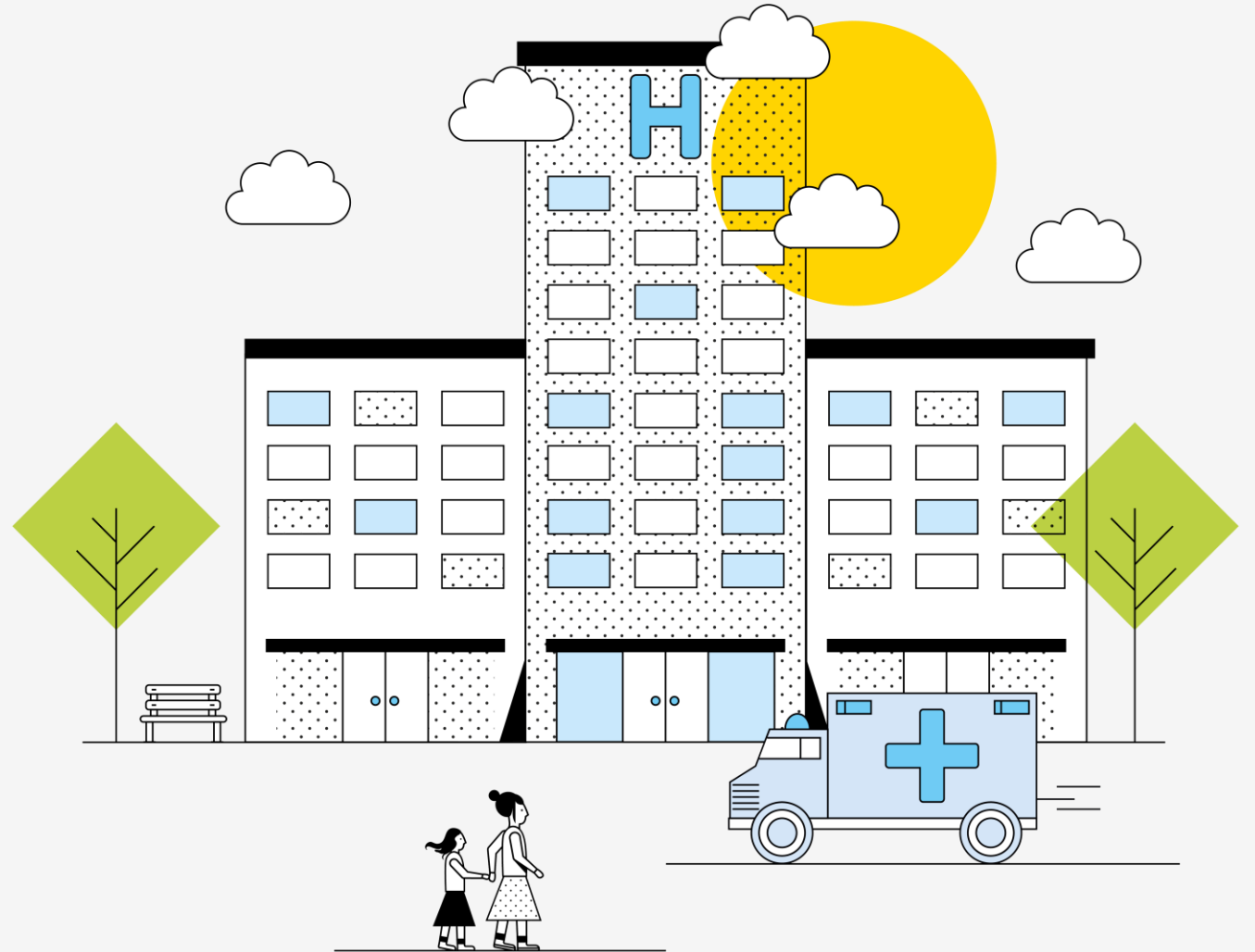


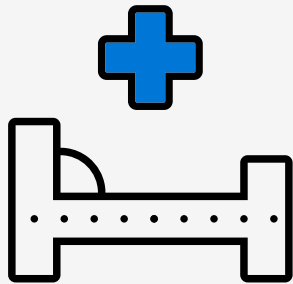
Immediate Needs Annuities

Personal Finance Society
Sheffield 26th March '24

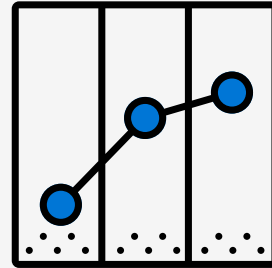


This is not a consumer advertisement. It is intended for professional advisers and should not be relied upon by private customers or any other persons.

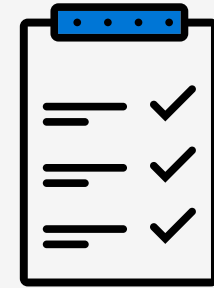
Learning objectives



You will have a greater understanding of Immediate Needs Annuities, who they are suitable for and how they could benefit your clients and their families.



You will be able to understand the Immediate Needs Annuity quote process.



You will have a greater understanding of how an Immediate Needs Annuity could work in practice.

Agenda

1. What is an Immediate Needs Annuity?
2. What options are available?
3. How do you get a quote for an Immediate Needs Annuity?
4. Who to contact at Legal & General



A care snapshot



£7bn+

spent on care
by self-funders



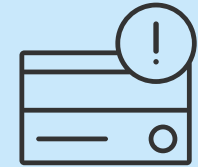
360,792

already in a
care home



34.9%

of people self-fund
(125,954)

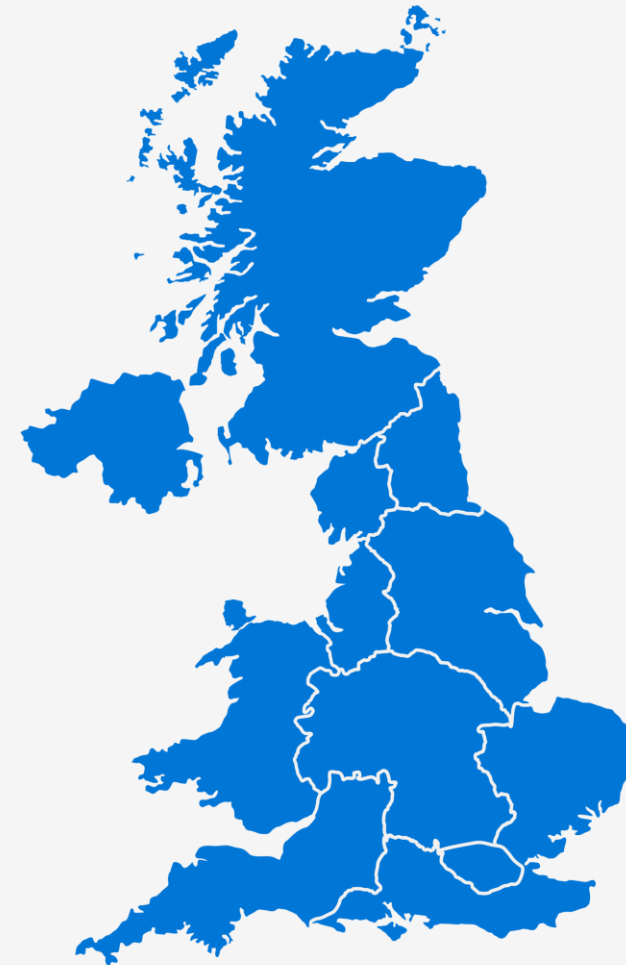


14

people **every day**
exhaust their assets
paying for care

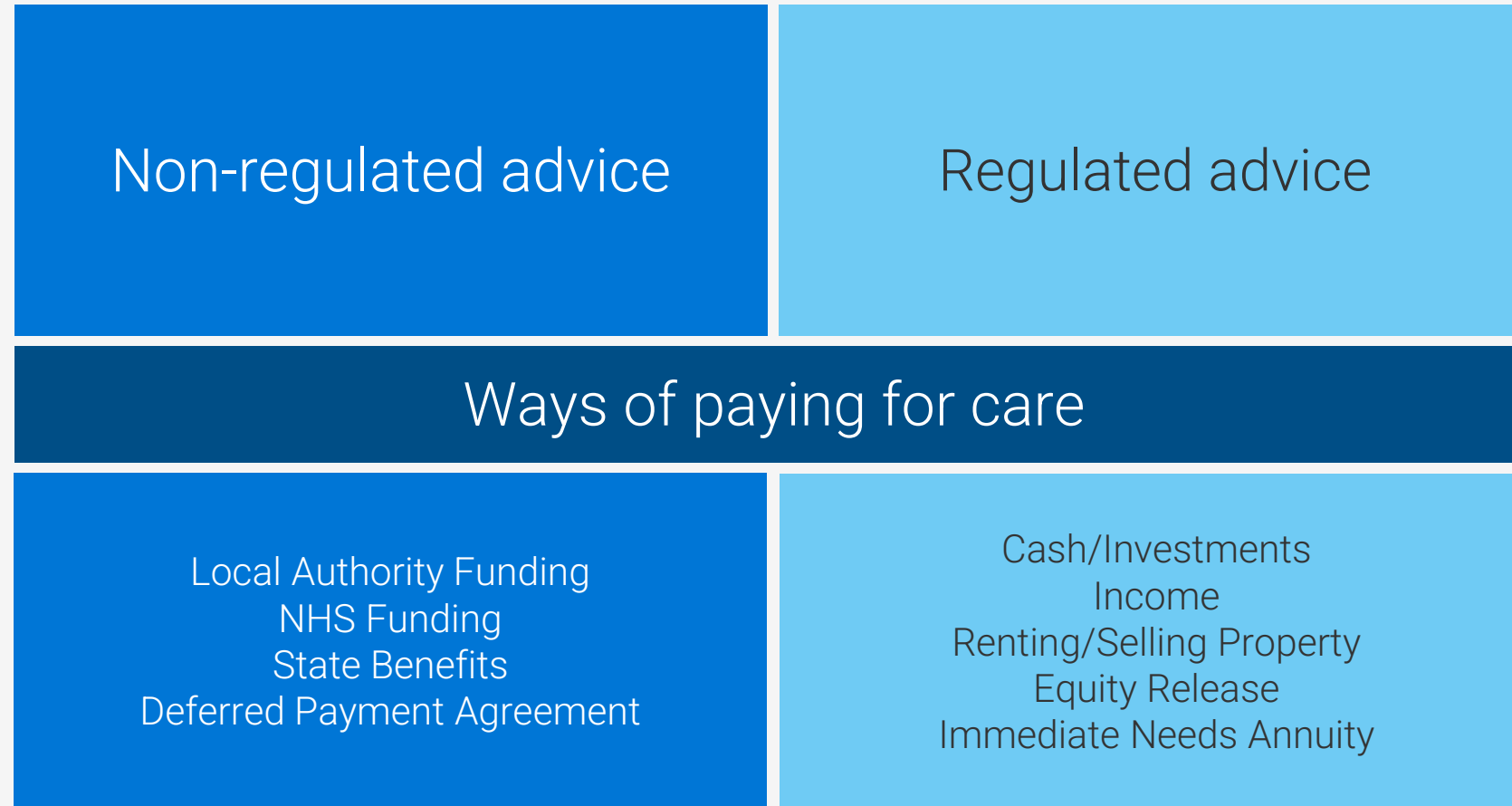
Self-pay percentage of residents in independent sector care homes for older people and dementia (65+)

	Self-pay percentage
North East	25%
North West	38%
Yorkshire & the Humber	43%
East Midlands	45%
West Midlands	41%
East of England	51%
Greater London	45%
South East	61%
South West	55%
England	48%
Wales	31%
Scotland	40%
Northern Ireland	10%
UK	45%



Self-pay percentage of residents in independent sector care homes for older people and dementia (65+), UK by region three-year average (2016/17–2018/19)

Ways your client may be able to pay for care



Non-regulated advice

1. Local Authority Funding

Everyone is entitled to a care needs assessment by their local authority. Once this has been done, a means test will be carried out to see if the local authority will contribute towards the costs.

2. NHS Funding

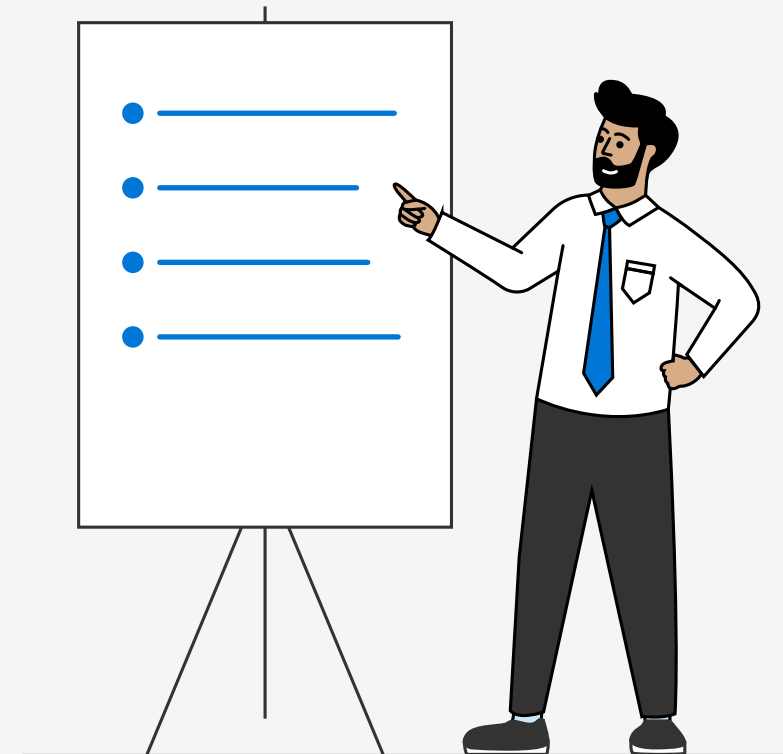
NHS Continuing Healthcare may be available for your clients who have significant, long-term healthcare needs and are receiving care in a care home or in their own home.

3. State Benefits

Regardless of means, everyone needing care is likely to be eligible for an Attendance Allowance – it's the most underclaimed benefit in the UK and is available to those with a disability or health condition, meaning they need support or supervision.

4. Deferred Payment Agreement

For some of your clients who can't pay their long-term care fees, they could apply for a deferred payment agreement. If your client is moving into a care home and most of their money is tied up in their home, your client's local authority might offer them a DPA.



Regulated advice

1. Cash and Investments

Using savings and investments could suit many people, but if they're solely used to fund care, the client may not be protected from longevity risk.

2. Income

Any income your client receives needs to be considered, including whether it's an income for life, or it could end during your client's lifetime.

3. Renting/Selling Property

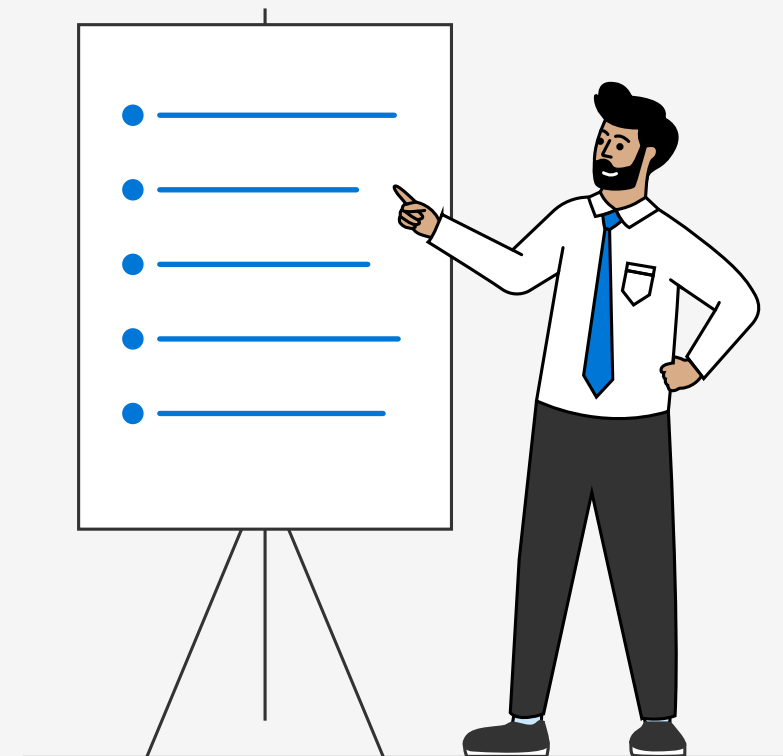
For clients who own their own home: they could consider renting or selling their home to help pay residential care costs.

4. Equity Release

Equity release allows homeowners aged 55 and over to release money from their home without having to move out. Equity release could help pay for the costs to modify a home, or meet the expense of a domiciliary care company providing care in the home.

5. Immediate Needs Annuity

In exchange for a single premium, an immediate needs annuity provides a guaranteed monthly payment for life to help pay for your client's care fees.



How we can help

Lifetime Care Plan



In exchange for a single premium, our Lifetime Care Plan, an immediate needs annuity, provides a guaranteed monthly payment for life to help pay for your client's care fees.

A Lifetime Care Plan can mitigate the risk of ongoing care home fees eroding a client's assets, providing security and peace of mind to your client and their family.

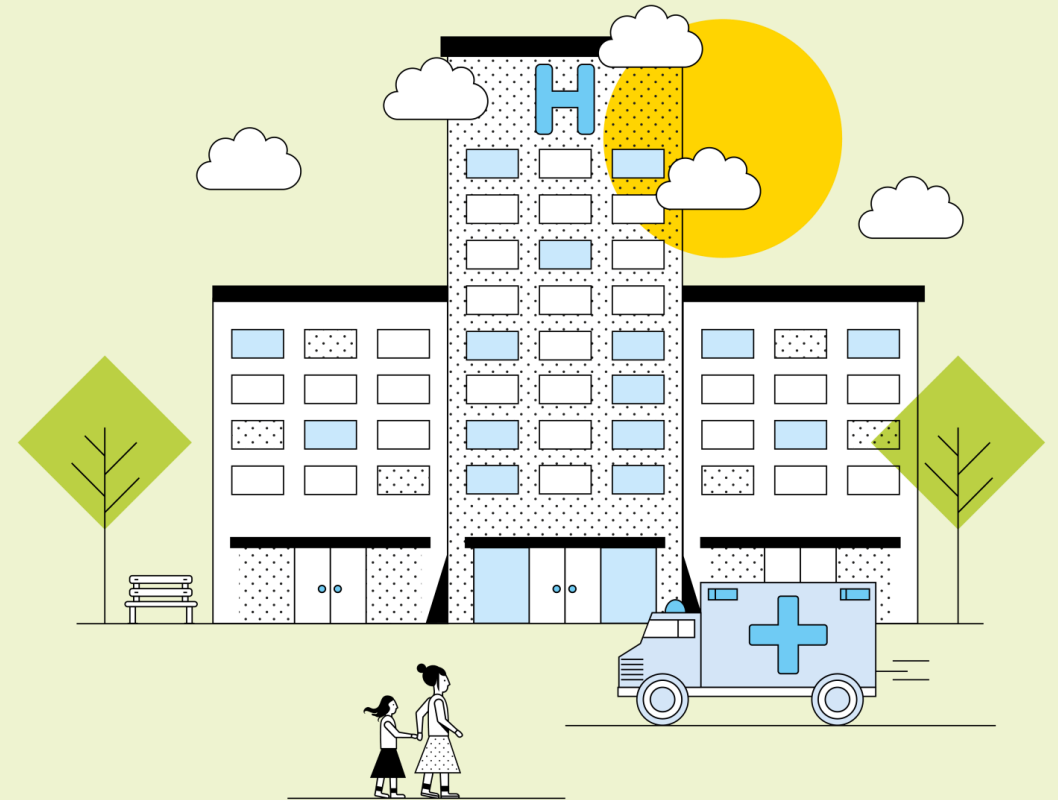
Lifetime Care Plan

Guaranteed payment for life to help clients pay for their care costs

Options

- Fixed monthly payment that doesn't change
- Monthly payment that increases each year
- Lump sum to the client's estate after they die

To provide a monthly payment to a client's care provider that helps them to meet the cost of care for the rest of their life.



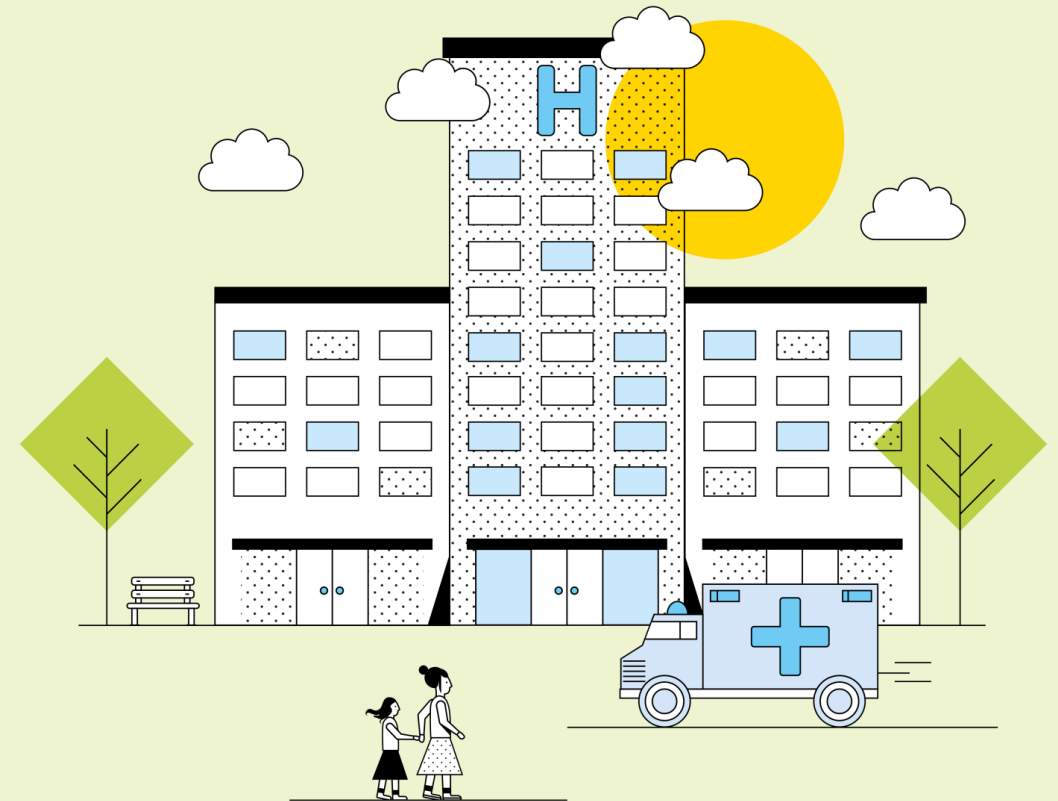
Lifetime Care Plan

Guaranteed payment for life to help clients pay for their care costs

Who it might be suitable for

- Over-60s
- Currently receiving care, or will need care when the plan starts
- Care is expected to be needed until the client passes away
- The client would like a regular payment for life to help them meet their care cost shortfall
- Care is provided by a UK registered care provider, in the client's home or in a care home

To provide a monthly payment to a client's care provider that helps them to meet the cost of care for the rest of their life.

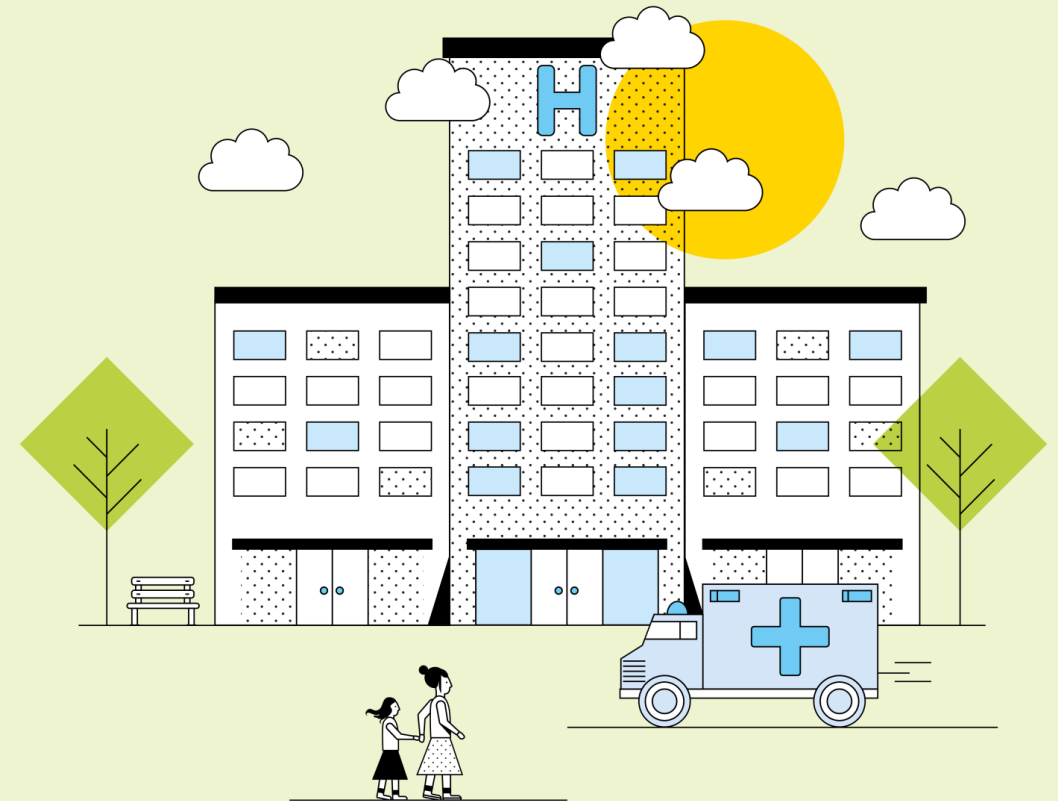


Lifetime Care Plan

Guaranteed payment for life to help clients pay for their care costs

- ✓ £10,000 minimum investment (after adviser charge)
- ✓ No maximum premium
- ✓ Are over 60 years of age when they apply
- ✓ 45-day quote guarantee
- ✓ Premium and benefit driven
- ✓ Escalation 1-8% or RPI
- ✓ 30-day cancellation

To provide a monthly payment to a client's care provider that helps them to meet the cost of care for the rest of their life.



Guaranteed Premium Protection Automatically included

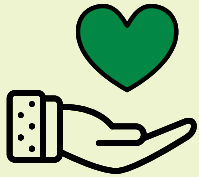
If your client passes away within the first six months of the start of their plan, we'll pay their estate a percentage of their original premium less any payments that we've already made.

Month of Death	Percentage of Premium Protected
1	100%
2-3	50%
4-6	25%

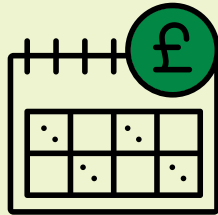


Guaranteed Premium Protection

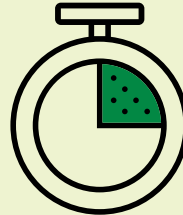
A quick example



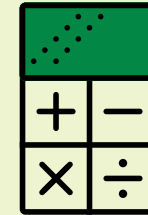
£100,000
Lifetime Care Plan



£2,500
per month



**Client passes
away in Month 3**
(50% of premium
is guaranteed)



£50,000
minus
£7,500
(×3 payments
already made)



£42,500
paid to
the estate

Additional Premium Protection

Optional extra

This guarantees the annuitant a minimum return from their plan, via either income, or income and a lump sum in the event of early death.

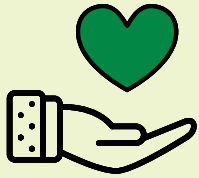
You can choose to protect the following percentage of their original premium:



* Additional Premium Protection guarantees a minimum return from the plan.
If the income paid out at the time of death exceeded the initial protected sum, there would be no further payout.

Additional Premium Protection

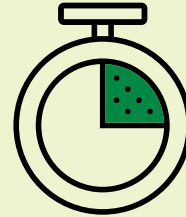
A quick example



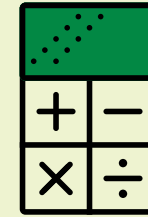
£100,000
Lifetime Care Plan
£2,500
per month



**75% Additional
Premium
Protection**
(£100,000 × 75%
= £75,000)



**Client
passes away
in Month 14**



£75,000
minus
£35,000
(×14 payments
already made)



£40,000
paid to
the estate

A case study – Patricia's story

Patricia is 87 years old.
Widowed, with three children.
She lives at home, in London.
She has become concerned about her ability to continue living in her home without assistance.

Assets

House value	£1.1 million
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Investments	£250,000
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Savings	£50,000
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Pension Income	£15,357
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Care home costs

Care costs p.a	£52,000
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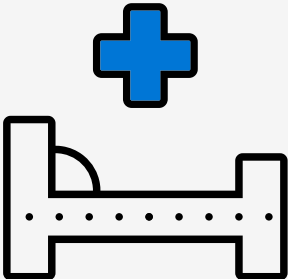
Buying a Lifetime Care Plan is a once-and-for-all decision. Your client can buy one with us or another provider and by shopping around they may be able to get a better deal.

Risks

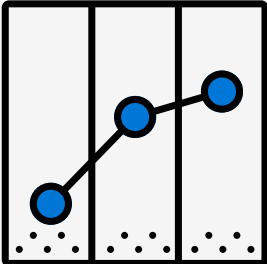
- If the cost of care is higher than the monthly payment, your client will need to cover any additional costs from other income.
- If your client no longer requires care, or is no longer liable to pay for it, the plan cannot be cancelled. In this event, the income would be paid to the client directly, but this could mean there is some income tax liability on any interest element of that income.
- Receiving payments from the plan may affect eligibility for means-tested benefits.
- Payments we make to anyone other than a UK registered care provider may be subject to income tax.
- While no income tax should be due on payments to care providers under current law, the rules governing tax may change in the future.
- Care providers may continue to charge costs after your client has passed away, but the payments from us would stop from the date your client passes away.
- The total amount of monthly payments we make, plus any payment from the Guaranteed and Additional Premium Protection, may be less than the premium paid for the plan.



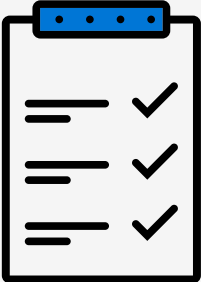
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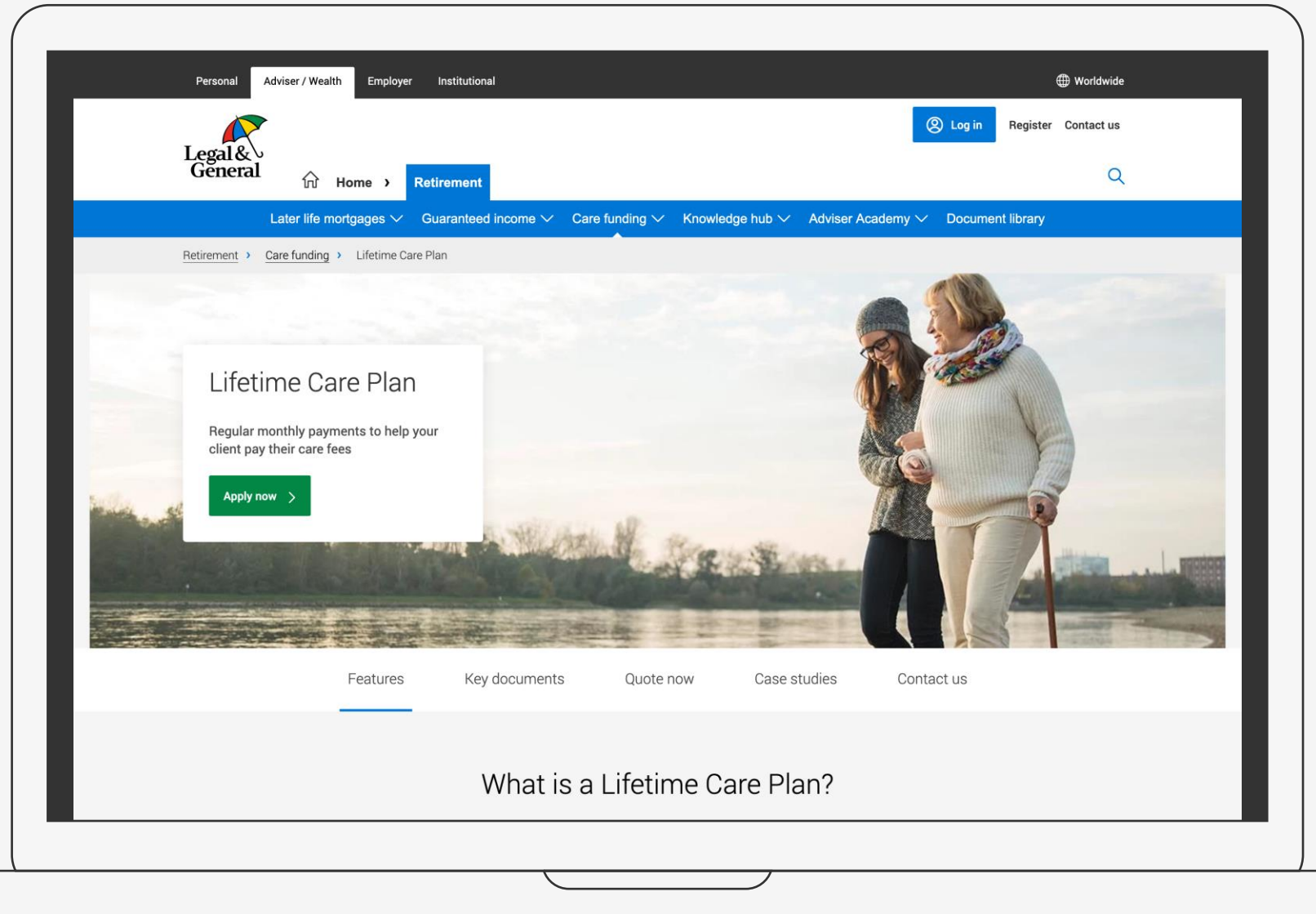
You will have a greater understanding of how an Immediate Needs Annuity could work in practice.



Introducing our care toolkit for advisers

- Care guidance
- Care funding resources
- Case studies
- Product guides
- FAQs

legalandgeneral.com/adviser/LCP



Your dedicated support



Tom Carroll



Tom.Carroll@landg.com



07385 411473

Note: Call charges will vary. Calls may be recorded and monitored. If you're contacting us by email, please remember not to send any personal, financial or banking information, because email is not a secure method of communication.



Thank you.

Legal & General Assurance Society Limited

Registered in England and Wales No. 00166055.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Legal & General Home Finance Limited is a wholly owned subsidiary of

Legal & General Group plc.

Registered in England and Wales No. 04896447.

Authorised and regulated by the Financial Conduct Authority.

Registered office for both companies: One Coleman Street, London EC2R 5AA.

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