

## Flexible Life Plan (For Family Protection)

### Draft paragraphs for a Suitability Report

#### **Important note to professional advisers:**

These sample paragraphs are for your information and consideration only. It is the responsibility of advisers to make sure that any letters sent to clients meet the requirements of the regulatory authority and that any recommendations made are appropriate for the client. No liability is accepted by Canada Life International Limited in connection with the use of any of these suggestions.

#### **Introduction**

Further to our initial meeting on **date**, our subsequent conversations and the meeting at our office, **I/we** want to confirm details of our discussions and the reasons for arranging your life assurance policy.

**I/We** provided you with copies of the initial disclosure document and explained the contents.

#### **Recommendation**

**I/We** recommended you take out a Flexible Life Plan with Canada Life International Limited (CLI). Thank you for your application, which is now being processed.

This plan is intended as a long term arrangement and its primary purpose is to provide a cash lump sum payment **[on your death/on the death of the first of you/when the second one of you dies]**. You have said that you will make a regular payment (the premium) and the cash lump sum death benefit will only be paid as long as premiums continue or there is a value left in the plan.

You have decided that you wish your plan to be issued in **[sterling/US dollars/euro]**.

The plan is investment-linked but please be aware that the policy will not have a surrender value. This is shown in the personal illustration and explained further in the key features document.

We discussed the other options open to you, **[for example guaranteed premium]**, and the Flexible Life Plan offers the best mix of low cost premiums and flexibility to match your personal circumstances (which may change in the future).

We believe it is suitable for you, in light of:

- your personal and financial circumstances;
- your needs and priorities, with particular emphasis on providing financial protection for your family, as identified through our fact finding process;
- your attitude to risk both in general terms and to the specific area of need and recommendation

This is a tax efficient arrangement which can provide the following:

- a way of making sure your family are provided for financially after **[you have/the first of you has/the second one of you has]** died
- an appropriate cash lump sum payable on death
- an affordable level of premium
- the option to vary the plan should your circumstances change
- a choice of risk-rated investment funds

### **Basis of your plan**

There are different ways in which the plan can be set-up. Following our discussions, you have decided to choose the **standard(balanced)/maximum/target cover/specified cover** basis.

#### **(Standard)**

This means that the premiums you pay to CLI will be paid on the same basis throughout your life, assuming an investment growth rate as shown in your illustration is achieved, and taking into account your age, health and other circumstances. Part of each premium you pay covers the plan charges. The other part goes into an investment fund and CLI will use the investment fund to pay the increased charges as you get older. The premium may increase at a review to meet any increase in the cost of the cover.

#### **(Maximum)**

This means that the premiums you pay to CLI provide the maximum possible cash lump sum payable on death for the first ten years.

At the end of that ten year period, you will have to increase the premiums you pay if you wish to maintain the same level of cash lump sum payable on death. Alternatively, you could reduce the amount of the cash lump sum payable and keep paying the same premium.

#### **(Target)**

This cover gives you a specific level of cover for a specific number of years chosen by you. It is a mixture of standard (balanced) cover and maximum cover.

Target cover aims to keep your premiums level for the number of years you have specified. Part of each premium you pay covers the plan charges. The other part goes into an investment fund. CLI will use the investment fund to pay the higher charges as you get older. The premium may increase at a review to meet any increase in the cost of the cover.

### **(Premium and / or benefit specified cover)**

You choose both the level of cover you require and the premiums you want to pay. Part of each premium you pay covers the plan charges. If there is any premium left this will go into an investment fund. The premium may increase at a review to meet any increase in the cost of the cover.

The Flexible Life Plan Key Features document will give you more information on the types of cover available.

### **Options**

Although the cash lump sum we agreed is appropriate at present, given your circumstances and the premium that you can afford, you may decide to increase this amount in future.

The plan does include guaranteed insurability options.

If your plan is accepted on standard terms with no medical rating, you can increase the level of cover without any further details about your health on one or more of the following events:

- Marriage
- Birth or adoption of a child
- Increase in a mortgage debt

### **(include if inheritance tax is an issue)**

Also, you can increase the cash lump sum payable if the UK government change the inheritance tax threshold or the value of your estate increases. You also have the opportunity on each anniversary of the date the plan started to increase the amount of the cash lump sum, once the establishment period shown in your personal illustration has ended.

There are limits to the amount of each increase and these are detailed in the policy provisions.

**(Include if waiver of premium chosen)**

For an additional amount you may choose to add waiver of premium cover at the start of the plan. This means that if, before the age of 65, you have become unable to perform your own occupation for a period of six months, CLI will waive all or part of the premiums due.

Waiver of premium is only available if you are younger than 60 next birthday at the time the policy is issued and the life assured has a suitable full time occupation.

**(Include if indexed)**

In any event, the cash lump sum and premiums payable have indexation included, which means that unless you tell CLI otherwise, these will both automatically increase each year (also known as the annual increase option).

**Trust**

Because you do not want any unnecessary delays to the payment of the cash lump sum on death, you have chosen to place the plan in a trust.

[As I explained to you, a trust is a legal arrangement where you and other people (called the trustees) deal with the plan, as they have legal control of it.]

This means they can speedily arrange for the payment of the cash lump sum and avoid any delays that could occur in settling your affairs after death.

Please note that because the plan has been transferred into the names of your chosen trustees, CLI will require the instructions of all the trustees in any dealings with the plan (for example switching between investment funds).

**Tax advantages**

As I explained earlier, the primary purpose of this plan is to provide a cash lump sum payment [on your death/on the death of the first of you/when the second one of you dies], but part of your premiums are invested in funds in order to maintain the plan (please refer to the key features document for more details).

Because Canada Life International Limited is based in the Isle of Man, it pays no tax within its funds except for any with-holding tax such as those payable on UK dividends. This helps to reduce the level of premiums payable.

**The information regarding taxation is based on our understanding of current legislation, which may be altered and depends on your financial circumstances.**

**Attitude to risk**

As explained part of your premium will go into an investment fund or funds, and the performance may affect the level of future premiums. It is therefore important to consider your attitude to risk. From our discussions I am aware that your overall attitude to investment risk is [explain risk profile]

Part of your portfolio does have exposure to equities, which represent a higher risk, but may improve the long-term inflation protection of the portfolio.

**Past performance is not a guide for the future. The value of units can fall as well as rise. Currency fluctuations can also affect performance.**

Please note that in exceptional circumstances, **Canada Life International Limited** may not allow you to switch any property fund investments for up to six months, in the interests of all property fund investors.

### **Why Canada Life International Limited**

CLI was established in 1987 and is based in the Isle of Man, a jurisdiction recognised for its stable government, strong regulatory controls and policyholder protection measures. CLI continues to receive strong ratings from specialist agencies in relation to financial strength, unit-linked business and commitment to service.

Since formation, CLI has continually developed expertise in providing wealth management solutions for UK and international clients alike. The combined assets under administration for CLI, its subsidiary CLI Institutional Limited and Canada Life International Assurance (Ireland) DAC are **£17.5bn (as at 30 June 2020)**.

In July 2003, CLI became a subsidiary of the Great-West Life Assurance Company which is owned by Great-West Lifeco Inc. The Great-West Lifeco Inc Group of companies serve the financial security needs of individuals and organisations in Canada, the United States and Europe, providing retirement savings and income plans, as well as comprehensive protection contracts for individuals and families. With assets under administration of **£987bn (as at 30 June 2020)**, Great-West has been given AA financial strength rating from both Fitch Ratings and Standard & Poor's (as at **31 December 2019**).

### **AKG 5-star rating**

AKG is an actuarial consultancy specialising in the provision of information and market assistance to the financial services industry. Each year, AKG representatives visit the head offices of a number of investment companies. From an offshore investment perspective, every major insurer that operates in an offshore jurisdiction takes part in the assessment. The AKG ratings, whilst considering the financial strength of the parent group, focuses on assisting intermediaries by evaluating the strength, solvency, business processes and practices of companies such as Canada Life International Limited.

The latest report reaffirmed that CLI is a key player in the offshore investment market and remains amongst the leading offshore providers. Furthermore, CLI was the only offshore insurer to have maintained an overall 5-star Annual Review rating for the seventeenth consecutive year.

### **Quality of Service**

You will have the peace of mind of being protected by the Flexible Life Plan service charter. This provides you with monetary compensation if the promised response and processing times as detailed within the service charter are not met.

### **Costs, charges and commission**

For arranging this contract we will receive a commission payment of **[£amount]** and a renewal commission of **[£amount]** each time a premium is paid.

Full details of the charges appropriate to the funds you have chosen are shown on your personal illustration.

### **Timescale**

The Flexible Life Plan is a whole of life assurance contract and will remain in force until you stop paying premiums or [on your death/on the death of the first of you/when the second one of you dies], whichever happens first. If there is a value in the plan when you stop paying premiums the plan will continue to provide cover until there is no value left in the plan.

### **What happens next?**

Once your application has been processed, you will be sent a policy document. Please keep this in a safe place for future reference. Also provide client with clear indication of other services to be provided – reviews, valuations and so on.

### **Closing**

You have already received the key features document for the proposed solution. You should read this carefully as it provides a great deal of information about your plan

It is important to let us know of any changes to your personal circumstances. For example, if there are any changes to your address, employment or family circumstances please contact us in order that your report can be revised and any circumstances identified.

Please sign the attached copy of this letter and return it to me, to confirm that you have read the letter and understand its contents.



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