



INDEPENDENT FINANCIAL ADVISERS

Whole of Life (Guaranteed Premium)

What is it?

A Whole of Life Assurance policy with guaranteed premiums promises payment of a known level of cover upon death of the life/lives assured whenever death occurs, provided that premiums are maintained. The premium and sum assured are fixed throughout the life of the policy (in some cases it is possible to include an annual increase in the amount of life cover (5%, for example) which would mean that the premium also increases each year).

Some companies offer guaranteed or fixed premiums, whilst other plans reserve the right to review premium levels on a periodic basis. There is usually a small additional cost for the advantage of a guaranteed premium but with the assurance of knowing what future premiums will be.

Premiums are based on your personal circumstances but the main areas for consideration by an insurer are your age and state of health. The older you are, the higher the premium will be. Similarly if you have or had a serious ailment the insurer may seek to charge you more or in some cases be unwilling to cover you at all. Higher levels of cover will increase cost as will the fact that an individual smokes.

Whole of life cover is more expensive than term assurance cover due to the fact that the cover continues throughout life.

There is no investment element to the policy, and your sum assured will take no account of inflation unless increasing cover is selected. In the event of you being diagnosed as suffering from a terminal illness i.e. one where the expectation of life is less than twelve months the sum assured under the contract will become payable. You must be aged 18 to take out a life assurance contract.

Taxation

The proceeds of the policy will be paid out free of income or capital gains tax. A trust may be used to ensure the proceeds of the policy are paid to your chosen beneficiaries and to avoid being included in your estate for inheritance tax purposes.

Risk Considerations

There are a number of risk considerations that need to be taken into account. It is important that you are aware of these in relation to your particular circumstances.

- Failure to disclose any requested or relevant information may affect any claim.
- You may have to increase contributions to maintain your desired level of cover or reduce cover to maintain your chosen level of contribution.
- This contract is designed to provide you with a high level of guaranteed cover with guaranteed premiums at minimal cost and therefore does not acquire a surrender value.
- If a premium is unpaid 30 days after its due date the policy will lapse without value and the life cover will be lost.
- Failure to provide accurate and up to date information may invalidate your insurance and mean that a claim may not be paid.