

For Adviser use only

OneFamily

GUARANTEED 50 PLUS LIFE COVER

Suitability Guide



This guide provides key information about this product, to assist you in drafting the suitability reports for your clients, following your advice process.

Please note that OneFamily has taken care to ensure the accuracy of the information at the time of issue, but does not accept any liability resulting from your use of the content or any of the statements provided. All advice and information provided by you must be based on your client’s individual circumstances. If you choose to use any of the information we have provided, you are responsible for ensuring that your regulatory obligations are met.

We assume that you have gone through a fact find with your client and have made a recommendation for OneFamily’s Guaranteed 50 Plus Life Cover, based on your client’s circumstances.

This guide is designed to give you key technical information about the product and help you to provide justification in cases where the Guaranteed 50 Plus Life Cover from OneFamily is the appropriate option for your client’s needs. It outlines the facts about the product and it also provides information on risks, the benefits of mutuality and our financial status.

This document aims to give you guidance on what you would need to address during your fact-find meeting and subsequent suitability report/letter for your clients and you may need to add information from your advice process where necessary. As the circumstances of each client vary, each suitability report will need to be heavily personalised.

Please note that whilst OneFamily has produced this suitability guide to provide you with access to key information, these are examples only and may not be exhaustive. You are solely responsible for ensuring that the content of your recommendations are appropriate for each client and that they meet regulatory requirements.

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1 Protection Consideration for Advisers

The UK's population is ageing due to the large number of people born in the post second world war baby boom. In addition, many improvements in the UK's healthcare have increased longevity. An estimated 3.1m people aged 50+ are living with serious illness in the UK and this is likely to rise to 4m by 2025.. (Source: The 'Serious Illness in the Over 50s' report, The International Longevity Centre—UK (ILC UK) 2015).

The new flexibility in the retirement and later life arena (brought about by Pension Reform) has resulted in a greater need for clients to seek advice about all aspects of their financial needs.

Important information to consider

- Serious illness covers a range of conditions, many of which disproportionately affect the lives of older people
- An estimated 3.1 million people aged 50+ are living with serious illness in the UK as a whole*
- The costs associated with someone dying are rising#
- It is estimated that over the next 20 years the number of deaths is likely to rise by 20%#
- Between 2012 and 2014 average burial costs in the UK rose by 9% and cremation costs rose by 12% and it's predicted that the average cost of a funeral could rise to £7,000 by 2020#
- More than half of UK households have less than £3,000 in savings and it is estimated that 22% of those who have arranged a funeral in the past five years had to do it without financial provision having been made by the deceased#

Sources:

* International Longevity Centre, 2015 — Serious Illness in the Over 50s Report

International Longevity Centre, 2015 — The Funeral Time Bomb Report

2 Client Requirements

You must ensure that you understand the Guaranteed 50 Plus Life Cover from OneFamily as outlined in the Policy Summary document. [Click here for more product information.](#)

It is important that you have explained to your client how the product works and the options they can choose. (Please refer to section 5) At this point you will have undertaken a quote ([click here to go to our online quote page](#)).

Quotes for Guaranteed 50 Plus Life Cover can also be obtained using the following comparison tools:

- **IRESS Exchange**
- **IPipeline Assureweb**
- **Synaptic**

It is important that the following considerations are established through your fact-finding process. Please note that this is not an exhaustive list and you are responsible for ensuring appropriate advice is given.

- **Health and Lifestyle:**
Have you discussed your client's health and lifestyle with them and established smoker status, personal and family medical history with them?
- **Impact of illness:**
Have you discussed the impact on your client's finances and family life in the event of serious or terminal illness?
- **Funding the plan:**
Have you discussed with your client the source of funds for this plan and affordability for them or their family? Have you explored the potential that the customer may pay more in premiums than the policy would pay out?
- **Attitude to risk:**
Have you discussed your client's attitude to risk for potentially stopping premiums and losing essential cover?
- **Capacity for loss:**
Have you discussed the financial impact of death on your client and members of their family? Have you discussed the rising cost of funeral funding?
- **Review of existing plans:**
Have you reviewed your client's existing protection plans with them?
- **Cost of delay:**
Have you discussed the financial impact of delaying the decision to consider the right protection product to suit identified needs?
- **Cover needs:**
Have you discussed your client's needs for lump sum payments to help provide some security and affordability for expenses in the event of serious or terminal illness, or death?
- **Wealth Management:**
Have you discussed your client's approach to managing their wealth and considered elements such as balancing debt, regular income and death benefits?
- **Personal tax position:**
Have you reviewed with your clients their personal tax situation?
- **Wills and Trusts:**
Have you discussed their desire to have made some provision for their funeral and their funeral wishes to be made known before death?

3 Protection Planning Options

This section will help summarise those products which have been chosen or discounted for your clients following the fact find. At this point you should have undertaken a fact find to understand your client's objectives in later life.

The protection products for consideration are:

- Whole of Life
 - o Unit linked whole of life
 - o Pure protection whole of life
 - o Over 50s whole of life
- Term Assurance
- Income protection
- Critical Illness
- Mortgage payment protection
- Personal accident and sickness
- Accident sickness and unemployment
- Funeral planning

For each of these protection products, insert a reason for non-suitability based on your client's financial objectives.

4 Product Suitability

We provide the only Guaranteed 50 Life Cover in the market with both Serious Illness and Terminal Illness benefit payments. Like other providers OneFamily Guaranteed 50 Plus Life Cover plan helps provide peace of mind for customers whose priority is the reassurance of a guaranteed pay—out on a whole of life basis and is attracted by the offer of guaranteed acceptance, (subject to existing premiums and cover) without a medical for all UK residents aged between 50 and 80.

They may be seeking the flexibility of a partial pay-out if they are diagnosed with a serious illness. They may be looking to help make sure their dependants won't face financial difficulties when it comes to affording the cost of a funeral and they may have suggested they would appreciate the help of an array of additional complementary support and assistance services.

The following list provides information to indicate when Guaranteed 50 Plus Life Cover from OneFamily could be suitable:

- They have indicated that they have a previous medical history and because of this they may find it difficult to be accepted on standard terms for life cover.
- They want to make available a lump sum payable on their death to help mitigate funeral costs.
- The client understands the One Family Guaranteed 50 plus Life Cover will provide additional cover alongside their existing arrangements for protection against long term liabilities, e.g. mortgages or loans.
- They have a need to place the policy in trust.
- They want the ability to access a lump sum if they want to make a claim in the event of serious or terminal illness.
- They would find benefit from the support provided by RedArc and Grace Consulting.
- The provision of life cover can be an allowable expense in the event of an existing IVA/Bankruptcy.

The following list provides key examples of when the client has provided information to indicate the Guaranteed 50 Plus Life Cover from OneFamily is not suitable for them:

- The client is aged under 50 or over 80
- They are not a UK resident
- They are looking for a joint policy
- The client's risk to cover exceeds the maximum sum assured applicable to them
- They wish to provide for IHT planning.
- They would rather have a standalone Critical illness plan

5 Product Options and 'base text' for a suitability letter

There are a number of options that need to be made by the client when discussing the policy. These options may affect the way OneFamily are able to pay the sum assured on death should your client decide to proceed with the Guaranteed 50 Plus Life Cover from OneFamily. It is important that you have explained to the client how these options will affect their circumstances in the long term.

Please note that OneFamily has taken care to ensure the accuracy of the information at the time of issue, but does not accept any liability resulting from your use of these statements. We have produced a range of template paragraphs that are designed to describe generic features of the Guaranteed 50 Plus Life Cover. You can use and adapt these paragraphs to help construct your own Suitability letters, to help ensure they are clear, fair and not misleading. Please note they must be based on your client's individual circumstances.

If you choose to use any of this text you are responsible for ensuring that your regulatory obligations are met.

Options for how the Sum Assured can be paid out

Your client should understand that the decisions they make at the outset should be made with professional advice. These decisions include but are not limited to:

- [Funeral funding option](#)
- [Nominated beneficiary option](#)
- [Trust option](#)

The following provide details of each of the Guaranteed 50 Plus Life Cover options and an example of when they may be suitable.

Your client has chosen the Funeral funding option (Refer to paragraph 9)

This option will allow your client's life cover to go directly towards the cost of their funeral if arranged by the Cooperative Funeral care or Golden Charter. There is no need to wait for the estate to be distributed or for probate. The funeral director will also make a £250 contribution towards the cost of the funeral. Your client has the chance to specify their wishes for the details of the service.

This option can be removed at a later date if the client or family change their mind. However, once removed it cannot be reinstated.

There are important things to remember about our Funeral Funding Option – please see the Funeral Costs Report for more information (www.onefamilyadviser.com/downloads/documents/funeral-costs-report-2016.pdf)

Your client has chosen the Nominated beneficiary option (Refer to paragraph 8)

As a Friendly Society, our status enables us to make a cash pay-out of up to £5,000 in total to a named beneficiary (or beneficiaries), without having to wait for probate. Your client can nominate beneficiaries of the life policy, without the need to place the policy in trust. They can do this at any time. This option can be utilised alongside the funeral funding option. If both options are selected, funeral funding option will take precedence.

Your client has chosen the Trust option

The Guaranteed 50 Plus Life Cover can be placed in trust and will negate the need to wait for probate. We can provide a Flexible Trust Deed for you to use with your customers which allows the customer to claim the Serious Illness and Terminal Illness benefit payments if required. We recommend your clients seek legal advice when preparing a trust. If the policy is written in trust, the customer cannot nominate beneficiaries or apply the funeral funding option.

Policy 'base text' for a suitability letter:

1. Guaranteed 50 Plus Life Cover offers guaranteed acceptance without a medical (subject to existing premiums and cover) even if you have a pre-existing medical condition. You must be a UK resident aged between 50 and 80.
2. Guaranteed 50 Plus Life Cover is a whole of life plan which provides a cash sum when the insured person dies. Premium collections will finish when the insured person turns 90 years old, but they remain covered until death (unless a claim is made against terminal or serious illness). Please also note, this cover is not a savings plan.
3. If death occurs within the first two years other than by accident, the plan will pay out a lump sum equivalent to 150% of the premiums paid. If, within the first two years death occurs as a result of an accident, the policy will pay a lump sum of 3 times the life cover amount up to a maximum pay out of £48,000.
4. OneFamily has quoted a premium of £xxxxx a month based on your age and smoker/non-smoker status. You are responsible for paying all the premiums until you reach the age of 90. Provided all premiums up to the 90th birthday have been paid, cover will continue until death or until the terminal illness benefit is claimed. If you stop paying the premiums before your 90th birthday, the cover will end and you will not receive any money back. This plan offers life cover together with serious and terminal benefits and has no cash in value at any time. Like other plans of this type, depending on how long premiums are paid for, the total premiums paid may be greater than the sum which the plan would pay out when a claim is made.
5. Based on your circumstances (insert the client's personal and financial objectives) I recommend a whole of life plan to provide a lump sum of £xxxxxx payable on your death after the first two years.
6. I recommend a whole of life plan because this type of plan has no fixed end date. As long as premiums are paid, you're covered no matter when you die (assuming no terminal illness benefit has been claimed). The amount payable on death normally forms part of your estate and therefore may be subject to inheritance tax unless the plan is written in trust. Premiums are fixed for the duration of the policy. Over time inflation will reduce the buying power of the amount paid out.

7. Guaranteed 50 Plus Life Cover includes cover in the event of serious and terminal illness at no extra cost, which is subject to a valid claim from our defined serious and terminal illness conditions, outlined in our Policy Summary. After the first two years of the policy running, if you are diagnosed with a serious illness you will be entitled to a 20% pay out of the sum assured (the sum assured and terminal illness benefit will then be reduced by 20%). This serious illness benefit can only be claimed once during the life time of the policy. If you are diagnosed with a terminal illness after the first two years of the policy running, you will be able to claim the full life cover amount less any serious illness benefit already paid. If the terminal illness benefit is claimed then the policy will close and no money will be paid out on death.
8. This policy gives you an option to nominate beneficiaries to receive a lump sum of up to £5,000 when you die. £5,000 is the overall maximum which can be nominated and is not an amount per policy or per beneficiary. It may be subject to IHT. Nominating a beneficiary means that all or part of your cash lump sum can be paid directly to your beneficiaries after a successful claim. Any excess over £5,000 would be payable to the estate.
9. The funeral funding option is a free addition to the Guaranteed 50 Plus Life Cover plan that makes arranging your funeral much simpler. It allows you to arrange for a payment to be made directly from your policy proceeds towards a funeral arranged by either the Co-operative Funeralcare or Golden Charter. This option will not cost you anything extra and as an additional benefit, the chosen funeral provider will make a £250 contribution towards a funeral arranged by them. If the sum assured is more than the cost of your funeral, your nominated beneficiary or administrator of your estate will need to claim the excess from OneFamily. You should visit the OneFamily website (www.onefamily.com) for more information about the Funeral Funding Option.

6 Other Services Provided

On purchasing the policy your client has access to a range of free advice and support services that they and their family can use. As members of OneFamily, the services your client can use are:

OneFamily Health Support Service:

If your client is diagnosed with a serious illness, OneFamily can put them in touch with an experienced nurse who will offer both emotional support and practical advice to help them cope with treatment, recuperation and recovery. Throughout their illness, the same nurse will always be available. Your client's nurse will give your client all the support they need, for as long as they need it.

RedArc provides this service for all Over 50s customers.

[Click here for more information](#)

OneFamily Care Advice Service:

Care advice is available for your client if they need help themselves or advice on the support that a member of their family may need. OneFamily can introduce them to a long- term care adviser who can offer free initial information and guidance. If your client would like specific consultation, they can also claim discount on the fees charged for these services.

Grace provides this service for all Over 50s customers.

[Click here for more information](#)

OneFamily Legal Advice:

In the event of your client needing legal advice, OneFamily can put them in touch with their own legal adviser who will offer free initial advice. They can help with everything from family law to conveyancing, employment law to personal injury claims and there's no charge unless they decide to instruct on the back of the advice they receive. The service is provided by Co-operative Legal Services for all OneFamily members.

[Click here for more information](#)

OneFamily Estates and Probate:

One of the hard things to deal with when someone passes away is the sheer number of practical things to be done. That's why OneFamily can put your client in touch with a dedicated bereavement adviser who can help them work through all that needs to be done, and make a difficult time a little easier to bear. The service is free, and comes from experts at Co-operative Legal Services.

[Click here for more information](#)

7 Risks and consideration

Suitability letters should be personal, explain the reasons why a recommendation has been made and highlight any risks involved.

Section 5 includes the risk statements that you should consider.

The key considerations are:

- If a customer dies of natural causes in the first two years, the plan will pay out the premiums paid plus 50% on top.
- If a customer dies in the first two years as the result of an accident, the plan will pay out 3 times the sum assured subject to a maximum payout of £48,000.
- If a customer dies after the plan has been running for two years, it will pay out the sum assured less any serious illness benefit which may have been paid.
- Serious & Terminal illness benefits will only be paid where diagnosis is made after the plan has run for two years.
- Serious illness benefit can only be claimed/will only be paid once.
- If Serious illness benefit is paid, this will reduce the sum assured and terminal illness benefit by 20%.
- If Terminal illness benefit is paid, the plan will end and there will be no payment made on death.
- Premiums are payable by the customer up to their 90th birthday. After that date, premiums will stop but cover will continue for life.
- If the customer stops paying their premiums the plan will end, all cover will cease and they will not get anything back.
- Over time inflation will reduce the buying power of the sum paid out.
- Depending on how long premiums are paid for, the customer may pay more than the plan would pay out.
- The amount paid out on death normally forms part of the customer's estate and may be subject to inheritance tax unless the policy is written in trust.
- This is not a funeral plan and may not meet the full cost of the customer's funeral.
- This is not a savings plan and has no cash value except when a valid claim is made.

8 Risks and consideration

OneFamily is here to enable families to deal with the financial demands of modern life. As a mutual organisation, we don't have shareholders to pay dividends to and our aim is to use profits for the benefit of our members. Your client automatically becomes a member when they take out an Over 50s plan. OneFamily is one of the largest mutual insurers around, providing life insurance and looking after savings and investments worth around £7.4 billion for over 2 million members.

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