

keyfacts®

# Immediate and Deferred Care Plans

Key Features



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## Key Features

### Helping you decide

The Financial Services Authority is the independent financial services regulator. It requires us to give you this important information to help you to decide whether our Immediate and Deferred Care Plans are right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

### What is the purpose of this document?

This document is designed to give you a summary of information to help you decide if this product is suitable for you.

You should seek financial advice and discuss your plans with anyone who may be affected by your financial decisions. Before you make a purchase, you should read this and all other related documents and clarify any questions that you may have.



# Immediate and Deferred Care Plans

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### Suitability

These products are suitable if you need care on an indefinite basis and you want the certainty of payments for the rest of your life. These plans can only cover one person but it can be purchased on their behalf by a third party.

### Retail Clients

We categorise all clients to determine the level of protection they will receive. All clients in respect to life assurance are treated as retail clients. This gives the highest level of protection under the Financial Services Authority rules.

If you are in any doubt about the suitability of these plans, you should seek financial advice.

### Its aims

- To help meet the cost of long term care, either residential or at home
- To guarantee payments to your registered care provider for the rest of your life
- To provide a guarantee of the return of all or some of the investment on death within the first 6 months of the policy
- To allow you to buy additional protection on some or all of the capital you invest in the Immediate Care Plan in the event of your death, through the capital protection options
- To allow you the option of escalating income to cover inflation
- To allow you the option of deferring premiums for a cheaper single premium

### Your commitment

- To pay a single premium at the start of the plan
- To seek appropriate financial advice
- To provide accurate information on your application
- To notify us of any changes in your care provider
- For your estate/beneficiaries to notify Partnership promptly when you die
- To tell us about any changes in your personal circumstances that occur between signing the application form and the start of your plan

### Risks

- Care payments are not guaranteed to cover the cost of care, which will depend on many factors including your ongoing health and inflation in the cost of care provision
- If your care costs exceed the income provided under your plan you will be responsible for funding the difference
- These plans have no cash value at any time and cannot be cancelled and are therefore only suitable for people requiring indefinite care
- If you die after the first six months but within the deferred period of the Deferred Care Plan there will be no return from your investment
- If you leave care at any time your care annuity would convert to a standard annuity (comprising an income and a capital element) and you would be liable for Tax on the income element
- Income payable from these plans may affect your entitlement to some State benefits. You may need to refer to a specialist source of advice such as Her Majesty's Revenue & Customs (HMRC), local authority or Citizens Advice Bureau for assistance
- Although income payments are not subject to taxation under current legislation the laws governing taxation are subject to regular review and could change in the future
- Once set up you cannot change the terms of your plan or the Capital Protection options even if plan rates improve
- There is no return of capital from your plan if you die after the first six months, unless you select Capital Protection or Capital Protection Plus. Therefore the sum of the income payments you receive may be significantly less than your investment
- If you select one of the Capital Protection options, it will not have a cash value
- The sum assured under the Capital Protection option reduces over time to zero, after which no payment will be made in the event of your death
- Capital Protection, Capital Protection Plus, escalating your benefits or linking your policy to the RPI will increase the price of your policy
- If you choose to link to the Retail Price Index (RPI) it could increase or decrease your payments over time: in the event of negative inflation (deflation), your income would be reduced and could be lower than it was at the outset of the plan



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### Questions and answers

#### How do these Partnership care plans work?

Partnership offers the Immediate Care Plan and the Deferred Care Plan, both of which are an 'annuity'. Partnership's care plans work in a similar way to retirement annuities, that is, in return for a single payment to your plan, we will make regular income payments (every four weeks or calendar month in advance) to your chosen registered care provider for the rest of your life. **Details of your income are contained in your illustration or quotation.** The benefits are guaranteed and do not depend on investment performance.

The key difference between a retirement annuity and a care annuity is that, because the income is paid directly to your care provider, it is tax-free. Partnership will confirm your status periodically to ensure that benefits are being correctly paid to your registered care provider. You may be asked to provide proof of identity, title and/or existence.

#### Immediate Care Plan

For a single payment, a regular, tax-free income will be paid to your registered care provider, starting immediately and continuing for the rest of your life.

If you live for a long time we will never ask you for any more money.

The Immediate Care Plan could be suitable if:

- You need funding for care to start immediately
- You need funding for care on an indefinite basis

#### Deferred Care Plan

You make a single payment but your benefit payments are deferred for a period of your choosing.

Deferment can last from one to five years depending on your circumstances.

The longer the deferment period the less your plan will cost for a given monthly benefit.

During the deferred period you will be responsible for meeting the cost of your care provision.

The Deferred Care Plan could be suitable if:

- You have funding in the short term, for example savings or help from family, but need a guaranteed income as security against care costs for the rest of your life
- You want to reduce the cost of your premium but receive maximum income
- You will need care in the future on an indefinite basis

There is no return of capital if you die after the first six months, even if death occurs within the deferment period.

#### Is my investment protected?

##### Six month money back guarantee

If you die within the first six months of making your investment a percentage of the capital you invest will be returned to your estate/beneficiaries. The percentage depends on how far into the six month period death occurs:

<b>Month 1</b>	<b>100%</b>
<b>Month 2-3</b>	<b>50%</b>
<b>Month 4-6</b>	<b>25%</b>

Any income paid will be deducted from the capital amount returned.

#### Can I protect my investment for longer?

If you would like to protect the capital you have invested in an Immediate Care Plan for longer there are two additional capital protection options to choose from. Both of these options will increase the price of the annuity.

##### Capital Protection

Capital Protection allows you to protect up to 75% of your initial investment for a given period of time and will pay out if you die within this period.

The amount protected decreases over time in line with the amount of the income payments that are paid out. Once the total payments made equal the total amount protected your estate/beneficiaries will not receive any benefits on your death.

##### Capital Protection Plus

Capital Protection Plus allows you to specify an amount you would like to protect in return for an additional single premium. It provides a capital return to your estate/beneficiaries upon your death, regardless of when that may be. This amount is guaranteed and does not decrease over time.

The amount charged for the separate premium will be dependent upon the amount you want to protect. The maximum sum assured is available on application.

**Please note:** If you have taken either the Capital Protection or Capital Protection Plus option any sum paid on your death is an insurance payment - there is no return of capital from your Immediate Care Plan regardless of when you die as you will not be eligible for the 6 month money back guarantee.

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### How can I protect against inflation?

If you want to protect your investment against the effects of inflation you can do so by:

#### Escalating benefits

In order to help protect the value of your income from rises in the cost of care provision you can, at outset, choose to increase – or ‘escalate’ – the income you receive over time. Your income can be escalated by a rate of between 1% and 8% per annum. If selected, escalation will start on the first anniversary of the plan or a date that you select, even if the annuity payments have not commenced. Escalating your benefits will make your Care Plan more expensive.

#### Retail Price Index (RPI)

Linking your Care Plan to the RPI would mean that the income payments you receive would be based on the 12-month movement in the RPI as at three months prior to your plan’s anniversary date, with the adjustments coming into effect on the anniversary date.

**Please note:** The RPI option is only available with the Immediate Care Plan and cannot be taken out in conjunction with either of the Capital Protection options or the fixed escalation option.

**For risks relating to RPI please see the ‘Risks’ section on page 2.**

### How much does the plan cost?

The amount you pay for the Plan is based on a number of factors:

- The amount of income payable
- Your age and gender
- Whether you smoke
- Your medical history

### What are the charges?

The simple premium payment shown on your illustration or quotation includes all the costs of administration, underwriting claims and distribution.

### What are the tax implications?

Because your plan payments are made directly to your registered care provider they are currently paid tax free.

This assumes that the plan remains approved by HMRC as a care annuity and all payments are made directly to your registered care provider.

For Capital Protection and Capital Protection Plus, the tax implications when you die will vary depending on whether you leave the sum assured to your estate or pass it directly to your beneficiaries by way of a trust. You should discuss these details with your Financial Adviser.

**The rules governing taxation are subject to review and change in the future and depend on individual circumstances.**

### What constitutes a registered care provider?

To qualify for tax free payments your care provider must be registered with one of the following authorities:

- Commission for Social Care Inspection (CSCI) in the UK
- Care Standards Inspectorate for Wales (CSIW) in Wales
- Scottish Commission for Regulation of Care (the Care Commission in Scotland)

### How flexible is it?

Once set up you will not be able to cancel the terms of your plan and you will not be able to change the plan after 30 days. If further long term care funding is required in the future, you will need to apply for an additional plan.

### What happens when I die?

The plan ceases and no further income payments are due. A sum may be payable to your estate if death occurs within six months of the start of the Plan or you have Capital Protection.

Your estate must contact us either by telephone or in writing to let us know.

Contact us by telephone: 0845 108 8040

Or write to us at:

Partnership  
Mowden Hall  
Staindrop Road  
Darlington  
DL3 9AX



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### What if I go into hospital?

If your registered care provider needs you to continue paying fees in order to reserve your place, we will continue making payments whilst you are in hospital. Otherwise we will stop making payments during this time.

If you would like to receive the income payments yourself, it is possible to pay them directly to you but this would mean losing the tax-free status. The care annuity would convert to a standard annuity (comprising an income and a capital element) and you would be liable for Tax on the income element. If you decide to do this, you will be able to convert it back to a care annuity to pay a registered care provider at a later date.

Please contact us if you require further information on this.

### What happens if I no longer need care?

If, for whatever reason, you leave care at any time in the future, you must tell us because we would need to cease making payments directly to your registered care provider.

We can then pay the income directly to you but it would lose its tax-free status. However, it can be converted back to a tax-free care annuity, should you require care in the future.

### How do I apply?

You should contact your Financial Adviser in the first instance, who will help you choose the most suitable plan for you and help fill out the paperwork.

You will not be asked to undergo any medical examination. However, you, or someone acting on your behalf will be required to complete a comprehensive medical questionnaire. We may subsequently contact your doctor for a General Practitioner's Report (GPR) to verify the information provided on your application. We will not always apply for a GPR however, so it is essential that you answer the questions on the application as fully and accurately as possible, so that we can give you the best possible annuity.

**If at any time there is found to be any misrepresentation or non-disclosure of your health conditions, Partnership reserves the right to cancel or amend the terms of the plan and, if one of the Capital Protection options has been selected, invalidate any future claim.**

### What happens if I want to cancel my plan?

A cancellation notice will be enclosed with your policy documents providing full details about the cancellation procedure which outlines the right to change your mind within 30 days.

If you do decide to cancel within this 30 day period, we will refund your money in full, less any payments already made.

If we do not receive your cancellation notice within the 30 day period we will automatically continue your plan and your investment will not be returned to you.

You can contact Partnership using the details on the back page of this brochure.

### How much will the advice cost?

Your Financial Adviser is entitled to receive remuneration or commission from Partnership, which is taken from our charges. The amount will depend on the type of Plan you choose, the size of your investment, your age, gender and state of health at the time you apply. Your adviser will give you details of the amount of commission or equivalent remuneration they will receive as a result of any Plan you purchase.

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### Other important information

#### Law

The law and courts of England and Wales will apply in legal disputes and your contract will be written in English. We'll always write and speak to you in English.

#### Compensation

Your Financial Adviser has a duty to recommend only products that are suitable for your needs and financial situation. You have a legal right to compensation if it is proved that at any time their recommendations were unsuitable when they were given and under the circumstances in which they were made.

You may be entitled to compensation if we cannot meet our obligations due to insolvency. The Financial Services Compensation Scheme may arrange to transfer your policy to another insurer, provide a new policy or, if this is not possible, provide compensation. The scheme will ensure you receive at least 90% of your plan benefits.

Further information about compensation arrangements is available from The Financial Services Compensation Scheme, who can be contacted at:

#### **The Financial Services Compensation Scheme**

7th Floor Lloyds Chambers  
Portsoken Street  
London E1 8BN

Telephone: 020 7892 7300  
Email: [enquiries@fscs.org.uk](mailto:enquiries@fscs.org.uk)  
Website: [www.fscs.org.uk](http://www.fscs.org.uk)

#### Queries and complaints

If you would like further information, or have any queries or complaints, you should first contact your Financial Adviser. If you require further assistance or want to make a complaint about any aspect of our service please contact The Chief Executive at Partnership, Sackville House, 143-149 Fenchurch Street, London EC3M 6BN.

If you are not satisfied with the way a complaint is handled, you can contact:

#### **Financial Ombudsman Service**

South Quay Plaza  
183 Marsh Wall  
London E14 9SR

Telephone: 0845 080 1800

Email: [enquiries@financial-ombudsman.org.uk](mailto:enquiries@financial-ombudsman.org.uk)

Website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

***Making a complaint does not affect your right to take legal action. Full written details are available on request.***


#### How to contact us

You can find more information about Partnership at:

**[www.partnership.co.uk](http://www.partnership.co.uk)**

You can contact us by phone, fax, email or in writing using the details on the back page of this brochure.

This document does not include all definitions, exclusions or terms and conditions and it should be read with your quotation and/or your policy document. The policy document is available on request. All details are correct at the time of going to press (June 2010).



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[www.partnership.co.uk](http://www.partnership.co.uk)

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