



Thomas & Co Financial Services

INDEPENDENT FINANCIAL ADVISERS

# SmartMoney



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GUIDE TO  
**PROTECTION  
MATTERS**  
PROTECTING, PRESERVING  
OR ULTIMATELY DISTRIBUTING  
YOUR WEALTH

# WELCOME

## *Protecting, preserving or ultimately distributing your wealth*

Welcome to *Guide to Protection Matters*. Ensuring that you have adequate financial protection for you, your family and any dependants is an important element of financial planning. As a healthy working person with a good income, you may feel reasonably confident that you are able to provide for your family. However, your finances could be more precarious than you think.

No matter what the current economic environment, adhering to a few sound and well-practiced strategies will help you to prepare for the future. While your individual situation will always have its unique qualities, our guide provides suggestions to consider as you review your family's long-term protection plans.

Financial protection benefits have become more important as financial foundations have shifted, government resources have been strained and costs have climbed. When people need them most, benefits such as disability, accident, critical illness and life insurance protect against financial hardships that can derail their stability. Being prepared for the unexpected will protect you and your family from sudden and long-term financial hardship. It goes without saying that we need to enjoy our wealth today, but at the same time ensure it remains there for us and our family tomorrow.

Planning for what will happen after your death can make the lives of your loved ones much easier. While the word 'estate' may conjure images of vast property, it really just means your assets – like your home, bank account and personal possessions. Everyone has an estate, and it's important to create – and regularly re-evaluate – the plan for what will happen to your property after you're gone. Making sure you have the right protection strategy in place will help protect your assets, enabling you to pass on your legacy in the most tax-efficient way, rather than with undue financial pressures, to the next generation.

### **The true value of protection**

Often because it's too stressful to think about or seemingly too expensive to implement, many people fail to put a protection plan in place to safeguard their money. We can help you to design a protection strategy that leaves your assets protected – just when you or your loved ones need them most. There are a range of insurance and protection options available that could help cover you and your family. To review your protection requirements, please contact us – don't leave it to chance.

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# LIFE INSURANCE

## Cover for you and your loved ones

It's understandable that we would rather not think of the time when we're no longer around. However, it's important to protect the things that really matter – like our loved ones, home and lifestyle – in case the unexpected happens.

### Financial safety net

We insure our cars, homes and even our mobile phones – so it goes without saying that we should also be insured for our full replacement value to ensure that our loved ones are financially catered for in the event of our premature death. Life insurance provides a safety net for your family and loved ones if you die, helping them cope financially during an otherwise difficult time.

We never know what life has in store for us, so it's important to get the right life insurance policy. A good place to start is asking yourself three questions: what do I need to protect? How much cover do I need? How long will I need cover for? This sum must take living costs into account, as well as any outstanding liabilities, such as a mortgage.

### Other living expenses

It may be the case that not everyone needs life insurance (also known as 'life cover' and 'death cover'). However, if your spouse and children, partner, or other relatives depend on your income to cover the mortgage or other living expenses, then the answer is 'yes'.

Life insurance makes sure they're taken care of financially if you die. So whether you're looking to provide a financial safety net for your loved ones, moving house or a first-time buyer looking to arrange your mortgage life insurance – or simply wanting to add some cover to what you've already got – you'll want to make sure you choose the right type of cover. That's why obtaining the right advice and knowing which products to choose – including the most suitable sum assured, premium, terms and payment provisions – is essential.

### Seriously under-insured

The appropriate level of life insurance will enable your dependants to cope financially in the event of your premature death. When you take out life insurance, you set the amount you want the policy to pay out should you die – this is called the 'sum assured'. Even if you consider that currently you have sufficient life assurance, you'll probably need more later on if your circumstances change. If you don't update your policy as key events happen throughout your life, you may risk being seriously under-insured.

### Own personal circumstances

As you reach different stages in your life, the need for protection will inevitably change. How much life insurance you need really depends on your circumstances, for example, whether you've got a mortgage, you're single or

you have children. Before you compare life insurance, it's worth bearing in mind that the amount of cover you need will very much depend on your own personal circumstances, such as the needs of your family and dependants.

### Think about why you might need cover

- What would happen if you died or were ill for a long time?
- Who are your financial dependants: your husband or wife, registered civil partner, children, brother, sister, or parents?
- What kind of financial support does your family have now?
- What kind of financial support will your family need in the future?
- What kind of costs will need to be covered such as household bills, living expenses, mortgage payments, education costs, debts or loans, or funeral costs?

There is no one-size-fits-all solution, and the amount of cover – as well as how long it lasts for – will vary from person to person.

### These are some events when you should consider reviewing your life insurance requirements:

- Buying your first home with a partner
- Covering loans
- Getting married or entering into a registered civil partnership
- Starting a family

- Becoming a stay-at-home parent
- Having more children
- Moving to a bigger property
- Salary increases
- Changing your job
- Reaching retirement
- Relying on someone else to support you
- Personal guarantee for business loans

### Individual lifestyle factors determine the cost

The price you pay for a life insurance policy depends on a number of things. These include the amount of money you want to cover and the length of the policy, but also your age, your health, your lifestyle, and whether you smoke.

### Replacing at least some of your income

If you have a spouse, partner or children, you should have sufficient protection to pay off your mortgage and any other liabilities. After that, you may need life insurance to replace at least some of your income. How much money a family needs will vary from household to household so, ultimately, it's up to you to decide how much money you would like to leave your family that would enable them to maintain their current standard of living.

### Two basic life insurance types

There are two basic types of life insurance, 'term life' and 'whole-of-life', but within those categories there are different variations.

The cheapest, simplest form of life insurance is term life insurance. It is straightforward protection, there is no investment element, and it pays out a lump sum if you die within a specified period. There are several types of term insurance.

The other type of protection available is a whole-of-life insurance policy, designed to provide you with cover throughout your entire lifetime. The policy only pays out once the policyholder dies, providing the policyholder's dependants with a lump sum, usually tax-free. Depending on the individual policy, policyholders may have to continue contributing right up until they die, or they may be able to

*The price you pay for a life insurance policy depends on a number of things. These include the amount of money you want to cover and the length of the policy, but also your age, your health, your lifestyle, and whether you smoke.*

stop paying in once they reach a stated age, even though the cover continues until they die.

### Remove the burden of any debts

Generally speaking, the amount of life insurance you may need should provide a lump sum that is sufficient to remove the burden of any debts and, ideally, leave enough over to invest in order to provide an income to support your dependants for the required period of time.

The first consideration is to clarify what you want the life insurance to protect. If you simply want to cover your mortgage, then an amount equal to the outstanding mortgage debt can achieve that.

### To prevent your family from being financially disadvantaged by your premature death and to provide enough financial support to maintain their current lifestyle, there are a few more variables you should consider:

- What are your family expenses and how would they change if you died?

- How much would the family expenditure increase on requirements such as childcare if you were to die?
- How much would your family income drop if you were to die?
- How much cover do you receive from your employer or company pension scheme, and for how long?
- What existing policies do you have already, and how far do they go to meeting your needs?
- How long would your existing savings last?
- What state benefits are there that could provide extra support to meet your family's needs?
- How would the return of inflation to the economy affect the amount of your cover over time?

IF THE PLAN HAS NO INVESTMENT ELEMENT, IT WILL HAVE NO CASH IN VALUE AT ANY TIME AND WILL CEASE AT THE END OF THE TERM. IF PREMIUMS ARE NOT MAINTAINED, THEN COVER WILL LAPSE.





# DIFFERENT TYPES OF LIFE INSURANCE

## Choosing the right type of cover

'Single life' policies cover just one person. A 'joint life' policy covers two people, and you will need to decide whether the policy pays out on the first or second death, as this will determine when the policy ends.

- **Health** – if your joint policy is with someone in poor health, this may increase your monthly payments

### When choosing between these options, think about:

- **Affordability** – a joint life policy is usually more affordable than two separate single policies
- **Cover needs** – do you both have the same life insurance needs, or would separate policies with different levels of cover be more appropriate?
- **Work benefits** – if one of you has work 'death in service' benefit, you might only need one plan

*A level-term policy pays out a lump sum if you die within the specified term. The amount you're covered for remains level throughout the term, hence the name.*

# TERM LIFE INSURANCE

## Protecting your family's finances by covering living expenses or replacing lost income

With a term life insurance policy, you choose the amount you want to be insured for and the period for which you want cover. This is the most basic type of life insurance. If you die within the term, the policy pays out to your beneficiaries. If you don't die during the term, the policy doesn't pay out, and the premiums you've paid are not returned to you.

There are two main types of term life insurance to consider: level-term and decreasing-term life insurance.

### Level-term life insurance policies

A level-term policy pays out a lump sum if you die within the specified term. The amount you're covered for remains level throughout the term, hence the name. The monthly or annual premiums you pay usually stay the same, too.

Level-term policies can be a good option for family protection, where you want to leave a lump sum that your family can invest to live on after you've gone. It can also be a good option if you need a specified amount of cover for a certain length of time, for example, to cover an interest-only mortgage that's not covered by an endowment policy.

### Decreasing-term life insurance policies

With a decreasing-term policy, the amount you're covered for decreases

over the term of the policy. These policies are often used to cover a debt that reduces over time, such as repayment mortgages.

Premiums are usually cheaper than for level-term cover, as the amount insured reduces as time goes on. Decreasing-term assurance policies can also be used for Inheritance Tax planning purposes.

### Family income benefit policies

Family income benefit life assurance is a type of decreasing term policy. Instead of a lump sum, though, it pays out a regular income to your beneficiaries until the policy's expiry date if you die.

You can arrange for the same amount of your take-home income to be paid out to your family if you die.

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# WHOLE-OF-LIFE INSURANCE

*A guaranteed tax-free payment whenever you die*

A whole-of-life insurance policy is designed to give you a specified amount of cover for the whole of your life, and it pays out when you die – whenever that is. Because it's guaranteed that you'll die at some point (and therefore that the policy will have to pay out), these policies are more expensive than term insurance policies, which only pay out if you die within a certain time frame.

## **Paying Inheritance Tax**

Whole-of-life insurance policies can be a useful way to cover a future Inheritance Tax bill. If you think your estate will have to pay Inheritance Tax when you die, you could set up a whole-of-life insurance policy to cover the tax due, meaning that more is passed to your beneficiaries. To ensure the proceeds of the life insurance policy are not included in your estate, it is vital that the policy be written in an appropriate trust. This is a very complicated area of estate planning, and you should obtain professional advice.

A whole-of-life insurance policy has a double benefit: not only can the proceeds of the policy be written under trust so that they are outside your estate for Inheritance tax purposes, but the premium paid for the policy will reduce the value of your estate while you're alive, further reducing your estate's future Inheritance Tax bill.

## **Different types of policy**

There are different types of whole-of-life insurance policy – some offer a set payout from the outset while others are linked to investments, and the payout will depend

on performance. Investment-linked policies are either unit-linked policies linked to funds, or with-profits policies which offer bonuses.

Some whole-of-life policies require that premiums are paid all the way up to your death. Others become paid up at a certain age and waive premiums from that point onwards.

Whole-of-life policies (but not all) have an investment element and therefore a surrender value. If, however, you cancel the policy and cash it in, you will lose your cover. Where there is an investment element, your premiums are usually reviewed after ten years and then every five years.

Whole-of-life policies are also available without an investment element and with guaranteed or investment-linked premiums from some providers.

## **Reviews**

The level of protection selected will normally be guaranteed for the first ten years, at which point it will be reviewed to see how much protection can be provided in the future. If the review shows that the same level of protection can be carried on, it will be guaranteed to the next review date.

**If the review reveals that the same level of protection can't continue, you'll have two choices:**

- Increase your payments
- Keep your payments the same and reduce your level of protection

## **Maximum cover**

Maximum cover offers a high initial level of cover for a lower premium until the first plan review, which is normally after ten years. The low premium is achieved because very little of your premium is kept back for investment, as most of it is used to pay for the life insurance.

After a review, you may have to increase your premiums significantly to keep the same level of cover, as this depends on how well the cash in the investment reserve (underlying fund) has performed.

## **Standard cover**

This cover balances the level of life insurance with adequate investment to support the policy in later years. This should maintain the original premium throughout the life of the policy but is not guaranteed. However, it relies on the value of units invested in the underlying fund growing at a certain level each year. Increased charges or poor performance of the fund could mean you'll have to increase your monthly premium to keep the same level of cover.

THE VALUE OF INVESTMENTS AND THE INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

THE PLAN MAY HAVE NO CASH IN VALUE AT ANY TIME.

*Whole-of-life policies are also available without an investment element and with guaranteed or investment-linked premiums from some providers.*



*Critical illness cover could help to minimise the financial impact on you and your loved ones.*

# CRITICAL ILLNESS COVER

*Be prepared if life throws something unexpected your way*

We never think a critical illness is going to happen to us, especially when we feel fit and healthy, but it can and does. It can happen to anyone at any time, and it's easy to feel anxious about how we would cope. But if the worst does happen, it's important to make sure you're financially protected against the impact a critical illness could have on you and your family.

Critical illness cover could help to minimise the financial impact on you and your loved ones. For example, if you needed to give up work to recover, the money could be used to help fund the mortgage or rent, everyday bills, or even simple things like the weekly food shop – giving you and/or your family some peace of mind when you need it most.

## Surviving financial hardship

After surviving a critical illness, sufferers may not be able to return to work straight away (or ever), or may need home modifications or private therapeutic care. It is sad to contemplate a situation where someone survives a serious illness but fails to survive the ensuing financial hardship. Preparing for the worst is not

something we want to think about when feeling fit and healthy, but you never know what life is going to throw at you next.

## Tax-free lump sum

Critical illness cover, either on its own or as part of a life assurance policy, is designed to pay you a tax-free lump sum on the diagnosis of certain specified life-threatening or debilitating (but not necessarily fatal) conditions, such as a heart attack, stroke, certain types/stages of cancer and multiple sclerosis. A more comprehensive policy will cover many more serious conditions, including loss of sight, permanent loss of hearing, and a total and permanent disability that stops you from working. Some policies also provide cover against the loss of limbs. However, not all conditions are necessarily covered, which is why you should always obtain professional advice.

## Much-needed financial support

If you are single with no dependants, critical illness cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if you became very unwell. And if

you are part of a couple, it can provide much-needed financial support at a time of emotional stress.

## Exclusions and limitations

The illnesses covered are specified in the policy along with any exclusions and limitations, which may differ between insurers. Critical illness policies usually only pay out once, so they are not a replacement for income. Some policies offer combined life and critical illness cover. These pay out if you are diagnosed with a critical illness or you die, whichever happens first.

## Pre-existing conditions

If you already have an existing critical illness policy, you might find that by replacing a policy, you would lose some of the benefits if you have developed any illnesses since you took out the first policy. It is important to seek professional advice before considering replacing or switching your policy, as pre-existing conditions may not be covered under a new policy.

## Lifestyle changes

Some policies allow you to increase your

cover, particularly after lifestyle changes such as marriage, moving home or having children. If you cannot increase the cover under your existing policy, you could consider taking out a new policy just to 'top up' your existing cover.

## Policy definition

A policy will provide cover only for conditions defined in the policy document. For a condition to be covered, your condition must meet the policy definition exactly. This can mean that some conditions, such as some forms of cancer, won't be covered if deemed insufficiently severe. Similarly, some conditions may not be covered if you suffer from them after reaching a certain age, for example, many policies will not cover Alzheimer's disease if diagnosed after the age of 60.

## Survival period

Very few policies will pay out as soon as you receive diagnosis of any of the conditions listed in the policy, and most pay out only after a 'survival period', which means that if you die within this period – even if you meet the definition of the critical illness given in the policy – the cover would not pay out.

## Range of factors

How much you pay for critical illness cover will depend on a range of factors including what sort of policy you have chosen, your age, the amount you want the policy to pay out, and whether or not you smoke.

'Permanent total disability' is usually included in the policy. Some insurers define permanent total disability as being unable to work as you normally would as a result of sickness, while others see it as being unable to independently perform three or more 'Activities of Daily Living' as a result of sickness or accident.

## Activities of Daily Living include:

- Bathing
- Dressing and undressing
- Eating
- Transferring from bed to chair and back again

## Make sure you're fully covered

The good news is that medical advances mean more people than ever are surviving conditions that might have killed earlier generations. Critical illness cover can provide cash to allow you to pursue a less stressful lifestyle while you recover from illness, or you can use it for any other purpose. Don't leave it to chance – make sure you're fully covered.

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PREMIUMS ARE NOT MAINTAINED, THEN COVER WILL LAPSE.

THE POLICY MAY NOT COVER ALL THE DEFINITIONS OF A CRITICAL ILLNESS. FOR DEFINITIONS, PLEASE REFER TO THE KEY FEATURES AND POLICY DOCUMENT.



*Without a regular income, you may find it a struggle financially – even if you were ill for only a short period – and you could end up using your savings to pay the bills.*

# INCOME PROTECTION INSURANCE

*No one is immune to the risk of illness and accidents*

No one likes to think that something bad will happen to them, but if you couldn't work due to a serious illness, how would you manage financially? Could you survive on savings or sick pay from work? If not, you may need some other way to keep paying the bills – and you might want to consider income protection insurance.

You might think this may not happen to you – and, of course, we hope it doesn't – but it's important to recognise that no one is immune to the risk of illness and accidents. Each year, close to a million people in the UK find themselves unable to work due to a serious illness or injury[1].

No one can guarantee that they will not be the victim of an unfortunate accident or be diagnosed with a serious illness. The bills won't stop arriving or the mortgage payments from being deducted from your bank account, so going without income protection insurance could be tempting fate.

## Providing monthly payments

Income protection insurance is a long-term insurance policy that provides

a monthly payment if you can't work because you're ill or injured, and typically pays out until you can start working again, or until you retire, die or the end of the policy term – whichever is sooner.

## If you are unable to work, income protection insurance:

- Replaces part of your income if you become ill or disabled
- Pays out until you can start working again, or until you retire, die or the end of the policy term – whichever is sooner
- Covers most illnesses that leave you unable to work, either in the short or long term (depending on the type of policy and its definition of incapacity)

There's a waiting period before the payments start, so you generally set payments to start after your sick pay ends, or after any other insurance stops covering you. The longer you wait, the lower the monthly payments.

You can claim as many times as you need to, while the policy is in force.

## Generous sickness benefits

Some people receive generous sickness

benefits through their workplace, and these can extend right up until the date upon which they had intended to retire. However, some employees with long-term health problems could, on the other hand, find themselves having to rely on the state, which is likely to prove hard.

## Tax-free monthly income

Without a regular income, you may find it a struggle financially – even if you were ill for only a short period – and you could end up using your savings to pay the bills. In the event that you suffered from a serious illness, medical condition or accident, you could even find that you are never able to return to work. Few of us could cope financially if we were off work for more than six to nine months. Income protection insurance provides a tax-free monthly income for as long as required, up to retirement age, should you be unable to work due to long-term sickness or injury.

## Profiting from misfortune

Income protection insurance aims to put you back to the position you were in before you were unable to work. It does not allow you to make a profit out of your misfortune. So the maximum

amount of income you can replace through insurance is broadly the after-tax earnings you have lost, less an adjustment for state benefits you can claim. This is typically translated into a percentage of your salary before tax, but the actual amount will depend on the company that provides your cover.

## Self-employment

If you are self-employed, then no work is also likely to mean no income. However, depending on what you do, you may have income coming in from earlier work, even if you are ill for several months. The self-employed can take out individual policies rather than business ones, but you need to ascertain on what basis the insurer will pay out. A typical basis for payment is your pre-tax share of the gross profit, after deduction of trading expenses, in the 12 months immediately prior to the date of your incapacity. Some policies operate an average over the last three years, as they understand that self-employed people often have a fluctuating income.

## Cost of cover

The cost of your cover will depend on your gender, occupation, age, state of health and whether or not you smoke. The 'occupation class' is used by insurers to decide whether a policyholder is able to return to work. If a policy will pay out only if a policyholder is unable to work in 'any occupation', it might not pay benefits for long – or indeed at all. The most comprehensive definitions are 'Own Occupation' or 'Suited Occupation'. 'Own Occupation' means you can make a claim if you are unable to perform your own job. However, being covered under 'Any Occupation' means that you have to be unable to perform any job, with equivalent earnings to the job you were doing before not taken into account.

**You can also usually choose for your cover to remain the same (level cover) or increase in line with inflation (inflation-linked cover):**

• **Level cover** – with this cover, if you made a claim, the monthly income would be fixed at the start of your plan and does not change in the future. You should remember that this means if inflation eventually starts to rise, the buying power of your monthly income payments may be reduced over time

• **Inflation-linked cover** – with this cover, if you made a claim, the monthly income would go up in line with one of the inflation statistics like CPI or NAEI

## When you take out cover, you usually have the choice of:

• **Guaranteed premiums** – the premiums remain the same all the way throughout the term of your plan. If you have chosen inflation-linked cover, your premiums and cover will automatically go up each year in line with an inflation index

• **Reviewable premiums** – this means the premiums you pay can increase or decrease in the future. The premiums will not typically increase or decrease for the first five years of your plan, but they may do so at any time after that. If your premiums do go up or down, they will not change again for the next 12 months

## Making a claim

How long you have to wait after making a claim will depend on the waiting period. You can typically choose from between 1, 2, 3, 6, 12 or 24 months. The longer the waiting period you choose, the lower the premium for your cover will be – but you'll have to wait longer after you become unable to work before the payments from the policy are paid to you. Premiums must be paid for the entire term of the plan, including the waiting period.

## State benefits

Depending on your circumstances, it is possible that the payments from the plan may affect any state benefits due to you. This will depend on your individual

situation and what state benefits you are claiming or intending to claim.

This market is subject to constant change in terms of the innovative new products that are being launched. If you are unsure whether any state benefits you are receiving will be affected, you should seek professional advice.

## Source data:

[1] Association of British Insurers 2015

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# PRIVATE MEDICAL INSURANCE

*There's nothing more important in life than your health*

Nothing is more important to you than your health and the health of your family. If you or your loved ones were to experience worrying symptoms, private medical insurance can offer reassurance and control at a difficult time.

The National Health Service (NHS) was established in 1948 to provide healthcare to everyone in the UK regardless of wealth. Despite being one of the best healthcare systems in the world, the service is under increasing pressure from a growing, ageing population and being asked to make major efficiency savings.

## Concentrate on getting better sooner

Diagnosis and treatment can be dealt with almost immediately, reducing the anxiety of the unknown and allowing you to concentrate on getting better sooner. With many health experts predicting that patients are set to experience poorer care and even longer waiting times, many people are turning to private health care for that extra peace of mind.

Private medical insurance (also known as 'health insurance') can supplement what's available on the NHS. If you don't already have it as part of your employee benefits package, and you can afford to pay the premiums, you might decide it's worth paying extra to have more choice over your care.

## Choice in the level of care

Most UK residents are entitled to free healthcare from the NHS. One of the main reasons people take out private health insurance is to avoid long NHS waiting times. Health insurance pays all – or some – of your medical bills if you're treated privately. It gives you a choice in the level of care you get and how and when it is provided. You don't have to take out private medical insurance, but if you don't want to use the NHS, you might find it hard to pay for private treatment without insurance – especially for serious conditions.

Under private healthcare, it may also be possible to access the latest drugs and treatments, licensed by the National Institute of Health and Clinical Excellence (NICE), which aren't routinely available on the NHS (outpatient drugs are not covered).

## What does it cover?

Like all insurance, the cover you receive from private medical insurance depends on the policy you buy. Basic private medical insurance usually covers the costs of most in-patient treatments (tests and surgery) and day-care surgery.

Some policies extend to out-patient treatments (such as specialists and consultants) and might pay you a small

fixed amount for each night you spend in an NHS hospital.

You might also be able to choose a policy which covers mental health, depression and sports injuries, but these aren't always covered.

## There are two main types of private medical insurance policy:

- Indemnity policies that meet the costs of having private medical treatment for an acute illness or injury on a short-term basis. This could include a private room in a hospital, surgeons' and other specialists' fees, outpatient treatment like physiotherapy, and day-care treatment including surgical and diagnostic procedures
- Cash plan policies which provide a lump sum benefit payment in certain situations. Generally, the consumer will pay a monthly premium in return for cover, for up to 100% of costs for treatment like an inpatient stay in an NHS hospital, or dental or optical treatment. These may not be included under an indemnity policy.

## Both indemnity and cash-plan policies can have additional benefits. For example:

- Cover for partners and/or children
- One-to-one telephone support for cancer and heart patients

- Patient health checks and helplines
- Access to complementary therapies and psychiatric treatment
- Dental and optical treatment
- Treatment at home for intravenous therapies like chemotherapy

Another variation is a six-week plan, which covers the costs of private medical treatment when NHS waiting times for that treatment are likely to be more than six weeks.

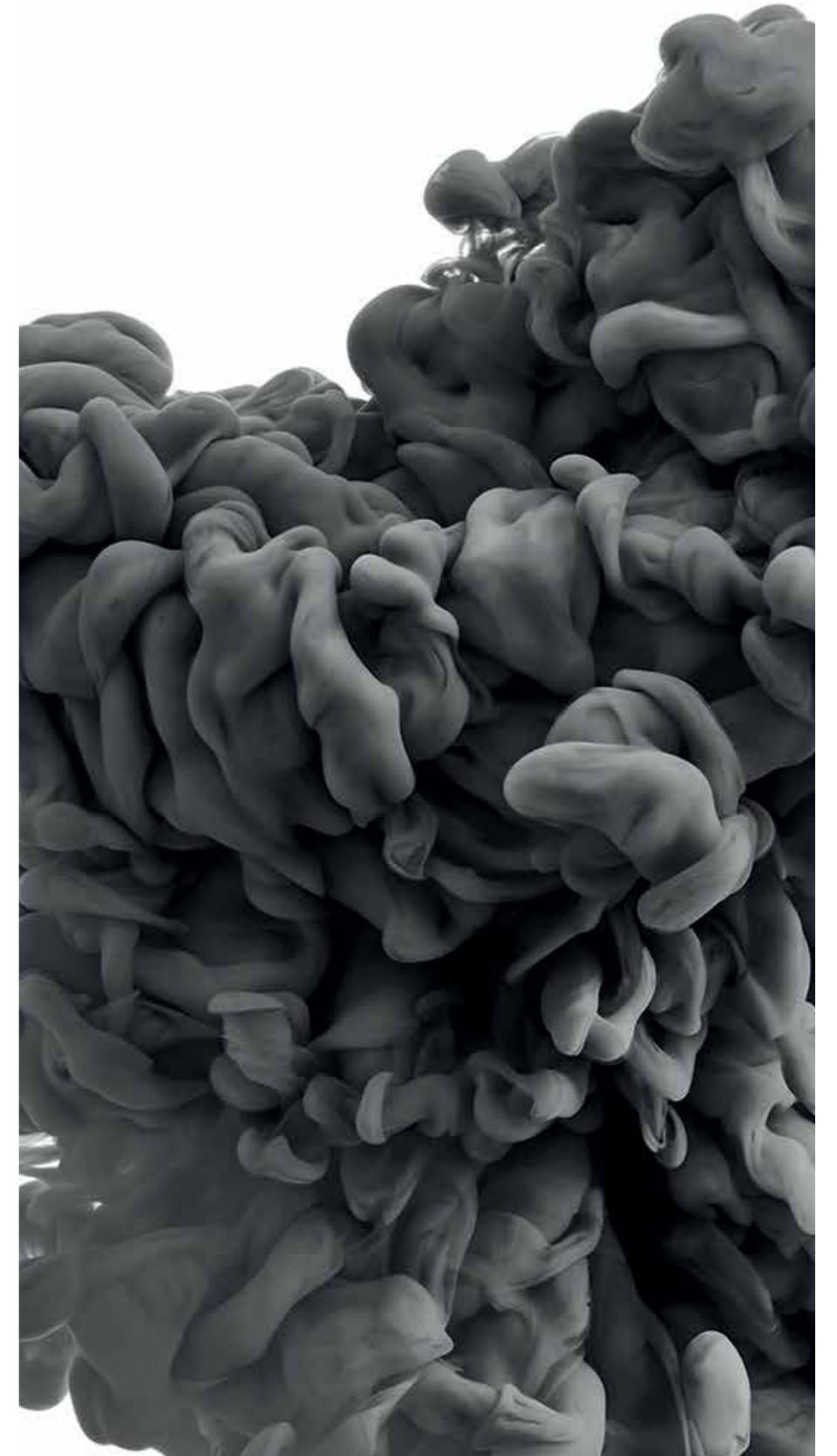
International private medical insurance policies (IPMI) provide medical treatment costs cover to expatriates living overseas.

## Main benefits of private medical insurance are:

- Shorter waiting times for treatment on the NHS
- Better facilities
- Faster diagnosis
- Choose from a range of private facilities
- Choose a convenient time for appointments and treatments

Nothing is more important to you than your health and the health of your family. If you or your loved ones were to experience worrying symptoms, private medical insurance offers reassurance and control at a difficult time.

THE PLAN WILL HAVE NO CASH IN VALUE AT ANY TIME AND WILL CEASE AT THE END OF THE TERM. IF PREMIUMS ARE NOT MAINTAINED, THEN COVER WILL LAPSE.





# LONG-TERM CARE

## *Finding the money for looking after us if we need care in old age*

With the UK's population ageing, more people will be living with long-term care needs. Oscar Wilde once said: 'The tragedy of old age is not that one is old, but that one is young.' But the good news of rising life expectancy also brings with it the challenge of how we fund our future care costs. The question is: who is responsible for looking after us if we need care in old age?

As we get older, it becomes more likely that we may need day-to-day help with activities such as washing and dressing, or help with household activities such as cleaning and cooking. This type of support along with some types of medical care is what is called 'long-term care'.

### **A good life in old age**

Demand for long-term care is expected to rise, thanks in part to our ageing population and increasing prevalence of long-term conditions such as dementia. This makes planning ahead essential, but when it comes to funding later life, it can get quite complicated, particularly since the costs depend on several unknowns including how long we are going to live.

The matter is further exacerbated because of how local authorities calculate whether a person needs financial assistance for the cost of residential care.

### **Level of state support**

The level of state support received can be different depending on whether you live in England, Wales, Scotland or Northern Ireland.

In England and Wales, for example, you can currently receive means-tested state assistance which depends on your savings and assets. For instance, if your savings and assets are above £23,250 in England, you will normally be expected to pay for the full cost of long-term care yourself.

Government state benefits can also provide some help but may not be enough or may not pay for the full cost of long-term care.

### **Financial support assistance**

Long-term care plans can provide the financial support you need if you have to pay for care assistance for yourself or a loved one. Additionally, some long-term care plans will cover the cost of assistance for those who need help to perform the basic activities of daily life such as getting out of bed, dressing, washing and going to the toilet.

You can receive long-term care in your own home or in residential or nursing homes.

Regardless of where you receive care, paying for care in old age is a growing issue.

### **Planning for long-term care**

There are a number of different ways to fund long-term care. These are some of the main options available for people needing to make provision.

### **Immediate needs annuities**

This annuity is a type of insurance

policy that provides a regular income in exchange for an upfront lump sum investment. When used for long-term care, they provide a guaranteed income for life to pay for care costs in exchange for a one-off lump sum payment if you have care needs now. Income is tax-free if it is paid directly to the care provider.

### **Enhanced annuities**

You can use your pension to purchase an enhanced annuity (also known as an 'impaired life annuity') if you have a health problem, a long-term illness, if you are overweight or if you smoke. Annuity providers use full medical underwriting to determine a more accurate individual price. People with medical conditions including Parkinson's disease and multiple sclerosis, or those who have had a major organ transplant, are likely to be eligible for an enhanced annuity.

### **Equity release schemes**

If you need to fund your long-term care and have already paid off (or nearly paid off) your mortgage, an equity release scheme, if appropriate, could be one option to consider. It is important to obtain professional financial advice before committing to an equity release scheme. Your individual circumstances need to be assessed, and this is why financial advice is a must in the process and a regulatory requirement.

These schemes give you the ability to obtain a cash lump sum as a loan secured on your home. However, it's essential to make an informed decision and consider the options and alternatives

available and any implications regarding state benefits, local authority support and tax obligations.

### **Savings and investments**

These two methods enable you to plan ahead and ensure your savings and assets are in place for your future care needs.

If you are already retired (or nearing retirement), you should ensure that your financial affairs are in order, for example, arranging or updating your Will or a Power of Attorney. It also makes sense to ensure your savings, investments and other assets are in order in the event that you or your partner may need long-term care in the future.

If you are of working age, you are in the best position to plan for your future care needs. Accumulating wealth through investments or savings while you are earning will help with the potential costs of long-term care in later life.

### **When planning for future care needs, what should you think about?**

- Who in your family may most need long-term care and for how long?
- Do you or another family member need to make long-term care provision now?
- Do you have sufficient money to pay for future long-term care fees?
- How long might you need to pay for a care fees plan?
- Is there the likelihood that home care or a nursing home may be required?
- What activities may you require help with, for example, help with dressing, using the toilet, feeding or mobility?
- Would your home require additional features such as a stair lift, an opening and closing bath or bath chair, and/or home help?

All in all, planning and timing is of utmost importance when it comes to funding for long-term care, and this is more the case now than ever.

EQUITY RELEASE MAY REQUIRE A LIFETIME MORTGAGE OR HOME REVERSION PLAN. TO UNDERSTAND THE FEATURES AND RISKS, ASK FOR A PERSONALISED ILLUSTRATION.



# MAKING A WILL

## *An essential part of your financial planning*

We spend our lives working to provide for ourselves and our loved ones. You may have a house or flat (in the UK or overseas), shares, savings and investments, as well as your personal possessions. All of these assets are your 'estate'. Making a Will ensures that when you die, your estate is shared according to your wishes.

Everyone should have a Will, but it is even more important if you have children, you own property or have savings, investments, insurance policies, or you own a business. Your Will lets you decide what happens to your money, property and possessions after your death.

If you make a Will, you can also make sure you don't pay more Inheritance Tax than you legally need to. It's an essential part of your financial planning. Not only does it set out your wishes, but die without a Will, and your estate will generally be divided according to the rules of intestacy – which may not reflect your wishes. Without one, the state directs who inherits – so your loved ones, relatives, friends and favourite charities may get nothing.

### **Same-sex partners**

It is particularly important to make a Will if you are not married or are not in a registered civil partnership (a legal arrangement that gives same-sex partners the same status as a married couple). This is because the law does not automatically recognise cohabitants (partners who live together) as having

the same rights as husbands, wives and civil partners. As a result, even if you've lived together for many years, your cohabitant may be left with nothing if you have not made a Will.

A Will is also vital if you have children or dependants who may not be able to care for themselves. Without a Will, there could be uncertainty about who will look after or provide for them if you die.

### **Peace of mind**

No one likes to think about it, but death is the one certainty that we all face. Planning ahead can give you the peace of mind that your loved ones can cope financially without you and, at a difficult time, helps remove the stress that monetary worries can bring. Planning your finances in advance should help you to ensure that, when you die, everything you own goes where you want it to. Making a Will is the first step in ensuring that your estate is shared out exactly as you want it to be.

If you leave everything to your spouse or registered civil partner, there'll be no Inheritance Tax to pay because they are classed as an exempt beneficiary. Or you may decide to use your tax-free allowance to give some of your estate to someone else or to a family trust. Scottish law on inheritance differs from English law.

### **Good reasons to make a Will**

A Will sets out who is to benefit from your property and possessions (your estate) after your death.

### **There are many reasons why you need to make a Will:**

- You can decide how your assets are shared – if you don't have a Will, the law says who gets what
- If you're an unmarried couple (whether or not it's a same-sex relationship), you can make sure your partner is provided for
- If you're divorced, you can decide whether to leave anything to your former partner
- You can make sure you don't pay more Inheritance Tax than necessary. Several people could make a claim on your estate when you die because they depend on you financially
- You want to include a trust in your Will (perhaps to provide for young children or a disabled person, save tax, or simply protect your assets in some way after you die)
- Your permanent home is not in the UK or you are not a British citizen
- You live here but you have overseas property
- You own all or part of a business

Before you write a Will, it's a good idea to think about what you want included in it.

### **You should consider:**

- How much money and what property and possessions you have
- Who you want to benefit from your Will
- Who should look after any children under 18 years of age
- Who is going to sort out your estate and carry out your wishes after your death (your 'executor')

### **Passing on your estate**

An executor is the person responsible for passing on your estate. You can appoint an executor by naming them in your Will. The courts can also appoint other people to be responsible for doing this job.

Once you've made your Will, it is important to keep it in a safe place and tell your executor, close friend or relative where it is.

### **Review your Will**

It is advisable to review your Will every five years and after any major change in your life, such as getting separated, married or divorced, having a child, or moving house. Any change must be by 'codicil' (an addition, amendment or supplement to a Will) or by making a new Will.

*Once you've made your Will, it is important to keep it in a safe place and tell your executor, close friend or relative where it is.*





# POWER OF ATTORNEY

## *Planning for the unexpected*

A Power of Attorney is a legal document that allows you to give someone else the legal authority to act on your behalf. There are several different types of Power of Attorney. A Lasting Power of Attorney (LPA) – previously called an ‘Enduring Power of Attorney’ – allows your attorneys to make decisions for you when you no longer wish to, or when you lack the mental capacity to do so.

When making an LPA, you are permitting someone to act on your behalf when you are no longer mentally capable of making decisions on your behalf.

### **Different types of LPA**

**Health and welfare** – this covers health and care decisions and can only be used once you have lost mental capacity.

### **A LPA can generally make decisions about things such as:**

- Where you should live
- Your medical care
- What you should eat
- Who you should have contact with
- What kind of social activities you should take part in

You can also give special permission for your attorney to make decisions about life-saving treatment.

**Property and financial affairs** – an LPA for financial decisions can be used while you still have mental capacity, or you

can state that you only want it to come into force if you lose capacity.

### **An LPA for financial decisions can cover things such as:**

- Buying and selling property
- Paying the mortgage
- Investing money
- Paying bills
- Arranging repairs to property

You can restrict the types of decisions your attorney can make, or you can let them make all decisions on your behalf.

If you’re setting up an LPA for financial decisions, your attorney must keep accounts and make sure their money is kept separate from yours. You can ask for regular details of how much is spent and how much money you have. This offers you an extra layer of protection. These details can be sent to your solicitor or a family member if you lose capacity.

### **Making decisions**

A property and financial affairs LPA allows your attorneys to make decisions regarding your finances. This could include decisions about paying bills, operating your bank accounts or even selling your home.

A health and welfare LPA allows your attorneys to make decisions for things such as medical treatment, accepting or refusing types of health care, and whether or not you continue to live in your own home. You can also give your attorneys the power to make decisions

about life-sustaining treatment for you. Your attorneys can be the same as those appointed under the property and financial affairs LPA.

### **Financial affairs**

If you decide not to make an LPA and subsequently lack the mental capacity to understand the nature and effect of the document, you may no longer be able to create an LPA. In those circumstances, if you are no longer mentally capable of dealing with your financial affairs, someone will have to make an application to the Court of Protection to be appointed as what is called your ‘deputy’. This process applies even if the person incapacitated is your spouse or registered civil partner.

### **To avoid the court making decisions on your behalf, it is therefore beneficial to create an LPA because it allows you to decide in advance:**

- The decisions you want to be made on your behalf if you lose the capacity to make them yourself
- The people you want to make these decisions
- How you want the people to make these decisions

### **Who will have the authority?**

If you’re married or in a registered civil partnership, you may have assumed that your spouse would automatically be able to deal with your bank account and pensions and make decisions about your healthcare if you lose the ability to do so. This is not the case. Without an LPA, they won’t have the authority.

### **Enduring Power of Attorney**

Enduring Powers of Attorney (EPA) were replaced by LPAs in October 2007. However, if you made and signed an EPA before 1 October 2007, it should still be valid.

You might already be using an EPA without having registered it so that someone can act on your behalf. This is fine until you become unable to make your own decisions relating to financial and property matters. Once this happens, your attorney must register your EPA before they can take any further action on your behalf.

An EPA only covers decisions about your property and financial affairs; an attorney doesn’t have power under an EPA to make decisions about your health and care. You might want to consider setting up an LPA for health and care decisions to work alongside the existing EPA.

# INHERITANCE TAX

*Leave your money for your family, not the taxman*

There are many things to consider when looking to protect your family and your home. Protecting your estate is ultimately about securing more of your wealth for your loved ones and planning for what will happen after your death to make the lives of your loved ones much easier. It's not nice to think about, but it means that your loved ones can carry out your wishes and be protected from Inheritance Tax.

If you don't make the right financial arrangements, your family could have to foot a hefty Inheritance Tax bill in the event of your premature death. Passing assets efficiently to the next generation remains a primary objective for many who have spent a lifetime accumulating their wealth. Providing funds for family members or a charitable interest is also an important way to see the benefit of your wealth during your lifetime as well as leaving a legacy.

## Peace of mind

Making sure that you've made plans for after you're gone will give you peace of mind. It's not nice to think about, but it means that your loved ones can carry out your wishes and be protected from Inheritance Tax.

You don't have to be wealthy for your estate to be liable for Inheritance Tax, and it isn't something that is paid only on death, as it may also have to be paid on gifts made during someone's lifetime. The rate of Inheritance Tax on death is 40% and on chargeable lifetime transfers at 20%.

Your estate will be liable if it is valued over the current Inheritance Tax threshold on your death. The Inheritance Tax threshold, or Nil Rate Band (NRB), is currently at £325,000 (2017/18). This amount has been frozen at £325,000 since 2009, and HM Revenue & Customs have confirmed that it will remain frozen at this level up to and including the 2020/21 tax year.

There is no accounting for inflation, and therefore the effect of this freezing of the NRB is such that increasingly more estates may have an Inheritance Tax liability.

## Residence nil rate band

HM Revenue & Customs have accepted that an increasing number of individuals with relatively modest assets – and particularly where they relate mainly to the value of the house – should not be subject to Inheritance Tax. From 6 April 2017, they have introduced an additional NRB for deaths which occur on or after 6 April 2017 where the main residence passes to direct descendants.

The amount of the relief is being phased in over four years starting at £100,000 in the first year and rising to £175,000 for 2020/21. This is available to each individual, and therefore for a married couple this is potentially £350,000. On the second death of the couple, there will potentially be in effect a total NRB band of £1 million from 2020/21.

The additional NRB can only be used in respect of one residential property which does not have to be the main family

home but must at some point have been a residence of the deceased.

The residence NRB may also be available where an individual downsized or ceased to own a home on or after 8 July 2015 where assets of an equivalent value, up to the value of the residence NRB, are passed on death to direct descendants. How this applies will be subject to conditions and depends on the total value of the estate and the home.

Any unused proportion of the NRB or residence NRB belonging to the first spouse or registered civil partner to die can be passed to the surviving spouse or registered civil partner.

## Exemptions

Moving ownership of assets to your spouse or registered civil partner may help reduce the Inheritance Tax liability on your estate. However, don't forget that this can cause an increased Inheritance Tax liability when they die. There are also exemptions if you make a donation to a charity.

## Making gifts

If you can afford to make gifts during your lifetime, this will also reduce the value of your estate, and so your ultimate Inheritance Tax liability. You can make a gift of up to £3,000 a year without any Inheritance Tax liability, and if you don't use this whole allowance, it can be carried forward to the next tax year. You can also give gifts of up to £250 a year to any number of people with no IHT liability.

There are two types of gift which currently have tax implications. The first is Chargeable Lifetime Transfers (CLTs). The most common chargeable transfers are lifetime gifts into Discretionary Trusts. A transfer will be charged if (together with any chargeable transfers made in the previous seven years) it exceeds the Inheritance Tax NRB (currently £325,000). Tax is paid at 20% on excess over the NRB.

The other type of gift to be aware of is Potentially Exempt Transfers (PETs). Gifts between individuals or into a bare trust arrangement are examples of PETs. These gifts are free from Inheritance Tax provided you survive more than seven years beyond the date of the gift. The other area to be aware of is that if you are making a gift but try to reserve any of the benefit for yourself,

for example, retaining dividend income from shares you have gifted, or living rent-free in a property you have. The gift will not be effective for Inheritance Tax planning purposes.

## Life insurance policy

Taking out a life insurance policy written under an appropriate trust could be used towards paying any Inheritance Tax liability. Under normal circumstances, the payout from a life insurance policy will form part of your legal estate and may therefore be subject to Inheritance Tax. By writing a life-insurance policy in an appropriate trust, the proceeds from the policy can be paid directly to the beneficiaries rather than to your legal estate and will therefore not be taken into account when Inheritance Tax is calculated. It also means payment to your beneficiaries will probably

be quicker, as the money will not go through probate.

INFORMATION IS BASED ON OUR CURRENT UNDERSTANDING OF TAXATION LEGISLATION AND REGULATIONS. ANY LEVELS AND BASES OF, AND RELIEFS FROM TAXATION, ARE SUBJECT TO CHANGE.





# SETTING UP A TRUST

*Reduce how much IHT your estate will have to pay on your death*

The structures into which you can transfer your assets can have lasting consequences for you and your family, and it is crucial that you choose the right ones. The right structures can protect assets and give your family lasting benefits. A trust can be used to reduce how much Inheritance Tax your estate will have to pay on your death.

## Legal arrangement

A trust, in principle, is a very simple concept. It is a legal arrangement where the ownership of someone's assets (such as property, shares or cash) is transferred to someone else (usually a small group of people or a trust company) to manage and use to benefit a third person (or group of people). Broadly speaking, there are three types of trust to choose from: a Discretionary Trust, Life Interest Trust and Bare Trust. An appropriate trust can be used to reduce how much Inheritance Tax your estate will have to pay on your death.

## Bare (Absolute) Trusts

The beneficiaries are entitled to a specific share of the trust, which can't be changed once the trust has been established. The settlor (the person who puts the assets in trust) decides on the beneficiaries and shares at outset. This is a simple and straightforward trust – the trustees invest the trust fund for the beneficiaries but don't have the power to change the beneficiaries interests decided on by the settlor at outset. This trust offers the potential Income and Capital Gains Tax benefits, particularly for minor beneficiaries. For

minor beneficiaries, if funds are provided by the parents, the income can be taxed on the parents if it exceeds £100pa (parental settlement rules).

## Life Interest Trusts

Typically, one beneficiary will be entitled to the income from the trust fund whilst alive, with capital going to another (or other beneficiaries) on that beneficiary's death. This is often used in Will planning to provide security for a surviving spouse, with the capital preserved for children. This can also be used to pass income from an asset onto a beneficiary without losing control of the capital. This can be particularly attractive in second marriage situations when the children are from an earlier marriage.

## Discretionary (Flexible) Trusts

The settlor decides who can potentially benefit from the trust, but the trustees are then able to use their discretion to determine who, when and in what amounts beneficiaries do actually benefit. This provides maximum flexibility compared to the other trust types and for this reason is often referred to as a 'Flexible Trust'.

TAX TREATMENT DEPENDS ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN THE FUTURE. THE INFORMATION GIVEN IS NOT INTENDED TO PROVIDE LEGAL, TAX OR FINANCIAL ADVICE.

# GLOSSARY

*Protection jargon explained*

## Assured

A person or persons who are insured under the terms of a protection policy.

## Convertible Term Insurance Policy

A term insurance policy gives the owner the option to convert the policy to a whole-of-life contract or endowment without the need for medical checks.

## Critical Illness Policy

Critical illness cover is an insurance policy that pays out a guaranteed tax-free cash sum if you're diagnosed as suffering from a specified critical illness covered by the policy. There is no payment if you die. You can take out the plan on your own or with someone else. For joint policies, the cash sum is normally payable only once on the first claim.

## Decreasing Term Insurance Policy

A term insurance policy is designed to reduce its cover each year, decreasing to nil at the end of term. Decreasing term insurance cover is most commonly used to cover a reducing debt or repayment mortgage.

## Deferred Period

A period of delay prior to payment of benefits under a protection policy. Periods are normally 4, 13, 26 or 52 weeks – the longer the period, the cheaper the premium.

## Family Income Benefit

A term insurance policy that pays regular benefits on death to the end of the plan term.

## Guaranteed Premiums

This means the premiums are guaranteed to remain the same for the duration of the plan, unless you increase the amount of cover via 'indexation'.

## Income Protection Policy

This insurance policy provides you with a regular tax-free income if, by reason of sickness or accident, you are unable to work, resulting in a loss of earnings. Income protection is also known as 'permanent health insurance' (PHI).

## Indexation

You can arrange for your insurance benefit and premiums to increase annually in line with inflation or at a fixed percentage. Premiums are normally increased in line with RPI (Retail Prices Index) or NAEI (National Average Earnings Index).

## Inheritance Tax

Not everyone pays Inheritance Tax. It's only due if your estate – including any assets held in trust and gifts made within seven years of death – is valued over the current Inheritance Tax threshold (£325,000 in 2017/18). Married couples and registered civil partners can effectively increase the threshold on their estate when the second partner dies – to as much as £650,000. Inheritance Tax is payable at 40% on the amount over this threshold, or 36% if the estate qualifies for a reduced rate as a result of a charitable donation.

## Insurable Interest

A legally recognised interest enabling a person to insure another. The insured must be financially worse off on the death of the life assured.

## Joint Life Second Death

A policy that will pay out only when the last survivor of a joint life policy dies.

## Level Term Insurance Policy

A life insurance policy that pays out a fixed sum on the death of the life assured within the plan term. No surrender value is accumulated.

## Life Assured

The person whose life is insured against death under the terms of a policy.

## Life Insurance Policy

An insurance policy that pays out a guaranteed cash sum if you die during the term of the plan. Some term assurance policies also pay out if you are diagnosed as suffering from a terminal illness. You can take out the policy on your own or with someone else. For joint life insurance policies, the cash sum is normally payable only once on the first claim.

## Mortgage Protection Policy

'Mortgage life insurance' or 'repayment mortgage protection' is an insurance policy to cover your whole repayment mortgage, or just part of it. The policy pays out a cash sum to meet the reducing liability of a repayment mortgage. You can take out the policy on your own or with someone else. For

*Financial protection benefits have become more important as financial foundations have shifted, government resources have been strained and costs have climbed.*

joint policies, the cash sum is normally payable only once on the first claim.

#### **Paid-up Plan**

A policy where contributions have ceased, and any benefits accumulated are preserved.

#### **Permanent Health Insurance Policy**

Cover that provides a regular income until retirement should you be unable to work due to illness or disability. Also known as 'Income Protection'.

#### **Renewable Term Insurance Policy**

An ordinary term insurance policy with the option to renew the plan at expiry without the need for further medical evidence.

#### **Reviewable Premiums**

Plans with reviewable premiums are usually cheaper initially. However, the premiums are reviewed regularly and can increase substantially.

#### **Surrender Value**

The value of a life policy if it is encashed before a claim due to death or maturity.

#### **Sum Assured**

The benefit payable under a life insurance policy.

#### **Term Assurance Policy**

A life insurance policy that pays out a lump sum on the death of the life assured within the term of the plan.

#### **Terminal Illness**

Some life insurance policies include this

benefit free of charge, and this means the life insurance benefit will be paid early if you suffer a terminal illness.

#### **Total Permanent Disability Cover**

Total Permanent Disability Cover is sometimes available as part of a life insurance policy, but more often as part of a critical illness policy. It pays out a lump sum if you are diagnosed as disabled with no chance of recovery. Not to be confused with permanent health insurance (see 'Income Protection Policy').

#### **Trusts**

Many insurance companies supply trust documents when arranging your policy. Placing your policy in an appropriate trust usually speeds up the payment of proceeds to your beneficiaries and may also assist with Inheritance Tax mitigation.

#### **Waiver of Premium**

If you are unable to work through illness or accident for a number of months, this option ensures that your cover continues without you having to pay the policy premiums.

#### **Whole-Of-Life Insurance Policy**

Unlike term insurance, whole-of-life insurance policies provide life insurance protection for the life of the assured individual(s). Cover may either be provided for a fixed sum assured on premium terms established at the outset, or flexible terms which permit increases in cover once the policy is in force – within certain pre-set limits – to reflect changing personal circumstances.





# TIME TO MAKE THE RIGHT PROTECTION DECISIONS TO BEST MEET YOUR REQUIREMENTS?

Many people think of wealth as the value of their savings, investments and assets. However, the ability to keep earning an income is equally important. With our professional advice, you can be confident of making the right protection decisions to best meet your requirements.

**To review your situation, please contact us  
– we look forward to hearing from you.**

*The content of this guide is for your general information and use only, and is not intended to address your particular requirements. The content should not be relied upon in its entirety and shall not be deemed to be, or constitute, advice. Although endeavours have been made to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough examination of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions taken in respect of the content. Thresholds, percentage rates and tax legislation may change in subsequent Finance Acts. Levels and bases of, and reliefs from, taxation are subject to change and their value depends on the individual circumstances of the investor. The value of your investments can go down as well as up and you may get back less than you invested.*