



Whole of Life Insurance

Whole of Life Insurance pays a tax-free sum of money to the beneficiaries of the person covered if they die or are diagnosed with a terminal illness. For this reason, it can be a highly effective wealth planning tool. Let's take a look into the different ways whole of life can be used.

Inheritance Tax (IHT) cover

As whole of life insurance doesn't have a term, it's the most popular solution used to provide the funds to pay an IHT bill against the value of your client's estate. The assets of a deceased's estate cannot be distributed until the IHT bill is paid, and if the funds can't be raised by other means within six months of death, HMRC will start charging interest.

Did you know?

- ✓ With AIG's Whole of Life Insurance, your clients can increase their cover in line with their IHT liability before their 90th birthday without having to answer medical questions.
- ✓ We include flexible increase options to ensure that the appropriate level of cover is in place to pay for IHT, as the amount of IHT due on the estate can vary.
- ✓ Your clients can increase their sum assured by **up to £250,000** if the value of their estate increases with no further underwriting.
- ✓ If the UK Government changes the legislation leading to an increase in your client's IHT liability, they can increase their sum assured up to the lower of 100% of that sum assured or £5 million with no further underwriting. These changes could include a decrease in the nil rate band or an adjustment to the IHT rate.

Further details about our IHT solutions can be found in our [Inheritance Tax \(IHT\) Cover adviser guide](#).

Legacy Gift Planning

The person covered by a whole of life policy will have to live to a very high age before they have paid more in premiums than will be paid out. As such, the 'return' (the sum assured as a proportion of the premiums paid) will often be very attractive:

$$\text{Return} = \text{Gain/Loss} \div \text{Contributions} \times 100$$

Example: the sum assured for a 65 year old paying £5,000 per year would be £166,117*. If they died aged 83, they would have paid £90,000 premiums - a gain of £76,117 and **return of 84.57%**. They would have to live to age 98 before the premiums paid exceeded the sum assured paid to their beneficiaries, i.e. before the return was 0%.

A whole of life policy can therefore be an effective and desirable way for people to leave a legacy to their family or next of kin.

No investment/cash-in value

AIG's policies do not have a cash-in value. A whole of life policy is therefore not suitable for clients who may need access to the funds during their life (i.e. prior to claim).

Whole of Life vs Investment

A whole of life policy can offer higher returns than you would get from an investment. For example, assuming 4% annual compound growth on the investment:

Comparison	Whole of Life	Investment
Annual contributions	£5,000	£5,000
Total contributions at death	£90,000	£90,000
Value returned	£166,117	£133,356.15
Net gain/loss	£76,117	£43,356.15
Return (Gain/Loss ÷ Contributions x 100)	84.57%	48.17%

You can use our [Legacy Gift Calculator](#) to compare the returns based on different variables.

Why AIG?

- Full online journey – including trusts
- Up to age 84 at entry
- Pays out on diagnosis of a terminal illness or death
- Up to £52m cover available
- No automatic requirement for a GP report
- Up to £1.25m with no financial questions
- No automatic requirement for a financial questionnaire

More than financial support

- ✓ Smart Health **
- ✓ Funeral Pledge
- ✓ Claims support fund

Contact us

If you would like to know more about Whole of Life Insurance or any of AIG's other Specialist Solutions, call or email our sales team.

 **0345 600 6829**

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*Premiums for a non-smoker aged 65 were correct as at October 2019.

**Smart Health is a non-contractual benefit which can be withdrawn at any time without notice.

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