

Flexible Life Plan

Product details

The information contained within this document should be read in conjunction with the Flexible Life Plan Key Features Document (reference 6264) and in consultation with your professional adviser.

Introduction

The Flexible Life Plan (FLP) is a whole of life assurance policy which is designed to meet most of your lifetime needs for life cover. It can be used to provide life cover in many circumstances including:

- family protection;
- inheritance tax planning; and
- business protection.

Once you have selected the cover you need, Canada Life International Limited (us/we) will then calculate the amount you will need to pay as a premium and show this on a personal illustration.

Types of cover available

The four types of cover are:

1. Standard (balanced) cover

This is the level of cover we anticipate can be maintained throughout your life; using our assumed net unit growth rate (as shown in your illustration); and taking into account your age, health and other circumstances.

Should you wish to take a more cautious approach, we are able to offer a lower net unit growth rate projection, which will make the premiums you pay higher. Further details are available from your professional adviser.

When standard cover is selected, part of the premium starts to build an investment fund for the future. If the net unit growth rate is maintained throughout the plan, this fund is used to keep premium levels down as you get older.

With standard cover we assume the investment fund lasts until your 110th birthday.

2. Maximum cover

This provides the maximum level of life cover which can be maintained at the lowest cost for a 10 year period. The level of cover is guaranteed for the first 10 years regardless of the net unit growth achieved, provided all the premiums have been paid in full.

At the end of the 10 year period (and at each subsequent review), should you wish to maintain the same level of life cover selected when the plan commenced, your premium will increase significantly should you choose this type of cover.

There is no requirement for further medical evidence after the 10 year period or any subsequent plan review, provided you do not wish to increase the level of life cover.

3. Target cover

This is a mixture of standard and maximum cover where the FLP premium is designed to provide a specified amount of life cover for a specified number of years.

4. Premium and benefit specified cover

This allows you to choose both the level of cover and the level of premiums you want to pay.

Part of each premium is used to meet the plan charges and the balance goes to the investment funds

Life cover (cash sum)

The FLP cash sum is payable on the death of the stated person or persons and can be set-up on the following basis:

- single life,
- joint life basis; where the life cover is paid:
 - on the death of the first person to die; or
 - after you have both died.

Plan review(s)

We will review your plan on a regular basis to make sure the premiums are adequate to maintain the level of life cover selected. This is necessary as the actual rate of net unit growth may be lower than the assumptions made and the charges may be higher than originally anticipated. It is therefore possible that your premiums may need to be increased to maintain the level of life cover.

How often are the plan reviews?

For standard cover, target cover, and premium and benefit specified cover, where all lives assured are aged 60 or less at the start of the plan, a review will be carried out at the end of 10 years and every fifth anniversary thereafter. If one of the lives assured is over 60 at the start of the plan, the reviews will take place every five years until age 110 when reviews will be every year.

If maximum cover is selected, the first review will be after 10 years whatever your age at the commencement of the plan. Subsequent reviews will be every five years until age 110 when reviews will be every year.

Varying the life cover

On the anniversary of your plan, you may:

- increase the level of cover, subject to the current minimum amounts. You should send a written request to us at least three months before the policy anniversary (and we will confirm our requirements); or
- decrease the level of cover, subject to current minimum premium levels and provided any establishment period has finished (see note 1). You should send a written request to us at least one month before the policy anniversary.

If you chose the annual increase option on the original application form, then your level of cover will increase in line with the rate of inflation in the Isle of Man or by 10% whichever is lower. This assumes your application was accepted without any medical rating.

Each year we will confirm to you the new level of cover and premiums (this is subject to a maximum level of cover of £2 million per plan). If you do not wish to increase the level of cover you must tell us (see note 2).

Note 1 – there are charges for setting-up each FLP which take into consideration the costs for setting-up the plan. The amount of these charges vary depending on the level of commission paid to your professional adviser and are taken from the premiums for a set time depending on your age(s) at commencement. The length of time over which the charges are taken is called the establishment period and is shown in the FLP Policy Provisions (reference 6229).

Note 2 – this option will be lost if you do not increase the level of cover for three consecutive years.

Additional benefits

If your application is accepted on standard terms with no medical rating then the level of cover may be increased (without further medical underwriting) if:

- you get married;
- have another child (or legally adopt a child);
- your mortgage debt increases; or
- your inheritance tax liability changes.

There are limits to the amount of each increase and you should refer to the FLP Policy Provisions (reference 6229) for further details.

Waiver of premium benefits

For an additional amount you may elect 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, we shall 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 full time occupation.

Further information on waiver of premium cover is available from us and should be discussed with your professional adviser.

Investment choice

The premiums are invested within our Core fund range. Details of the funds and the fund managers are shown at <https://www.canadalife.co.uk/investment-choices/fund-centre/international-core-fund-range>. You can select up to four different funds from our Core range of funds.

Please note that 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.

Death benefit calculation and taxation

If you are UK resident when you die and the amount of cover is paid, there will be no charge to Income Tax.

Your plan may not be liable to inheritance tax (as part of your estate) if you have written it in a trust which you cannot benefit from. If the plan is not written in trust, the death benefit will be liable to inheritance tax as part of your taxable estate. You should discuss this with your professional adviser.

Minimums and maximums

The FLP is available to residents of the United Kingdom, Channel Islands and Isle of Man. It can be set up by up to two people, provided they are both aged between 18 and 74 when the plan starts. The maximum age applies only to the youngest life on a joint life, second death plan.

This document is based on our understanding of applicable legislation, Manx law and current HM Revenue & Customs practice as at July 2022. It is provided solely for general consideration. The information regarding taxation is based on our understanding of current legislation, which may be altered and depends upon your individual financial circumstances.

We recommend you seek your own independent tax advice.



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