# Immediate Lifetime Care

This brochure gives you an overview of the Immediate Lifetime Care plan. It also tells you, on pages 4 & 5, about an option you might choose called "term assurance" or "premium protection". The brochure is written as if the plan is for your benefit, although you may be buying it for someone else. For full details of the plan, it's important you read the Key Features document and any illustrations from your Financial Adviser. Please call us on **0345 777 7543** should you have any questions.

## What is an Immediate Lifetime Care plan?

It's a type of annuity for people who need long-term personal or medical care. The plan is designed for individuals who are receiving care because they need help with everyday tasks or supervision in the case of mental impairment, and this is expected to be permanent. In return for a single premium, the Immediate Lifetime Care plan will pay a regular monthly benefit to your care provider for the rest of your life. The benefit payments can start as soon as you have paid the premium.

## Am I eligible to apply for the plan?

You need to be 60 or over and resident in the UK when you apply.

You will need to go through a financial adviser, who may charge a fee for advice. Your financial adviser can look at your personal circumstances with you, and help with anything that you may not understand. If you don't have an adviser, you can find one by visiting **unbiased.co.uk**.

## Can I cash-in my plan?

No. The plan has no surrender value. This means that once you have paid the premium you are not entitled to receive a refund even if you recover. The plan can, however, be cancelled during the 30 day 'cooling off' period, and the premium will be refunded in full. Similarly, if you die during the 30 day 'cooling off' period, the premium will be refunded in full. However, if we have added an adviser charge to your premium and paid your adviser, the adviser charge will not be refunded by us.

On your death outside the 30 day period, your estate will not receive any payment from this plan unless you choose to purchase one of the short term or long term premium protection options with this plan. You can read more about these options on page 4 of this brochure.

## What are the charges?

Your premium covers our administration costs, and your long term care benefits reflect this. However, your adviser may charge you for the advice that they give you. We can add the adviser charge to your premium, or you can pay your adviser directly. Your financial adviser should be able to explain what this means for you.

## When are the payments made?

Once you have paid the premium, we will start to make regular monthly payments and they will continue for the rest of your life.

## Can the payments increase each year?

Yes, the plan provides a choice of different rates of increase which aim to cover the amount that your care fees may rise by each year. You select a rate at the start of the plan, and this cannot be altered once the plan has started. The rate of increase you choose isn't guaranteed to match future increases in your care costs, so you would need to pay any shortfall yourself. If you choose to have increasing benefits the single premium will be higher than if you didn't. For more information about the increase options, please see your Key Features document.

## What if I no longer require care?

The payments will continue to be made to you for the rest of your life, but they may be liable to tax. Your financial adviser will be able to give you more information about your own tax position.

## What is the income tax position on the payments?

Your payments are tax-free as long as they are paid direct to a 'registered care provider'. A registered care provider is a care home or formal home care agency that is registered with the Care Quality Commission (CQC). You can find out more about the CQC at **cqc.org.uk**.

If part or all of the payments cannot be made direct to a registered care provider, they will be made to you or the unregistered care provider after a deduction of basic rate tax has been made. Depending on your personal circumstances you may be eligible to reclaim some or all of the tax, or you may be subject to additional higher rate tax on any part of the regular payment that is taxable.

This information is based on our interpretation of current HM Revenue & Customs practice, which can change over the life of your plan. Tax treatment is subject to change and individual circumstances. Your financial adviser can give you more information about tax.

## What if government policy changes and the state will pay for my care costs?

If the law changes after you have taken out a plan and all or some of your care costs will be paid for by the state, then Aviva will act in line with our Lifetime Care Charter. The essence of the charter is as follows:

If a future change in UK legislation regarding the funding of long-term social care directly leads to a plan holder having an unnecessary level of care benefit, then Aviva will return the difference between:

- What the premium was at the start of the plan
- What the premium would have been had we known how legislation would change, and thus allowed for the possibility that some or all of our care benefit might be replaced by new state contributions towards care costs.

Aviva will need you to provide us with evidence to show that the level of benefit chosen at the start of the plan has become excessive. The evidence will need to show that this is as a direct result of a change in legislation that increases the amount that the state is contributing towards your care.

Please note that our Lifetime Care Charter may be withdrawn at any time. However, if it was available when you bought your plan, you will still benefit from the cover it provides.

## What are the drawbacks of an Immediate Lifetime Care plan?

The cost of an Immediate Lifetime Care plan can be high and depends on the amount of care fees you wish to cover and the state of your health.

The premium you pay may not be enough to cover the full costs of your care, and you might need to make up any shortfall yourself. Another drawback is that the monthly payments might not keep up with the rising cost of care. Any shortfall will need to be met by you.

There is no cash-in value, so you could pay for the plan and then die soon after, with nothing from the plan being left to your estate. Even if you choose to pay extra for the premium protection cover (see page 4), your estate will receive nothing if you die after the premium protection term has finished. The same applies if you buy the plan and then later make a full recovery and no longer need care.

Some state and local authority benefits are means-tested and your entitlement, if any, to receive them may be affected by the payments from an Immediate Lifetime Care plan. Attendance Allowance, Personal Independence Payment and NHS-funded nursing care are not currently affected.

This is a complex product and you should seek financial advice. Your adviser will be able to answer any queries you have and can advise on the suitability of the plan for your personal situation.

Please note that the information in this document refers to current English law and practice. Your financial adviser can give you more information about any legal differences in care provision for Northern Ireland, Scotland and Wales.

## What government benefits may you be entitled to?

### Attendance Allowance

This is a state benefit for people who are unable to look after themselves. You may be able to claim this if you become ill or disabled and are the State Pension age or older. It's paid at different rates, depending on the level of help you need. For further information about Attendance Allowance please visit **gov.uk/attendance-allowance**.

### Personal Independence Payment (PIP)

This is a state benefit that you may be able to claim if you are under the State Pension age, have a long-term mental or physical health problem that affects your everyday activities and you expect this to last for at least 12 months from when they started. For more information about Personal Independence Payment please visit **gov.uk/pip**.

### NHS-funded nursing care

This is a contribution paid by the NHS to your care home to cover the cost of any nursing you may need while in their care. It is not dependent on your means but is related to the level of nursing you need. The amount you may receive can vary in different parts of the UK. Your adviser can help you look into how much you could be entitled to. For more information about NHS-funded nursing care please visit **nhs.uk/conditions/social-care-and-support-guide/money-work-and-benefits/nhs-funded-nursing-care/**.

You can find out more about government benefits if you go to **gov.uk** and look in the benefits section.

## Premium protection (Immediate Lifetime Care Term Assurance plan)

At an additional cost it is possible to buy premium protection cover with your Immediate Lifetime Care Plan. This is a type of term assurance plan taken out for a certain period. If you take out the cover and die during the term of the term assurance policy, we will pay out a lump sum free of personal liability to income tax and capital gains tax. This sum will be included in your estate for inheritance tax purposes. The cost of the premium protection will be included in the total single premium used to purchase the Immediate Lifetime Care plan.

It's important that you read the Key Features document for the **Immediate Lifetime Care Term Assurance** plan for full details of this cover. This is available from your financial adviser.

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We now describe the two cover options you can choose from. Please note that the examples are fictitious. The actual amounts will vary with the particular circumstances of individual customers.

With either option, if you die within the first 30 days of your plan starting, we will automatically increase your cover percentage to 100%. With both options, the term assurance plan has no cash-in value.

### Option 1 – Long term premium protection

- You can choose to protect **25%**, **50%** or **75%** of the total single premium you pay for your care plan, excluding any advice fee that we may have added to your premium.
- The amount paid on death will be the amount of the total premium you have chosen to cover less any benefit payments made.
- Once benefit payments made by us have exceeded the amount of cover, the long term premium protection cover will end.
- When the long term premium protection cover has ended, your estate will not be entitled to any payment from the plan when you die.

**For example**, Total premium = £90,000 including the cost of the term assurance (Protection chosen is 50%)

Initial monthly benefit payment = £2,000 per month.

If death occurs 10 months after plan starts the amount paid on death would be:

50% of the total premium of £90,000 (£45,000) less £20,000 (10 months x £2,000 monthly benefit payment) = £25,000.

If death occurs 23 months after the plan starts then the amount of initial monthly benefit payment already made would be greater than the amount of the protected premium and so no death benefit would be due.

50% of £90,000 (£45,000) less £46,000 (23 months x £2,000 monthly benefit payment) total due = nil.

## Option 2 – Short term premium protection

- You can choose to protect **25%**, **50%** or **75%** of the total single premium you pay for your care plan, excluding any adviser fee that we may have added to your premium.
- With short term premium protection cover, you can choose to protect the selected proportion of the premium for a period of three or six months from the start of the plan.
- **Basic cover** protects the chosen percentage for the first three months of your plan.
- **Extra cover** protects the chosen percentage for months four to six.
- You can choose a different percentage of cover for your basic cover and your extra cover. For example, you can choose 50% basic cover and 25% extra cover. It's worth noting though, that the percentage you choose for your extra cover must not be more than the percentage you have chosen for your basic cover.
- The amount paid on death will be the difference between the amount of cover and the benefit payments made.
- The total amount covered equals the percentage of the total single premium paid.
- Once your chosen period ends, the short term premium protection cover will end.
- Once the cover ends, your estate will not be entitled to any payment when you die.

**For example**, 50% basic cover and 25% extra cover of a total premium of £80,000, including the cost of the term assurance.

Initial monthly benefit payment = £2,000 per month.

If death occurs after five months the amount paid on death would be:

25% of the total premium of £80,000 (£20,000) less £10,000 (5 months x £2,000 initial monthly benefit payment), total due = £10,000.

If death occurs after seven months then the term will have ended and so no death benefit would be due.

# Can we help meet your **long-term care needs?**

If you want to find out more about how an Immediate Lifetime Care plan could work for you, contact your financial adviser. If you don't have an adviser, you can find one in your local area using **unbiased.co.uk**. A financial adviser may charge you for advice.

Please note that depending on your circumstances it may not be possible to meet all of your needs. Therefore, a desire to leave a legacy and pay for the cost of care may not be fulfilled.

## Need this in a different format?

Please get in touch if you'd prefer this brochure (**LTCBROIMM AR10002**) in large print, braille, or as audio.

## How to contact us?

0345 303 0430

contactus@aviva.com

aviva.co.uk/retirement/lifetime-care/

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**Aviva Life & Pensions UK Limited,** PO Box 582, Bristol BS34 9FX.



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