



Enhanced Gift/ Gift and Care Trust

Wealth protection from AIG



Our wealth planning proposition is designed to help your clients enhance their returns on Gift Trust and Discount Gift Trusts investments. It can also help them prepare for the costs of later-life care.

The 'return' on whole of life

A whole of life policy pays a tax-free, guaranteed sum of money. The life assured will have to live to an improbable age before they've paid more in premiums than will be paid out upon death.

For example, the sum assured for a 70 year old paying £5,000 a year would be £163,272. If they died at age 83, the premiums paid would be £65,000 – a gain of £98,272/return of **151.19%***

They would have to live to age 103 before the premiums paid exceeded the sum assured.

Whole of life vs investment

A whole of life policy can provide significantly higher returns than is feasible from an investment. The trade-off being that it doesn't have a cash-in value during the client's lifetime. This means it's not suitable for clients who may need access to the funds during their life or prior to claim.

Comparison	Whole of life	Investment
Total contributions at death	£65,000	£65,000
Value returned	£163,272	£92,993
Net gain/loss	£98,272	£27,993
Return (gain/loss ÷ contributions x 100)	151.19%	43.07%

*Annual premiums for a non-smoker aged 70, correct as at April 2021.

**Assuming annual compound growth of 5%

Enhanced Gift Trust

AIG's Whole of Life insurance can be used alongside an investment scheme to produce a return greater than that likely from the underlying investment itself.

It will pay out a guaranteed sum assured on the life assured's death or terminal illness.

Premiums are paid on an annual basis, usually set as a maximum of 5% of the initial amount invested into the bond, in order to avoid an immediate tax liability.

How does it work?



Enhanced Gift and Care Trust

The principle is the same, but the policy used is Care Cover with Whole of Life, which **will pay out if required for care, as well as upon death or terminal illness.**

Care Cover benefit is paid as a lump-sum, which can be used to pay for the cost of the life assured's care.

The death benefit is equal to 133% of the Care Cover benefit. For example, if the Care Cover benefit is £300,000 the death benefit will be £400,000.

Premiums can be paid

- ✓ By the life assured themselves
- ✓ From a trustee bank account
- ✓ Direct from the investment provider

Maximum sums assured

- ✓ Whole of Life = £1.25m*
- ✓ Care Cover with Whole of Life = £400,000

N.B. Premiums must be paid by Direct Debit

*Without financial evidence. Cover up to £52m may be available if evidence of an inheritance tax liability can be provided.



The average cost of
nursing care in the
UK is over £48,720
a year.¹



Administrative process

Quoting and applying

- The application for AIG's Whole of Life Insurance and/or Care Cover with Whole of Life Insurance must be made online, on an **own life basis** (either single-life or joint-life).
- The quote should be **premium-driven**, and on an **annual premium** basis.
- Both Whole of Life and Care Cover with Whole of Life can be applied for in one application. This gives a yearly discount of £24, but is subject to the maximum sums assured that we've shown above.
- If the application is rated, care should be taken that the premium doesn't exceed the amount that can be withdrawn from the investment bond without giving rise to a tax liability. In that case, the premium can be reduced.

Paying the premiums

- The payee details should be entered in the 'Direct Debit' section of the application form.
- This can be changed after the policy is activated if necessary, for example from an account in the name of the applicant(s) to directly from the investment bond. This can be done online in the 'Payment Summary' section of the application.

Assigning the policy

- Once the policy is activated, in order to assign it into the trust alongside the investment bond, a Deed of Assignment should be completed, scanned and sent to enquiries@aiglife.co.uk, quoting the policy reference number (e.g. P12345678).

If you would like to know more about Enhanced Gift/Gift and Care Trust or any of AIG's other Specialist Solutions, call or email our sales team.

☎ 0345 600 6829 ✉ adviser@aiglife.co.uk

¹PayForCare.org (www.payingforcare.org/how-much-does-care-cost), 2020

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