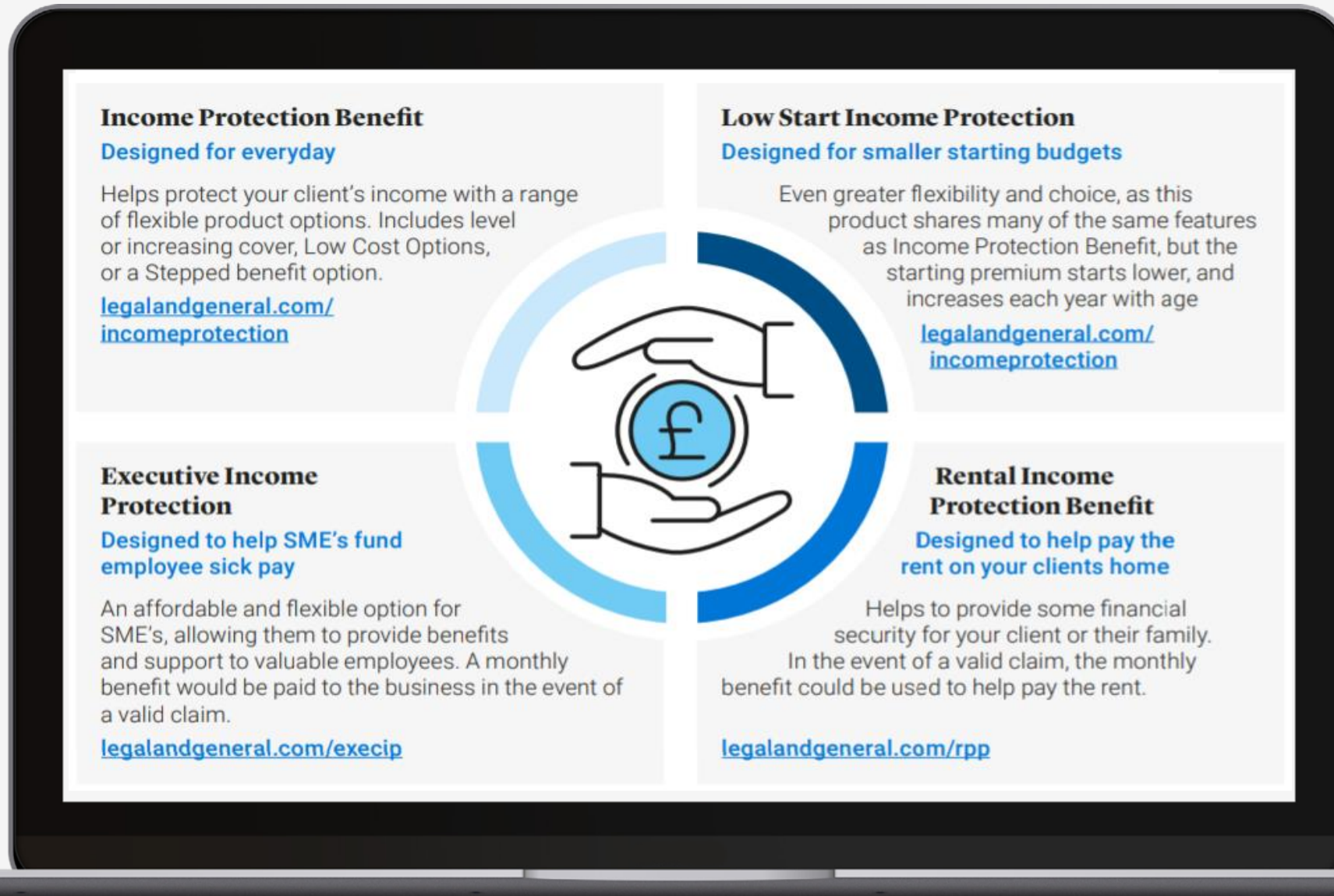
Assets under management – Clients income stops



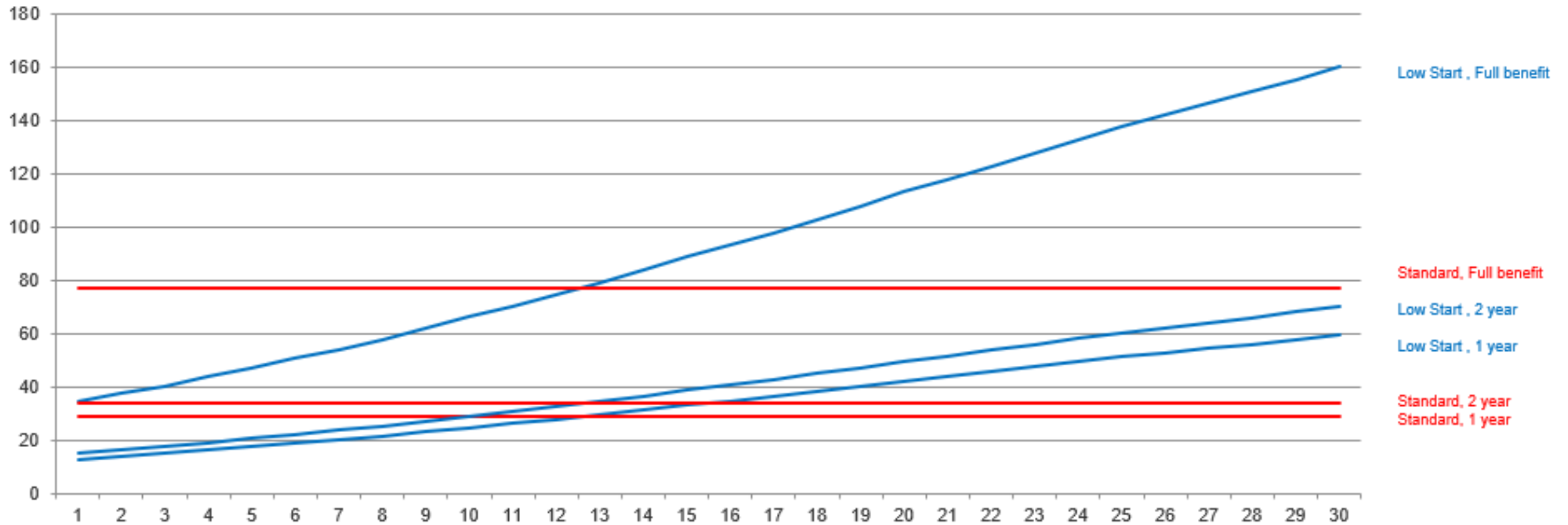
Assets under management – Income covered



Income Protection for all



Affordable Income Protection



Self-employed is a different mindset



“Taking financial risk, backing themselves to make it with their ability, knowledge and ideas.

“Belief and bravery is admirable, however no amount of enthusiasm, capability and innovative ideas will protect against ill health”*



Mortgage








Pensions



Investments

2023 Claims paid

					
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Age at point of claim					
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Basic Income Protection knowledge

Features	Income Protection
Age	18-60
Term	Cover up to Age 70
Maximum benefit	£240,000 (£20,000 per month)
Maximum Allowed	<ul style="list-style-type: none">• 60% of any Gross Annual Income up to £60,000, plus• 50% of any Gross Annual Income above £60,000
Benefit Guarantee	Benefits will be based on income at point of claim, so may reduce if income has reduced
Deferred Period	4, 8, 13, 26 & 52 weeks
Employment	Cover provided if you are working at least 16 hours per week at the time of claim, either Employed or self Employed. (Unless on Parental Leave)
Claims length	Up to 12 or 24 months or Up to Expiry of Policy

Maximum Cover

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plus
50% above £60,000



Considerations – Deferred periods

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New Consumer Duty



Raising the standard of consumer protection



Consumer Understanding

Builds on existing clear, fair and not misleading expectations.

Is a 4 week deferred period best advice?

What will the client's expectation be?

When will they receive payment?

The 4 basic claims considerations



1 Is the claim medically supported?

2 Is the claim financially supported?

3 What is the customer's occupation and how does the incapacity limit them from carrying out their own occupation

4 Has the customer misrepresented any medical or occupational information that could mean a claim is declined?

Be honest!
misrepresentation
is on the rise



Smoking and Vaping



Alcohol



Weight



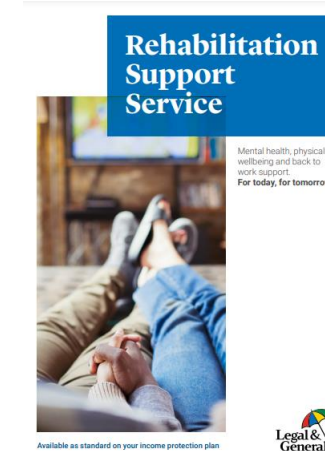
Pre-existing conditions



Symptoms not
yet diagnosed



Over estimated
earnings



OneBright

A network of therapists and psychologists throughout the UK. Treatment can be delivered face-to-face, or by a secure video call, telephone and online.

Mental health support

- **Wellbeing** helps with anxiety, stress, bereavement and relationships, plus access to a course of counselling if appropriate
- **Rehabilitation** is part of the claims service , experienced in-house clinical team assesses needs and best care pathways putting them in touch with one of our specialist partners

Mental ill health claims considerations

Category 1

Where evidence of the condition and evidence shows the claimant is not working as a result

A claim would be paid:

- Bipolar disorder
- Clinical depression
- Post natal depression
- Post Traumatic Stress Disorder
- Psychosis
- Schizophrenia

Category 2

Where evidence of the condition the severity, frequency and impact will enable a claim to be assessed to understand whether this is causing a claimant to be unable to work

- Panic Attacks
- Generalised anxiety disorder

Category 3

Typically, a diagnosis on its own would not justify an IP claim being made.

These may be reactions to life events rather than medical illnesses.

Support services are available but do not pay Income Protection claims for time taken off work for a challenging life event that has not caused a medical illness.

- Grief
- Bereavement
- Stress (work related or other)

Simple claims process



Letter from the doctor



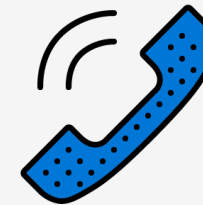
Proof of earnings for 12 months prior to claim

Or
Longer earnings assessment period for self employed or those who have fluctuating earnings = average over past 3 years.

Easy claims process



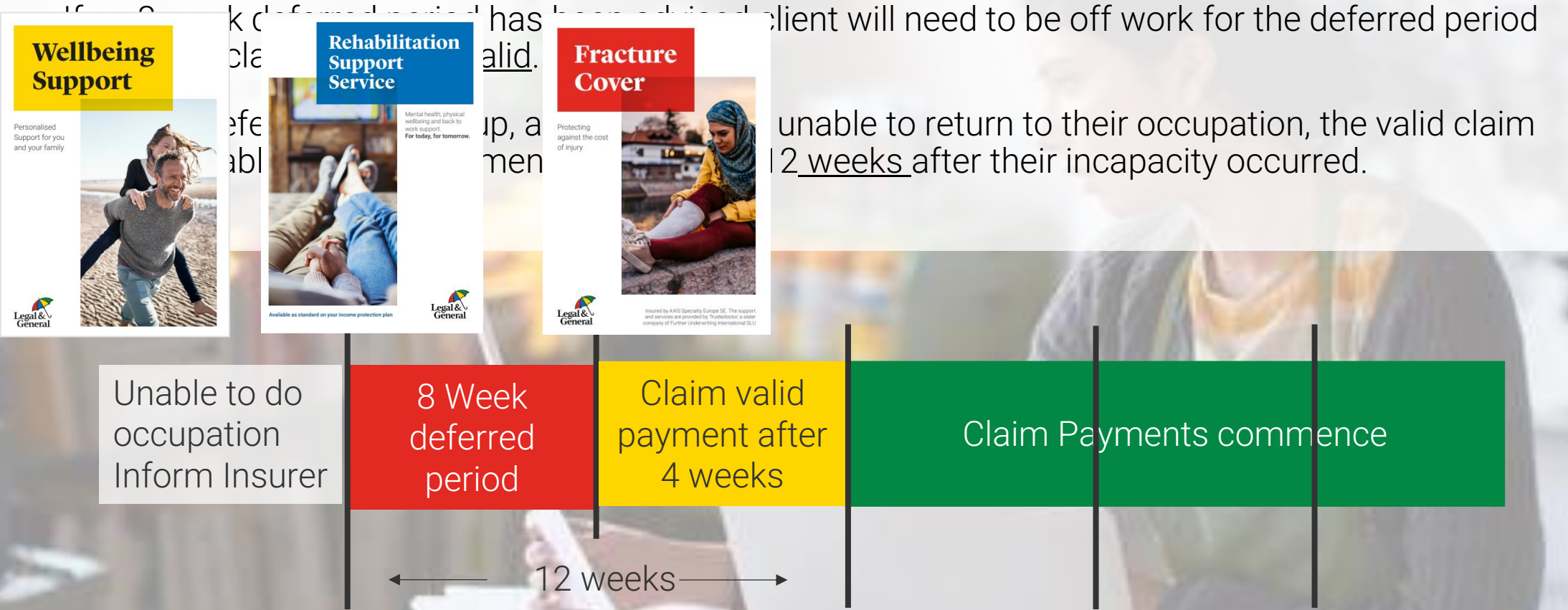
Electronic submission of evidence



Dedicated claims handlers

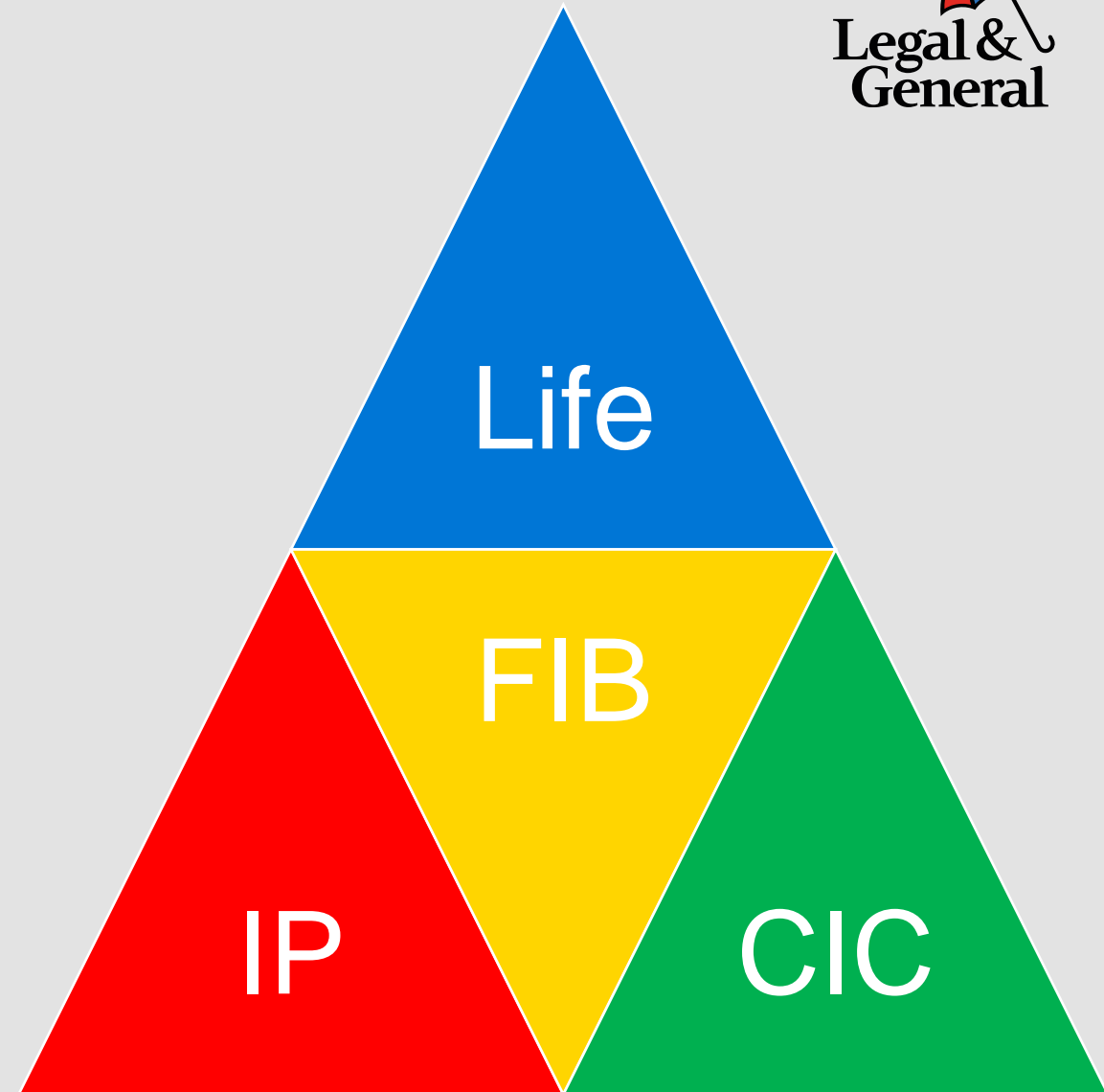
When will the claim be paid?

The Income protection payment will be paid monthly in arrears.



Lifestyle advice

A protection portfolio that meets client needs, and blends products to deliver comprehensive lifestyle cover.



For Adviser use only

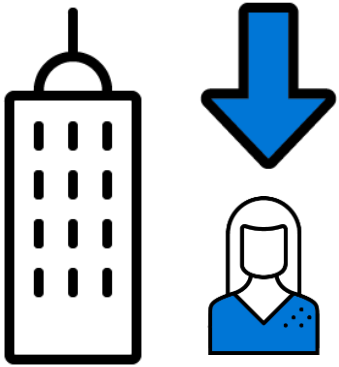
Executive Income Protection

Taking the financial strain out of employee absence

A man in a grey suit and pink tie stands by a large window, smiling and gesturing with his hands as he speaks to a group of people seated at a table. The seated individuals, including a man in a dark suit and a woman, are looking towards him. The setting is a bright, modern office with large windows in the background.

Employee benefits for small businesses

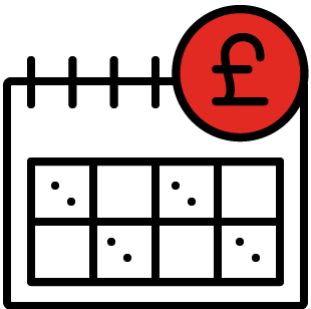
What is it?



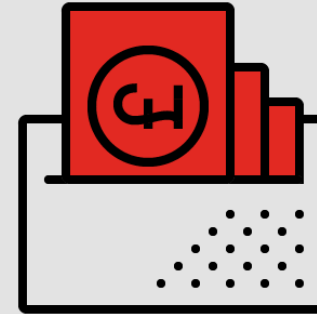
Business owned
Single life
Income Protection Plan



Regular monthly benefit
paid to the business



Payments made to end
of policy or for 1 or two
years if low cost
selected.



Employer National
Insurance
Contributions



Employer pension
contributions



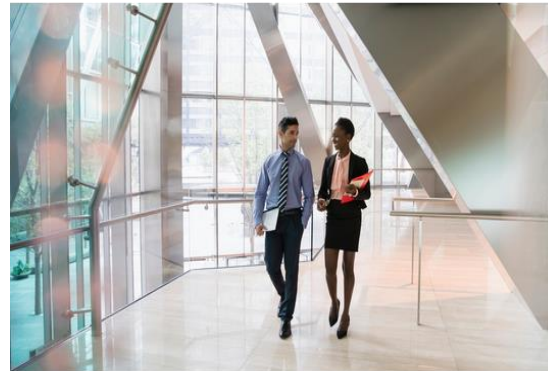
Who is eligible for Executive Income Protection?



Sole trader



Equity Partners



Members of a Limited Liability Partnership



Employees including directors & salaried partners



Tax efficient

Employee



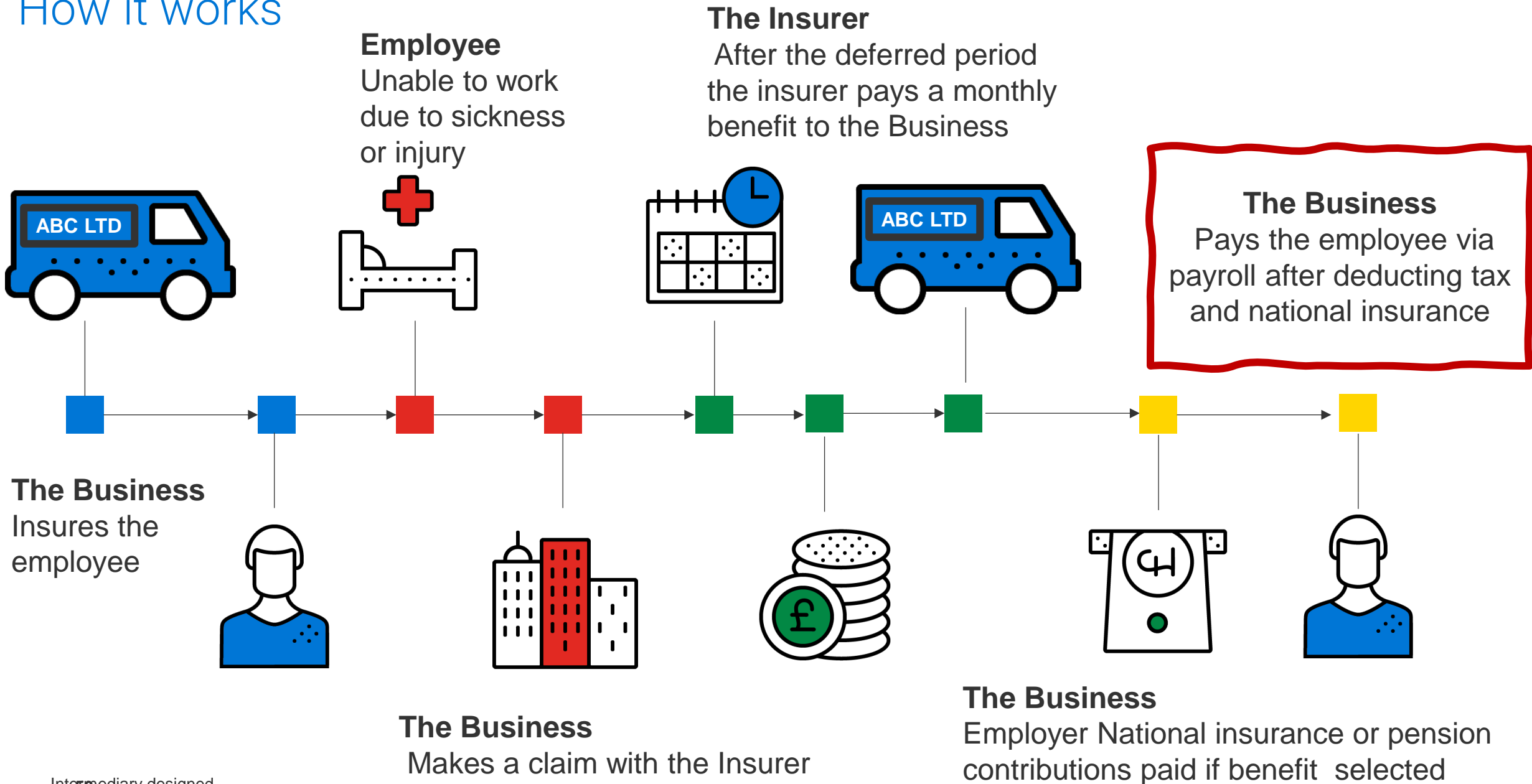
- Not classed as taxable remuneration
- No P11D benefit in Kind
- Can cover employers pension contribution

Business

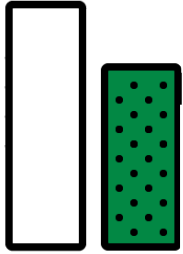


- Allowable business expense
- Corporation tax deductible
- No employers National Insurance contributions

How it works

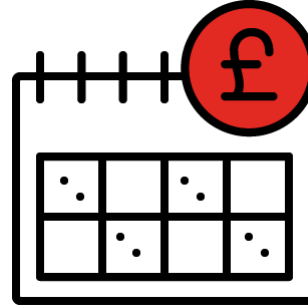


Amount of cover



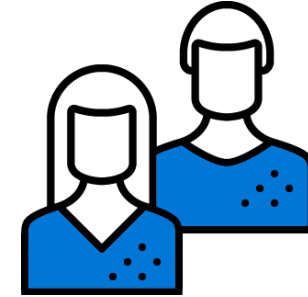
Up to 80% of Gross remuneration (Max £300k)

This can include salary, regular bonus, dividends P11D benefits in kind



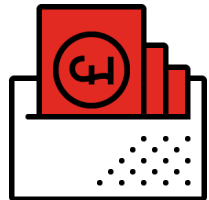
Choice of benefit periods

Paid for either 1 or 2 years or until death of employee or policy end date



Up to 80% Spouses earnings and dividends affected by the employee unable to work

Additional cover



Employer National Insurance contributions up to £42,500



Employer pension contributions up to £40,000

Benefit Comparison



Executive Income Protection

Remuneration	= £100K per year
Maximum benefit	
80% x £100,000	= £80,000

In addition policy can also include

Employer NI	= £9,827
Employer Pension	= £8,000

Income Protection benefit = £97,827

In event of claim benefit is paid to the **company**

- It can cover the Employer NI and Pension
- Remaining £80,000 paid to the employee via PAYE

Net amount to employee = £55,043

In addition £8,000 employer pension contribution

So a total benefit £63,043

Benefit Comparison

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In addition £8,000 employer pension contribution

So a total benefit £63,043

Intermediary designed



Personal Income Protection

Remuneration = £100K per year

Maximum benefit levels

60% x £60,000 = £36,000

50% x £40,000 = £20,000

Income Protection benefit = £56,000

In the event of a claim benefit is paid direct to client

These figures are for illustrative purposes only. Tax calculations are based on 2019/2020 tax bands and may change in the future. The information assumes that the same rate of income tax / National Insurance applies on to the relevant proportion of the premium and the same rate of dividend tax to the relevant proportion of the premium. It may be affected by individual circumstances.

Personal or Executive Income Protection?

Personal Income Protection

Benefit amount £56,000
paid to claimant tax free

Quote £1,029.00 per year

COST TO EMPLOYEE	
Annual premium	£1029.00
Employee National Insurance contribution	£35.48
Employee Income Tax	£709.66
Employee Dividend Tax	£0.00
Gross earnings needed	£1774.14
COST TO EMPLOYER	
Annual premium	N/A
Employer National Insurance contribution	£244.83
Total gross cost	£2018.97
Less Corporation Tax	£383.60
Tax adjusted total cost	£1635.37



Remuneration
£100,000

Personal or Executive Income Protection?

Personal Income Protection

Benefit amount £56,000
paid to claimant tax free

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Tax adjusted total cost	£1635.37



**Remuneration
£100,000**

Executive Income Protection

Benefit amount £97,827
paid to business
£80k via PAYE gives a Net benefit £55,043
Plus employers NI £9,827 + employers pension £8,000

Quote £1,776.00 per year

COST TO EMPLOYEE	
Annual premium	N/A
Employee National Insurance contribution	N/A
Employee Income Tax	N/A
COST TO EMPLOYER	
Annual premium	£1776.00
Employer National Insurance contribution	N/A
Total gross cost	£1776.00
Less Corporation Tax	£337.44
Tax adjusted total cost	£1438.56

Saving almost £200pa

Employee benefits for small business

For Adviser use only

Executive Income Protection

Taking the financial strain out of employee absence



Business benefit

- Allowable business expense
- Corporation tax deductible
- No employers National Insurance

Employees

- Not classed as taxable remuneration
- No P11D benefit in Kind

Relevant Life Plan

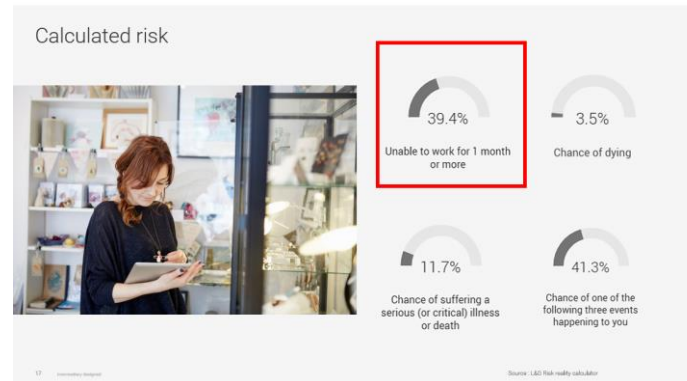
Put Life cover on expenses

Our Relevant Life Plan is a cost-efficient way of offering life cover to you or your employees. It's tax efficient and, typically cases, premiums can be treated as an allowable business expense by HMRC. With Corporation tax relief available, no additional income tax or National Insurance to pay, it's good business for both you and your employees.



Executive Income Protection & Relevant Life Plan

Supporting a positive outcome



What Level of cover?

Salary will reduce by in £ €15,000.00

Maximum and stepped benefit calculator

Name: Your client
Date: 07/04/2023

Annual Salary: Please enter your annual gross income

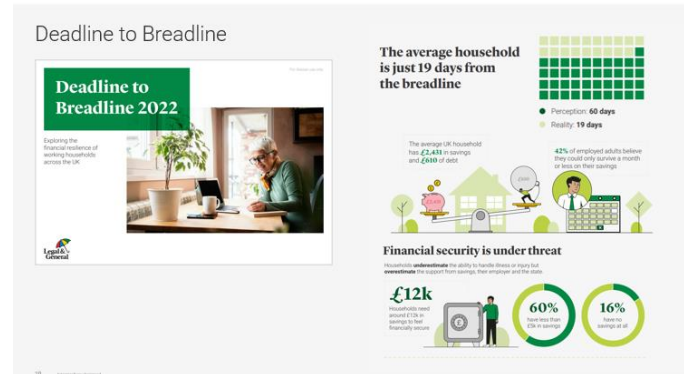
Annual Salary	NI deduction	Tax deduction	Annual net income on full pay	Monthly net income on full pay
€30,000.00	€2,091.60	€3,494.20	€24,414.20	€2,035.35

Reduced annual gross income	Reduced annual net income	Reduced monthly net income
€15,000.00	€14,224.20	€1,185.35

Maximum IPB benefit	Maximum annual benefit	Maximum monthly benefit
€18,000.00	€1,500.00	€125.00

1st Stopped Benefit	2nd Stopped Benefit
€374.65	€1,500.00

Source: Minter Income Protection UK 2023



Maximum cover levels

Executive Income Protection Calculator

Section 1: Calculating maximum cover levels for Executive Income Protection and personal Income Protection

This calculator will help you calculate the maximum benefit available for both executive and personal income protection, which will enable you to obtain the correct quotes for your client.

Gross Earnings: €100,000.00
Maximum Pension Contribution: €10,000.00

Executive Income Protection

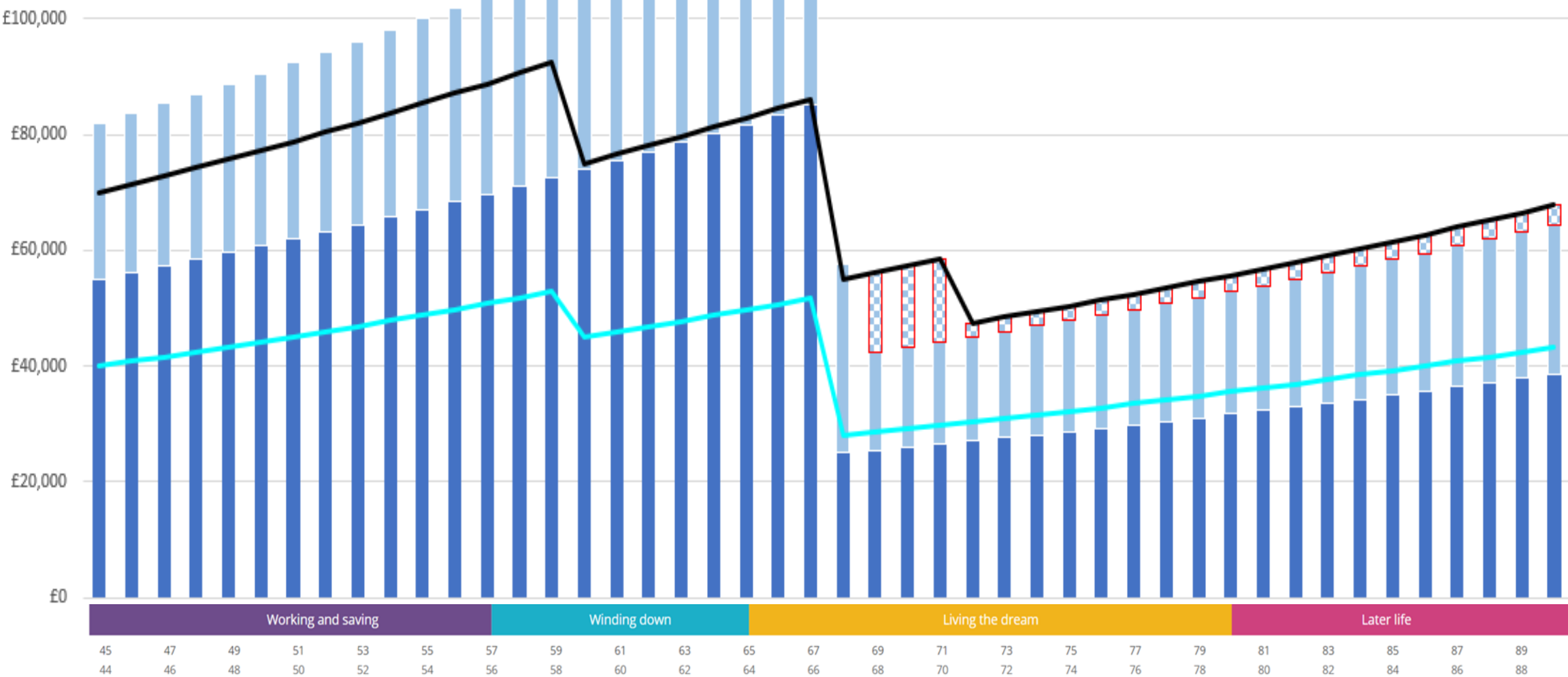
Maximum Cover: €80,000.00
Pension: €10,000.00
Total Cover Available: €90,000.00

Personal Income Protection

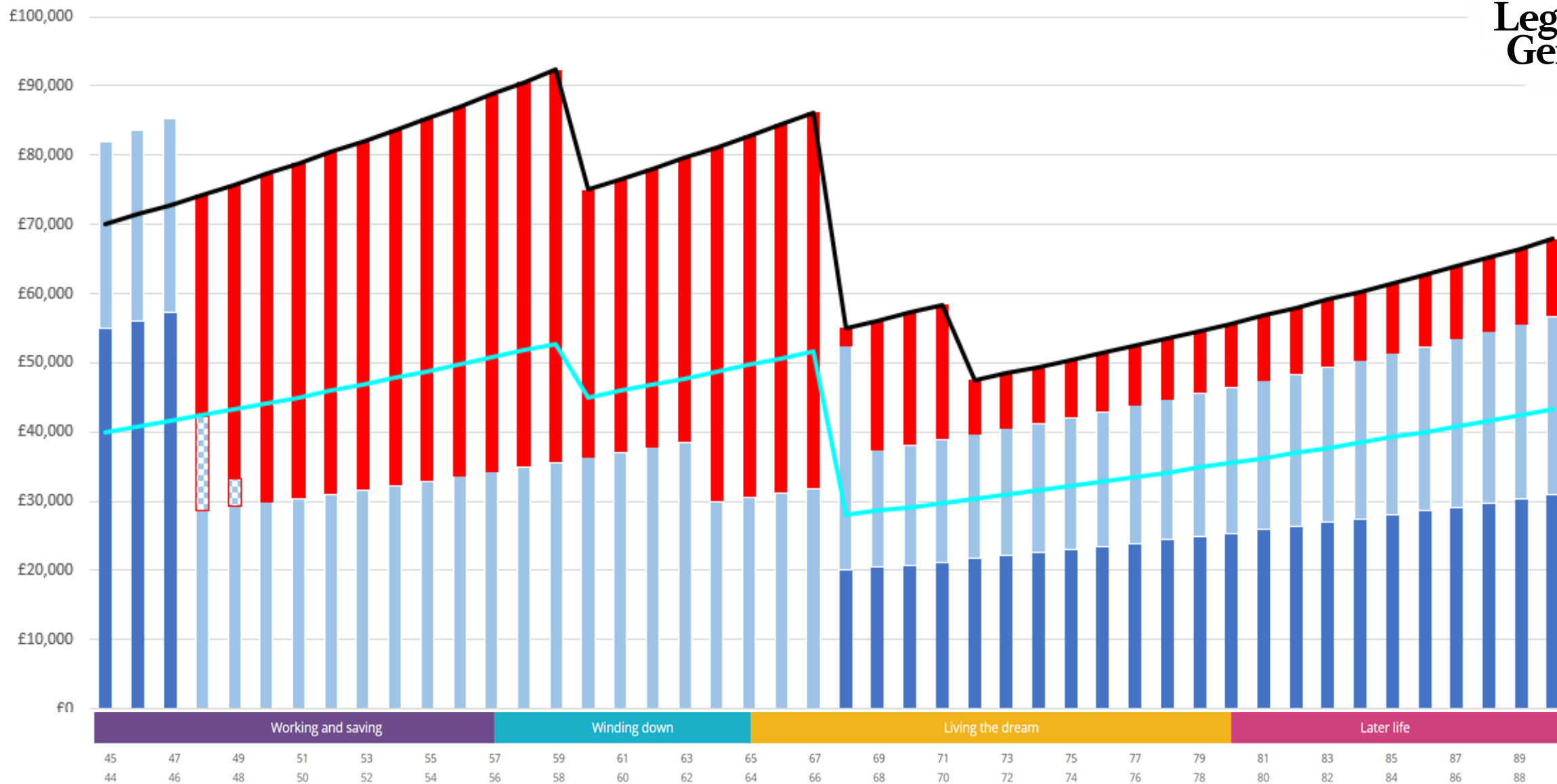
Maximum Cover: €10,000.00
Pension: €10,000.00
Total Cover Available: €20,000.00

How much cover does your client need?

Cashflow model



Cashflow model – Income stops



Employee benefits for small business

For Adviser use only

Executive Income Protection

Taking the financial strain out of employee absence



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- Allowable business expense
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Relevant Life Plan

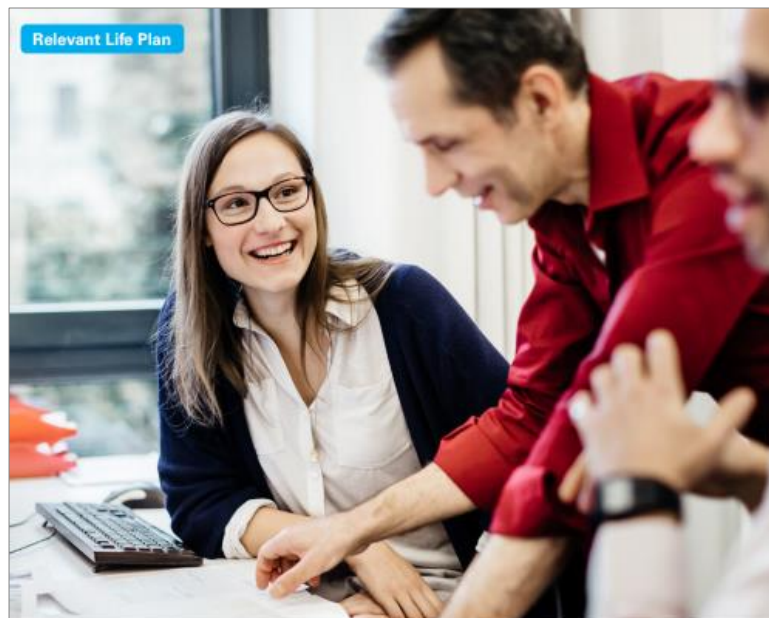
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Executive Income Protection & Relevant Life Plan

Relevant Life Plan



Put Life cover on expenses

Our Relevant Life Plan is a cost-efficient way of offering life cover to you or your employees. It's tax efficient and, typically cases, premiums can be treated as an allowable business expense by HMRC. With Corporation tax relief available, no additional income tax or National Insurance to pay, it's good business for both you and your employees.



64% have not heard of a
Relevant Life Plan



86% were receptive to
hearing more about it once the
basic details were explained

What is a Relevant Life plan?

Group death in service for an individual



Single Life assurance policy



Death In service style benefit



Ends by age 75



Lump sum payment on death or diagnosis of a terminal illness

Provisions: ITEPA 2003, Part 6, Chapter 2 and sections 481 and 482 of ITTOIA 2005

Relevant Life eligibility



Sole trader



Equity Partners



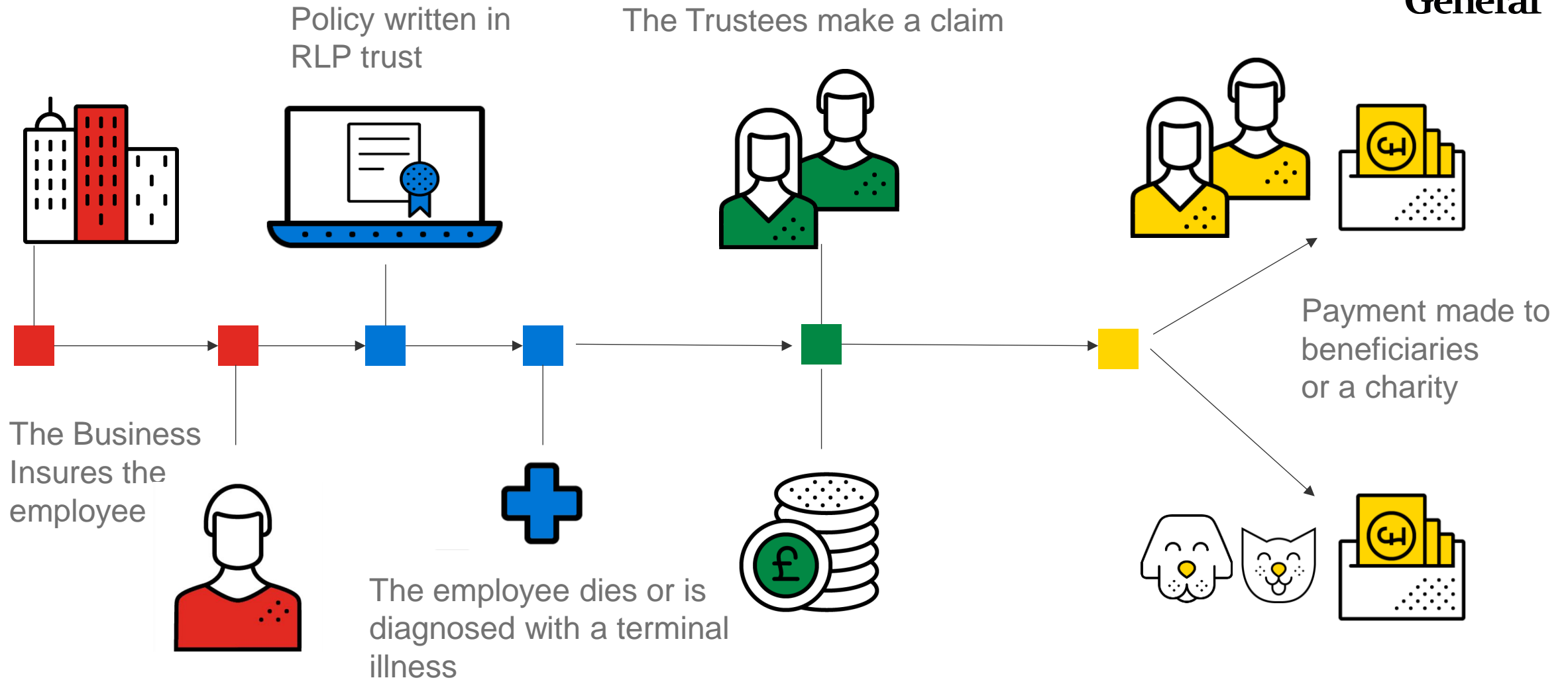
Members of a Limited Liability Partnership



Employees including directors & salaried partners



How it works



Tax efficient

Employee



- Not classed as taxable remuneration
- No P11D benefit in Kind

Business



- Allowable business expense
- Corporation tax deductible
- No employers National Insurance contributions

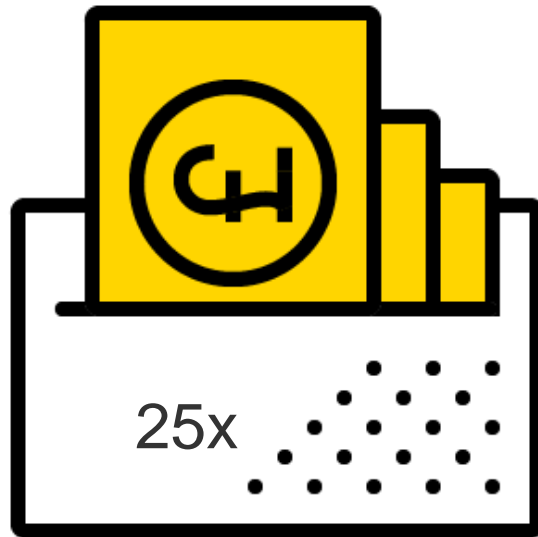
Beneficiary



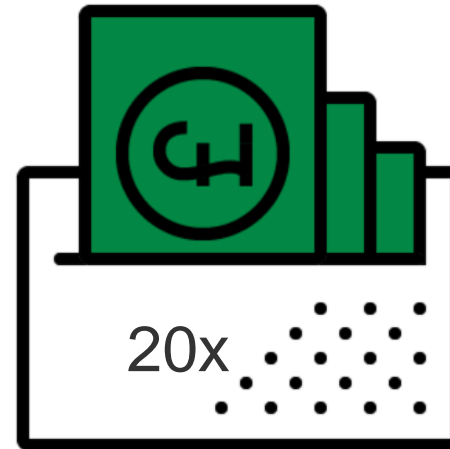
- Benefits paid free of income tax
- Benefits paid into discretionary trust*
- Outside of estate for IHT

Maximum cover levels

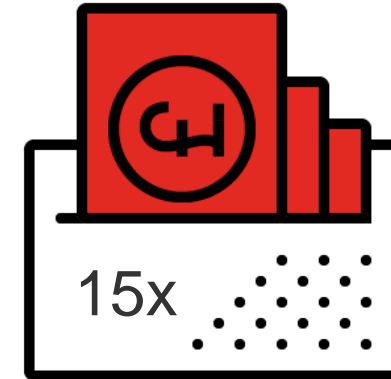
Family protection to provide a lump sum to replace lost remuneration



Age 17-49



Age 50-59



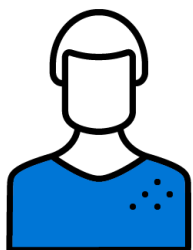
Age 60-73

Remuneration includes salary, bonuses, benefits in kind and regular dividends from shares in the employer's company or company within the employer's group of companies

Personal & Business continuation options



Personal



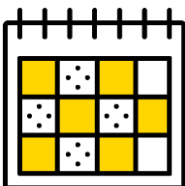
Personal basis



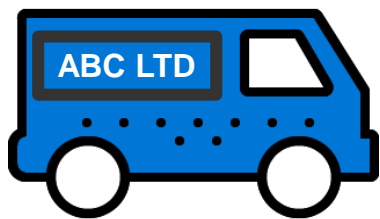
Pay the premiums themselves



No medical information required



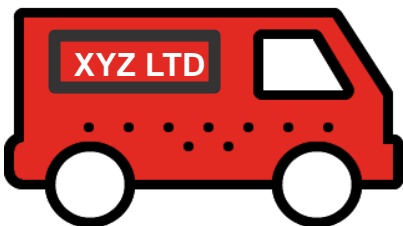
Term, cover, and premium remain the same



Advise of new employer within 90 days



Business to Business



New employer pays the premiums

New Trustees appointed

Term, cover, benefits and premium remain the same

Focus on Trusts



When trusts are used



Family protection



Co-habiting



Inheritance tax + wealth planning



Single life applications



Relevant Life Plans



Business protection

The benefits of using a trust



Faster payment



Control of beneficiaries



Reduce inheritance tax

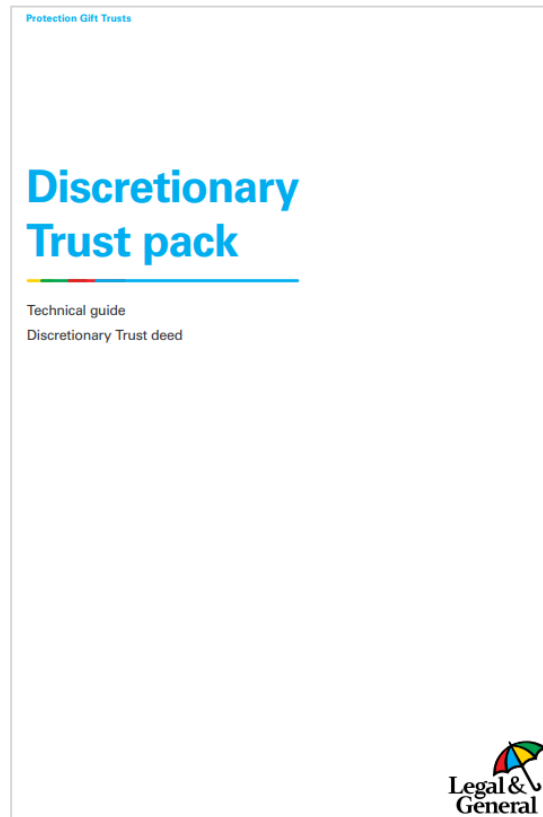
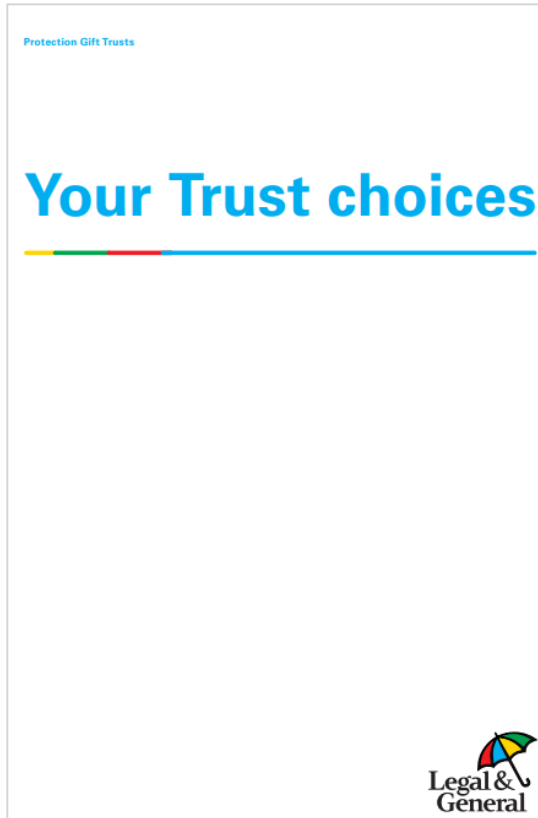
Treating
customers
fairly

Enhancing
your
relationship

Build your
client bank

**The value of your advice and
expertise**

Types of Protection trusts



Discretionary – proceeds paid at the trustee's discretion

Absolute – no discretion over who to pay

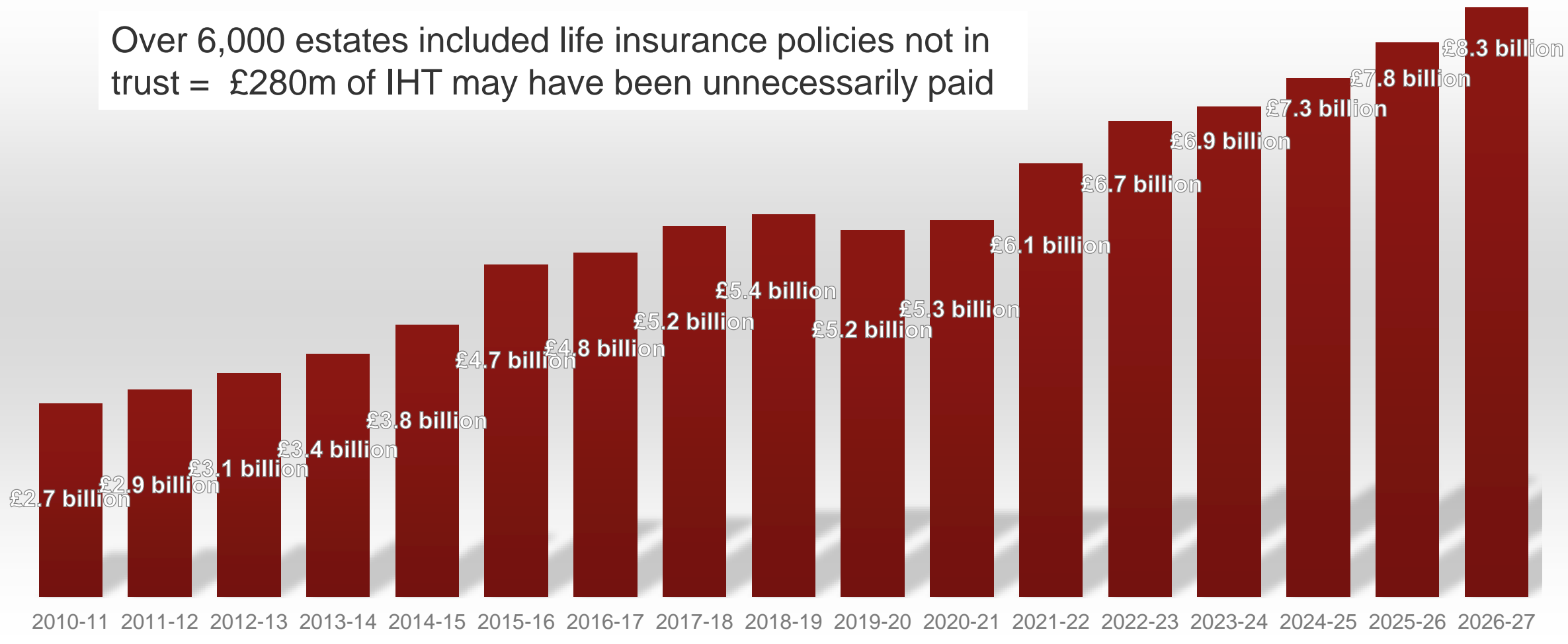
Flexible – names people who are first in line to benefit but trustees still have discretion to override

Survivors – for joint life only, the survivor benefits as long as they survive by 30 days failing which the trust becomes discretionary

Inheritance tax



Over 6,000 estates included life insurance policies not in trust = £280m of IHT may have been unnecessarily paid



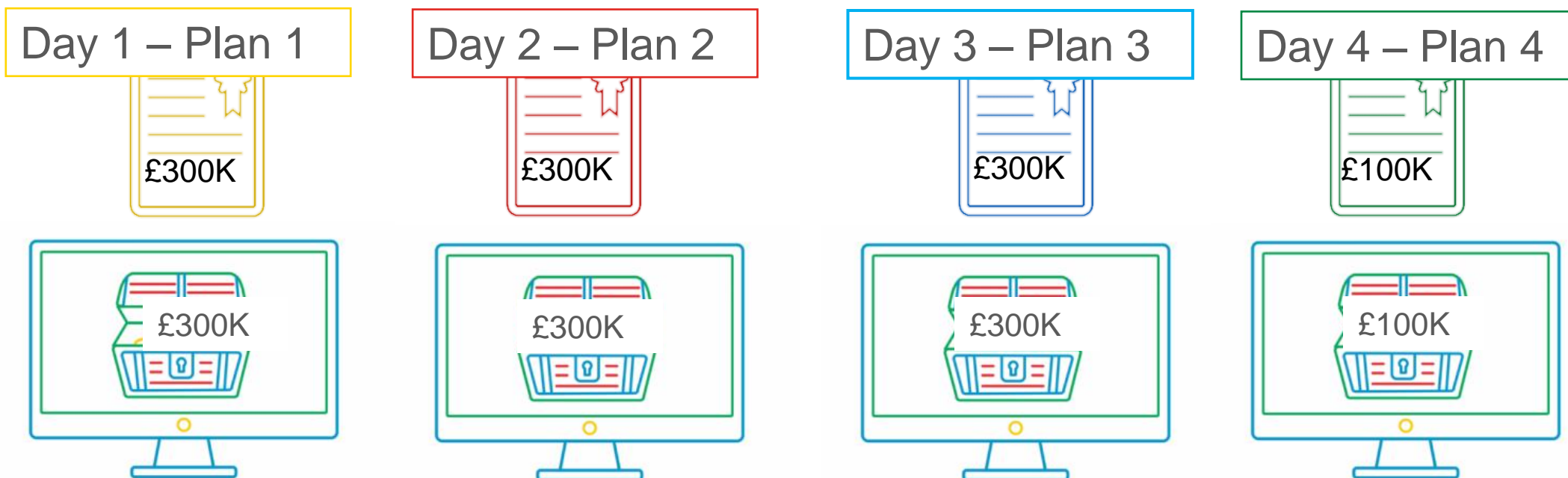
The Rysaffe principle



By establishing a series of smaller trusts rather than just one, you can reduce the impact of the 10-yearly periodic charge and exit charge by benefiting from a nil-rate band for each individual trust.






- Discretionary trusts have own nil rate band for IHT purposes – currently £325K
- 10 year periodic charge

Rysaffe – New day, new trust



- Trusts created on different days are not related settlements for IHT purposes
- Reduces the impact of the 10-yearly periodic and exit charge, as each trust has a nil-rate band (NRB)

2023 Claims paid

					
	Life Insurance*	Terminal Illness Cover	Critical Illness Cover	Children's Critical Illness Cover	Income Protection†
Number of claims paid	13,007	1,149	3,597	195	389 (new and continued claims)
Claims paid	97%	92%	93%	97%	80% (new and continued claims)
Total paid	£519m	£139m	£255m	£3.75m	£3.6m (new and continued claims)
Average payout	£39,916	£121,621	£70,978	£19,234	£669 per month
Maximum payout	£3,000,000	£1,400,000	£750,000	£33,579	£14,615 per month
Length of policy at claim	1 days Shortest 10 years Average 95 years Longest	57 days Shortest 9 years Average 23 years Longest	13 days Shortest 9 years Average 24 years Longest	162 days Shortest 4 years Average 19 years Longest	8 days Shortest 2 years Average 33 years Longest
Age at point of claim					
Top 3 claims	32.6% Cancer 21.7% Heart related 5.9% Neurological	92.9% Cancer 2.8% Neurological 0.8% Respiratory	66.2% Cancer 12.2% Heart related 6.5% Stroke	54.4% Cancer 7.7% Child funeral benefit 5.6% Benign tumour	43.2% Musculoskeletal 17.5% Cancer 5.4% Mental Health

Focus on Critical illness



How Critical illness claims are spent



22%

For or towards private medical treatment.

22%

Replaced lost income while they couldn't work.

21%

Helped improve or aid their health.

20%

Everyday expenses.

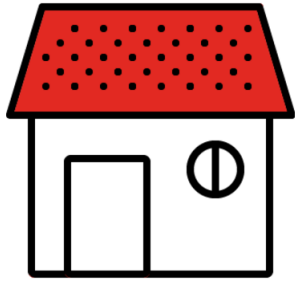
20%

Saved it or put it away for the future.

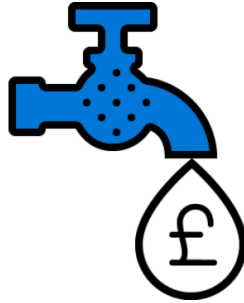
19%

Paid of all or part of their mortgage.

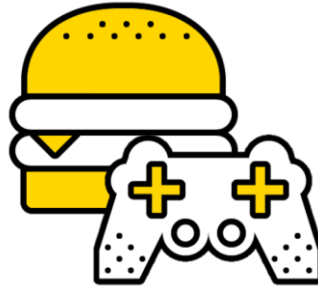
Protection underpins everything



Mortgage or
Rent



Expenses



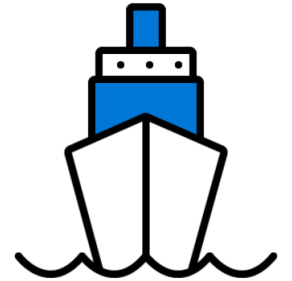
Childcare



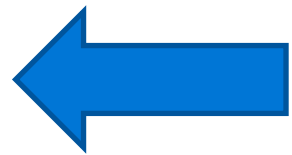
Savings



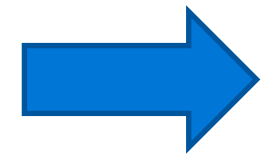
Pension



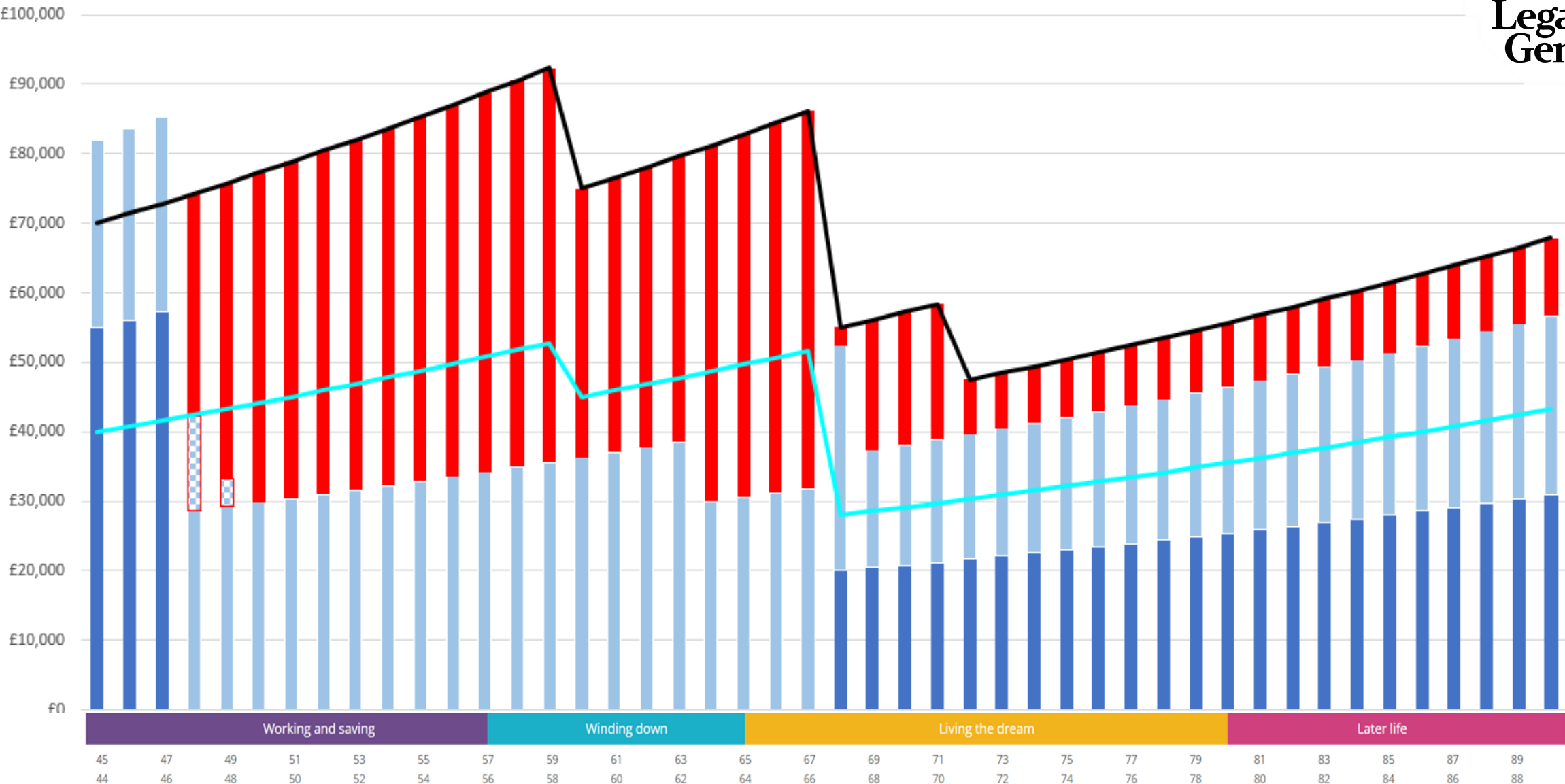
Luxuries



**All types of Protection required to cover ALL
areas**



Cashflow model – Income stops



Goal based planning



Describe the positive or disturb with a negative?

Best Case Scenario

What would you want to keep doing?

What do you want the family to keep doing?

Signpost from first interaction

Financial planning includes robust protection advice

Financial resilience 19 days



Perception vs reality in 2022



● Perception 60 days
● Reality 19 days

The average UK consumer is just 19 days from the breadline

Financial resilience has shrunk by 21% since 2020

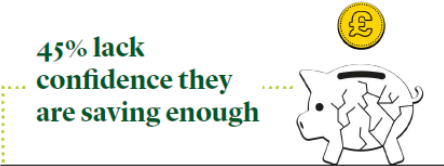
Deadline to Breadline 2022

Over optimism – “I’ll be alright!”

Reducing levels of saving

Is a “preference” a plan?

For Adviser use only



2 in 3 (67%) prefer to save for an unforeseen event rather than insure



Being ill is expensive



Shola, diagnosed with thymus cancer

‘After the diagnosis my income was cut dramatically, but I still had to survive. You’re genuinely more worried about how you’re going to survive without money than survive the treatment.’

Cath, 61, Gwynedd; diagnosed with rectal cancer

**Cancer –
a costly diagnosis?**

Stories of the financial impact of cancer

MACMILLAN
CANCER SUPPORT
RIGHT THERE WITH YOU

Can I afford my diagnosis?



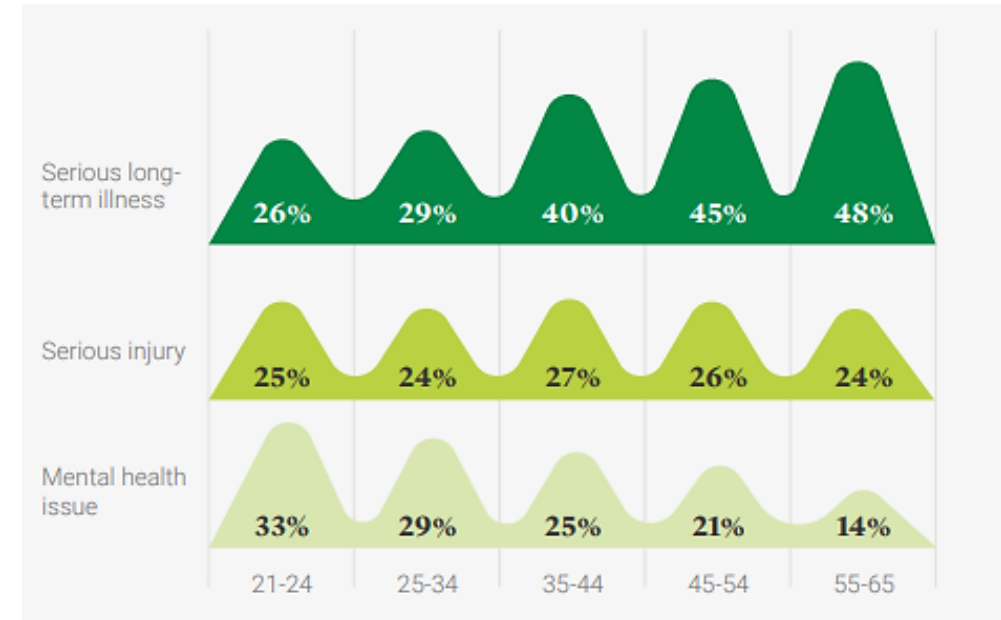
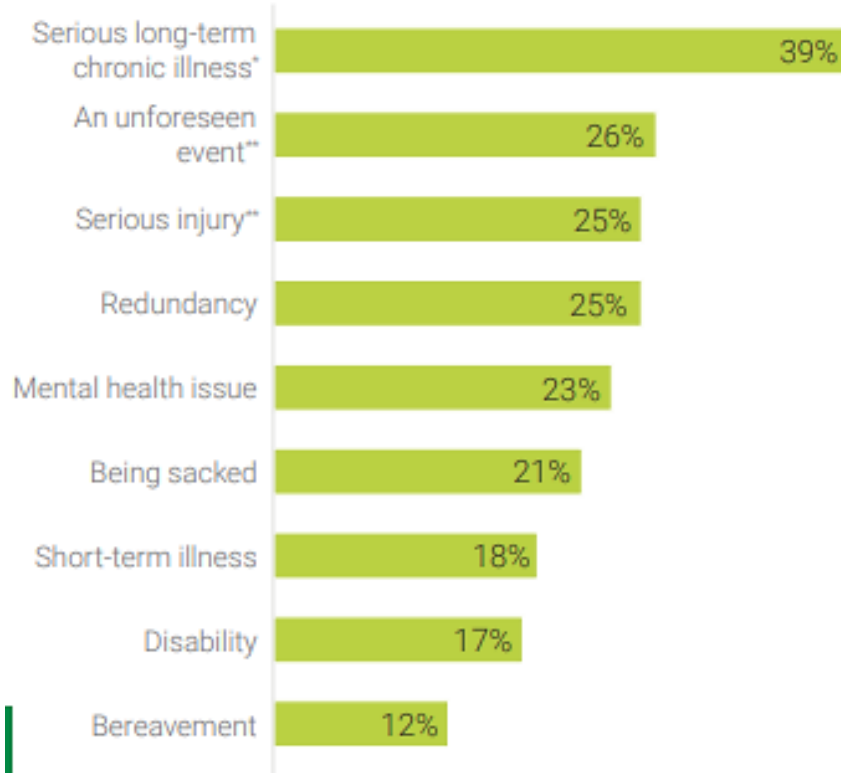
 **400,000 people** living with cancer across the UK struggle to pay their household bills as a result of their diagnosis.¹

83% of people living with cancer are **£570 a month worse off** on average²

Asking the right questions

What illness or injury concerns you most?

Why is that?



**8 in 10 are concerned about
at least one issue affecting
ability to work**

Project smile



Every Children's Critical Illness Claim
A gift to show we are thinking of them

*"A little something to make you smile
Love from,
Legal & General"*

Critical illness – What's covered?



This is a summary of our exclusive Intermediary product offering. For a full list of illness definitions, please see our Guide to Critical Illnesses Covered.

Critical Illness Cover

Our standard cover provides quality protection for our customers and their family at an affordable price.

Full payments covered with Critical Illness Cover

- Aorta graft surgery
- Aplastic anemia
- Bacterial meningitis
- Benign brain tumour
- Blindness
- Brain injury, anoxia or hypoxia
- Cancer
- Cardiac arrest
- Cardiomyopathy
- Coma
- Creutzfeldt-Jakob disease
- Deafness
- Dementia in late stage
- Encephalitis
- Heart attack
- Heart valve replacement or repair
- Kidney failure
- Liver failure
- Third-degree burns

Surgical treatment

Total and Permanent Disability

Optional cover which can be included for an additional cost.

Terminal Illness Cover

Additional payments covered with Critical Illness Cover – the lower of £25,000 or 25% of the cover amount

- Carcinoma in situ of the breast
- Low grade prostate cancer

Critical Illness Extra

Intermediary exclusive

Our Critical Illness Extra includes all the features of Critical Illness Cover plus further financial protection against certain life changing illnesses.

Full payments covered with Critical Illness Extra

- Benign spinal cord tumour
- Parkinson's plus syndromes

Children's Critical Illness Cover*

Included as standard as part of our Critical Illness Cover and Critical Illness Extra with 31 full payment and 2 additional payment conditions.

- The lower of £25,000 or 50% of the cover amount
- Cover from 30 days old until their 22nd birthday
- Children's Accident Hospitalisation Benefit of £5,000
- Family Accommodation Benefit up to £1,000

No claims cut off period
Or
A survival period

- Bowel disease
- Brain abscess drained via craniotomy
- Carotid artery stenosis
- Central retinal artery or vein occlusion
- Cerebral or spinal aneurysm
- Cerebral or spinal arteriovenous malformation
- Coronary angioplasty
- Desmoid type fibromatosis
- Diabetes Mellitus type 1
- Drug resistant epilepsy
- Guillain-Barre syndrome
- Infective endocarditis
- Less advanced cancers[†]
 - Carcinoma in situ of the breast
 - Cervix
 - Ovary Renal
 - Renal pelvis (of the kidney) or ureter
 - Urinary bladder
 - Uterus
- Less advanced cancer of the skin
- Non-invasive gastro intestinal stromal tumour
- Other cancer in situ or neuroendocrine tumour (NET) of low malignant potential
- Permanent pacemaker or ICD insertion
- Pituitary gland tumour
- Removal of one or more lobe(s) of a lung
- Removal of urinary bladder
- Significant visual loss
- Third-degree burns

- Cover from birth until their 23rd birthday
- Family Accommodation Benefit up to £3,000
- 10-day survival period
- Children's Terminal Illness Cover of £40,000 (or 50% of the amount of cover if lower)

Additional illness covered

- Cerebral palsy
- Child's intensive care benefit
- Craniosynostosis
- Cystic fibrosis
- Down's syndrome
- Hydrocephalus
- Muscular dystrophy
- Spina bifida meningocele and myelomeningocele

[†]Of named sites and specified severity

^{*}Relevant child - a natural child, legally adopted child, child under legal guardianship or stepchild of the person covered.

^{**}Covers all conditions listed under our Critical Illness Cover and our Critical Illness Extra, with exception of Terminal Illness Cover and Total Permanent Disability. Not all types of cancer are covered under critical illness cover plans.

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Affordable choice - Family Income Benefit



Monthly tax free benefit on death or diagnosis of a terminal or critical illness*

Or commuted lump sum payment – the choice is yours.

Day to day living expenses, mortgage , adoptions to home, private treatment , holidays, new car, School or nursery fees, child care or child maintenance payments, the list is endless

Commuted lump sum or ...

A monthly payment to end of policy term

5 years

25 years

A simple choice – boost the emergency fund

Essential outgoings	
Mortgage	£ 800
Utilities	£ 300
Credit cards	£ 200
Rent	£
TV License	£ 15
Loans	£ 300 E.g. Car finance
Other essentials	£ 500 E.g. Childcare, education fees, public transport
Council Tax	£ 150
Groceries	£ 200
Car insurance/ tax/maintenance	£ 60

Non-essential outgoings	
Broadband	£ 30
Mobile phone	£ 30
Insurance	£90.00 E.g. Life, pet, travel, home
Entertainment packages	£ 30 E.g. Satellite, cable or streaming services
Clothing	£ 50
Savings	£ 50
Gym	£ 20
Lifestyle	£ 150 E.g. Leisure activities, meals out, holidays
Other	£ 50 Miscellaneous

Total monthly outgoings	£3,025.00
Total monthly income (after tax)	£3,725.00
Total (Income – outgoings)	£700.00

Outgoings £3,025
No cover

Where will the money come from?
What's the capacity for loss?
What are they committed to paying?

Position the value

Policy	CIC	CIC XTRA	CIC XTRA Joint life
Waiver	✓	✓	✓
Indexation	✓	✓	✓
Children's cover	✗	✓	✓
Private diagnostics	✗	✓	✓
Cost pm	£40.00 pp	£46.00 pp	£90.00

Couple Aged 35 - non smokers
Office workers (Class 1)
£100,000 lump sum
Waiver of Premium & Indexation
25 year term

A simple Choice

Essential outgoings		
Mortgage	£ 800	
Utilities	£ 300	
Credit cards	£ 200	
Rent	£	
TV License	£ 15	
Loans	£ 300	
E.g. Car finance		
Other essentials	£ 500	
E.g. Childcare, education fees, public transport		
Council Tax	£ 150	
Groceries	£ 200	
Car insurance/ tax/maintenance	£ 60	
Critical illness Cover £90.00		

Non-essential outgoings		
Broadband	£ 30	
Mobile phone	£ 30	
Insurance	£90.00	
E.g. Life, pet, travel, home		
Entertainment packages	£ 30	
E.g. Satellite, cable or streaming services		
Clothing	£ 50	
Savings	£ 50	
Gym	£ 20	
Lifestyle	£ 150	
E.g. Leisure activities, meals out, holidays		
Other	£ 50	
Miscellaneous		

Total monthly outgoings	£3,115.00
Total monthly income (after tax)	£3,725.00
Total (income – outgoings)	£610.00

A simple choice

Monthly outgoings
£3,115

£100k in reserve

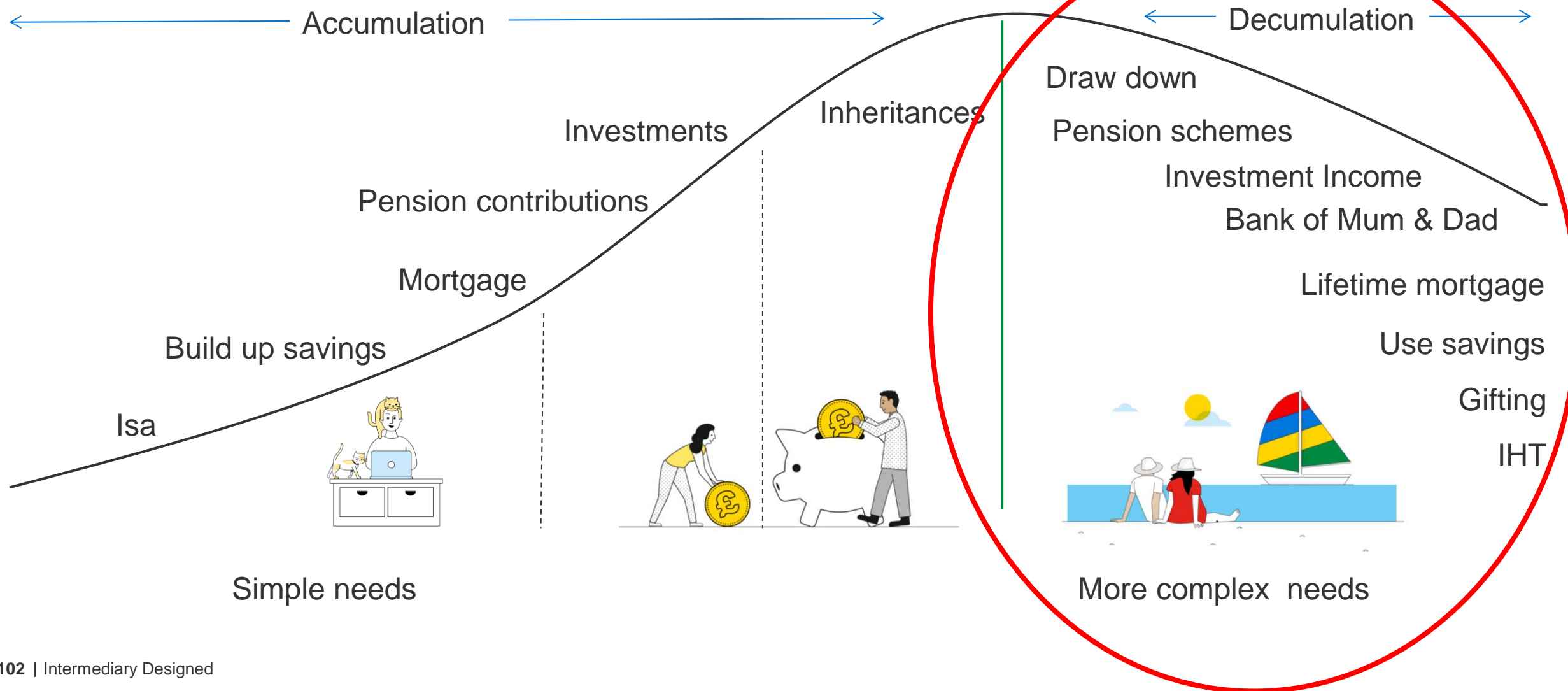
=

Lifestyle protected

Where will the **money** come from?

What's the **capacity for loss**?

Protection opportunities



What's your plan?



Where are the needs to discuss protection?

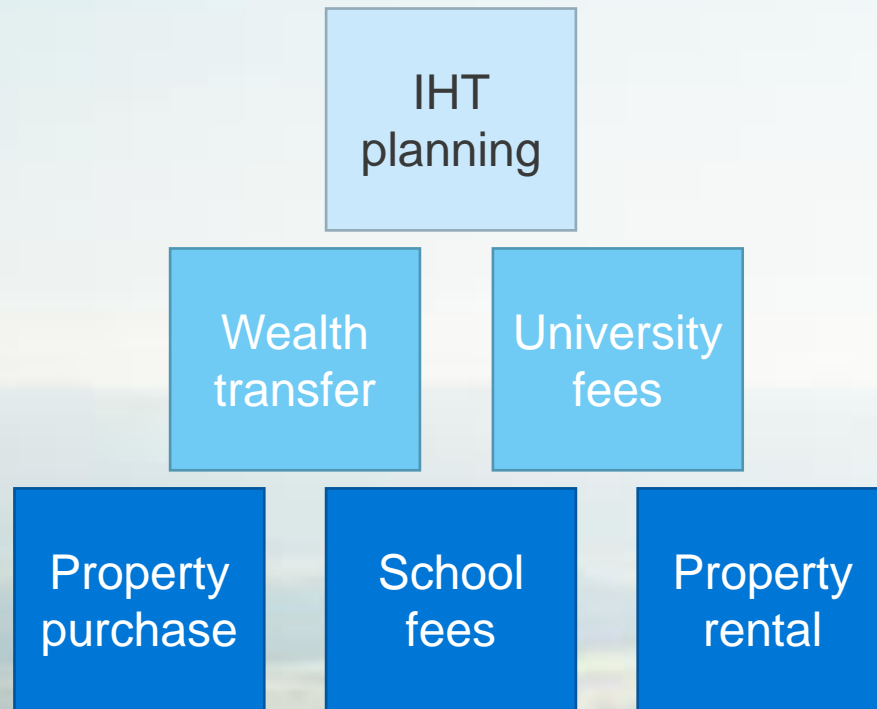
What benefit would it be to your client?

How will it benefit you and your business?

Intergenerational planning in action



Where are the opportunities?



Does your client value you enough to refer the next generation to you?

A gift or a loan?



**The Bank
of Family**

September 2023



58%

More than half (58%) of the value of intergenerational support goes to help first time buyers

Average deposit for 1st time buyer
£53,4141

What is the impact on the family finances?

Opportunities



What is intergenerational wealth planning?

- Preserving wealth as it's passed onto future generations
- The role of protection in mitigating IHT costs



Whole of Life Protection Plan



Family Protection

- Provide financial support to a partner or dependant.
- Meet the cost of funeral expenses.

Inheritance Tax (IHT)

- Cover for an expected IHT bill.

Business Protection

- Key person cover
- Share purchase
- Cover an interest only business loan.



Gift Inter Vivos

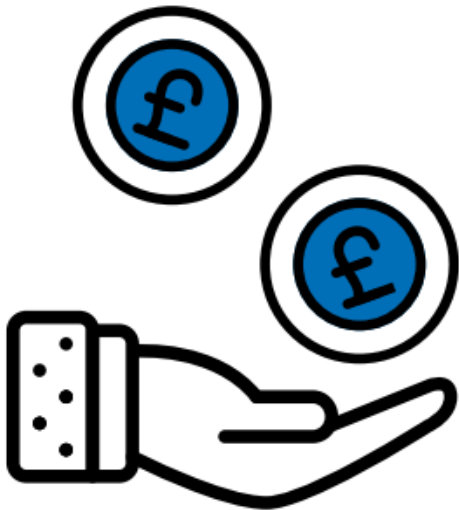
There is taper relief on amounts above the available nil rate band, which could be available during the seven years so if the death occurred in the first three years then 100% of the value of the gift would be used, however this would reduce for deaths in years four to seven (see table below).

Policy year	Full charge of death rate
1 to 3	100%
4	80%
5	60%
6	40%
7	20%



Gift Inter Vivos

Adviser guide



Gift Inter Vivos from L&G

The cover is structured from a series of five individual term assurance policies mirroring the liability

- A premium that reflects the level of cover needed at that time
- Feedback from advisers - lower total premium paid over the full 7 year term than a traditional Gift Inter Vivos plan
- A single underwriting journey
- Multi-policy discount for all cases

Initial IHT liability in year 1 to 3 is £900,000

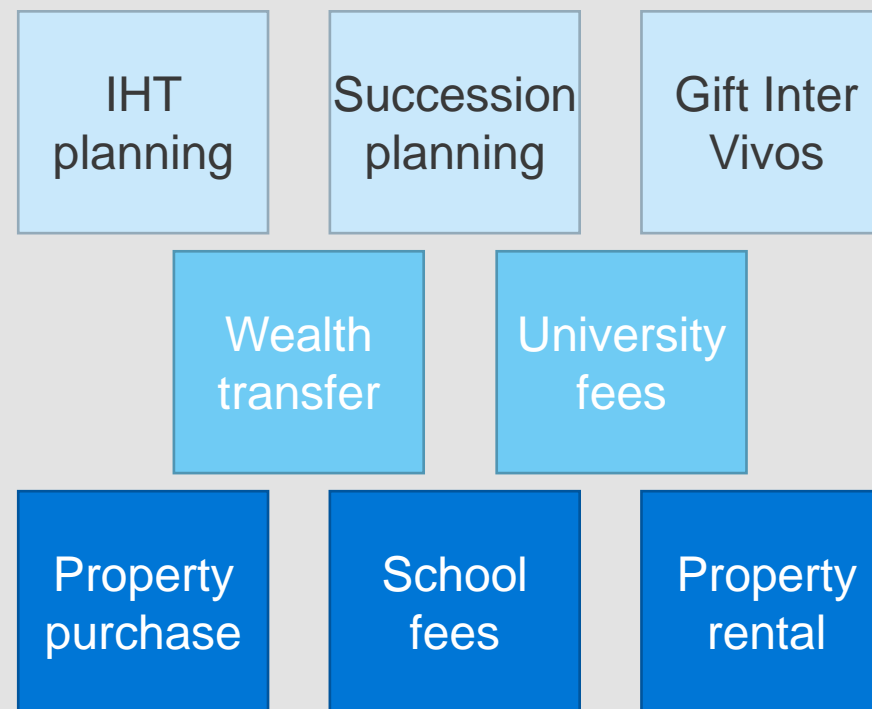
Policy year	Total Sum Assured
1	£900,000.00
2	£900,000.00
3	£900,000.00
4	£720,000.00
5	£540,000.00
6	£360,000.00
7	£180,000.00

Gift Inter Vivos

Adviser guide








Need to talk protection?



The next generation are your future clients, protect the value to your client bank

Claims 2023

					
	Life Insurance*	Terminal Illness Cover	Critical Illness Cover	Children's Critical Illness Cover	Income Protection†
Number of claims paid	13,007	1,149	3,597	195	389 (new and continued claims)
Claims paid	97%	92%	93%	97%	80% (new and continued claims)
Total paid	£519m	£139m	£255m	£3.75m	£3.6m (new and continued claims)
Average payout	£39,916	£121,621	£70,978	£19,234	£669 per month
Maximum payout	£3,000,000	£1,400,000	£750,000	£33,579	£14,615 per month
Length of policy at claim	1 days Shortest 10 years Average 95 years Longest	57 days Shortest 9 years Average 23 years Longest	13 days Shortest 9 years Average 24 years Longest	162 days Shortest 4 years Average 19 years Longest	8 days Shortest 2 years Average 33 years Longest
Age at point of claim	22 years Youngest 70 years Average 101 years Eldest	26 years Youngest 56 years Average 80 years Eldest	22 years Youngest 48 years Average 69 years Eldest	4 days Youngest 8 years Average 21 years Eldest	19 years Youngest 41 years Average 62 years Eldest
Top 3 claims	32.6% Cancer 21.7% Heart related 5.9% Neurological	92.9% Cancer 2.8% Neurological 0.8% Respiratory	66.2% Cancer 12.2% Heart related 6.5% Stroke	54.4% Cancer 7.7% Child funeral benefit 5.6% Benign tumour	43.2% Musculoskeletal 17.5% Cancer 5.4% Mental Health

Gaining commitment



The assumptive close

The option close

The suggestion close

Nudging and urgency



Sullivan nod

Nod 3 times during what you want them to agree to

Yes ladder

Make two very small requests
Follow up with a larger request

urgent close

“you’ve exchanged so you need cover now”

Awkward Silence or powerful sales tactic



Price beater



Life insurance
£500,000 and over



Critical illness cover
£250,000 and over



Income Protection
£2,000 per month and over

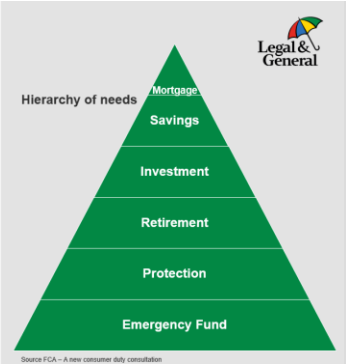
Summary



Consumer duty



16 | Intermediary Designed



Belief cycle

Is the need for protection part of your overall proposition?

How do you move this on to talk about protection, insurance or your advice?

Do you lead the conversation talking about what products can do for them?

19 | Intermediary Designed



Frame your value and remove objections

I don't need protection

I won't get sick

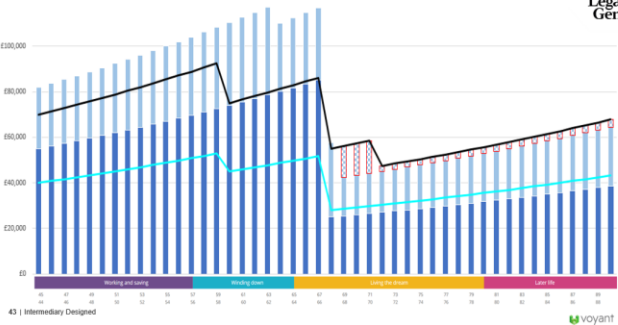
Can't afford it

I have savings

I can rely on others

I can cut back

Cashflow model



43 | Intermediary Designed

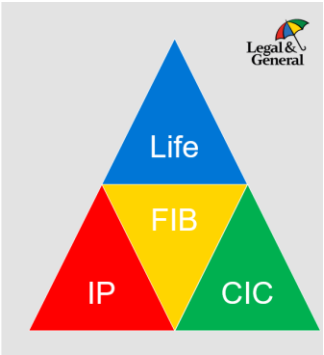
Framing

Lifestyle advice

A protection portfolio that meets client needs, and blends products to deliver comprehensive lifestyle cover.

71 | Intermediary Designed

Anchoring



Claims 2023

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Length of policy at claim	1 days (shortest) 10 years (average) 65 years (longest)	57 days (shortest) 9 years (average) 23 years (longest)	13 days (shortest) 9 years (average) 24 years (longest)	162 days (shortest) 4 years (average) 19 years (longest)	8 days (shortest) 2 years (average) 31 years (longest)
Age at point of claim	22 years (youngest) 70 years (average) 101 years (oldest)	26 years (youngest) 36 years (average) 80 years (oldest)	22 years (youngest) 48 years (average) 69 years (oldest)	4 days (youngest) 8 years (average) 21 years (oldest)	19 years (youngest) 41 years (average) 62 years (oldest)
Top 3 claims	32.6% Cancer 21.7% Heart related 5.9% Neurological	92.9% Cancer 2.8% Neurological 0.8% Respiratory	66.2% Cancer 12.2% Heart related 6.5% Stroke	54.4% Cancer 7.7% Child funded benefits 5.6% Benefit payment	43.2% Neurodegenerative 17.5% Cancer 5.4% Mental health

160 | Intermediary Designed

Nudging

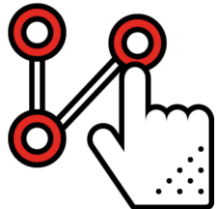
Learning objectives



By the end of this workshop, you will be able to do the following



Identify where protection needs exist and how your client could benefit from advice



Consider how to use a cashflow model to highlight a customer's need for protection



Articulate how these ideas can be effective at every stage of your client's life

Training and development



Webinars covering

- Protection and Sales Skills
- Business Protection opportunities and technical
- Product specific webinars

Virtual & face to face workshops

- Family Protection
- Mortgage Protection
- Wealth Protection
- Business protection