



## Putting protection into wealth

### A lifetime of advice

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Market development manager



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## Today's webinar

All participants are automatically muted

If you have any questions please use the question box in your control panel

Please complete the short survey as you leave the webinar to tell us how we did, and what you would like in the future

We are unable to share the webinar slides with you, however your CPD certificate email will have links to the relevant support documents and information

# Learning objectives

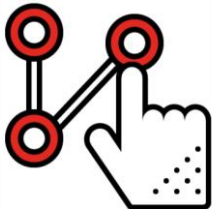


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By the end of this workshop you will be able to do the following



Identify opportunities to introduce and review protection needs at different life stages with clients



Consider how to use a cashflow model to best engage your clients to demonstrate how protection could lead to better client outcomes



Demonstrate how these ideas can be effective at every stage of the lifetime of advice from the accumulation of wealth through to decumulation stage

# Wealth opportunities to talk protection?



# Wealth opportunities to talk protection?



**Family protection**



**Co-habiting**



**Inheritance tax + wealth planning**



**Single life applications**



**Relevant Life Plans**



**Business protection**

# The difference YOU make



## Your proposition and what you offer

- Show enthusiasm
- Services included
- Any reviews
- Demonstrate expertise
- Added services
- Why YOU?

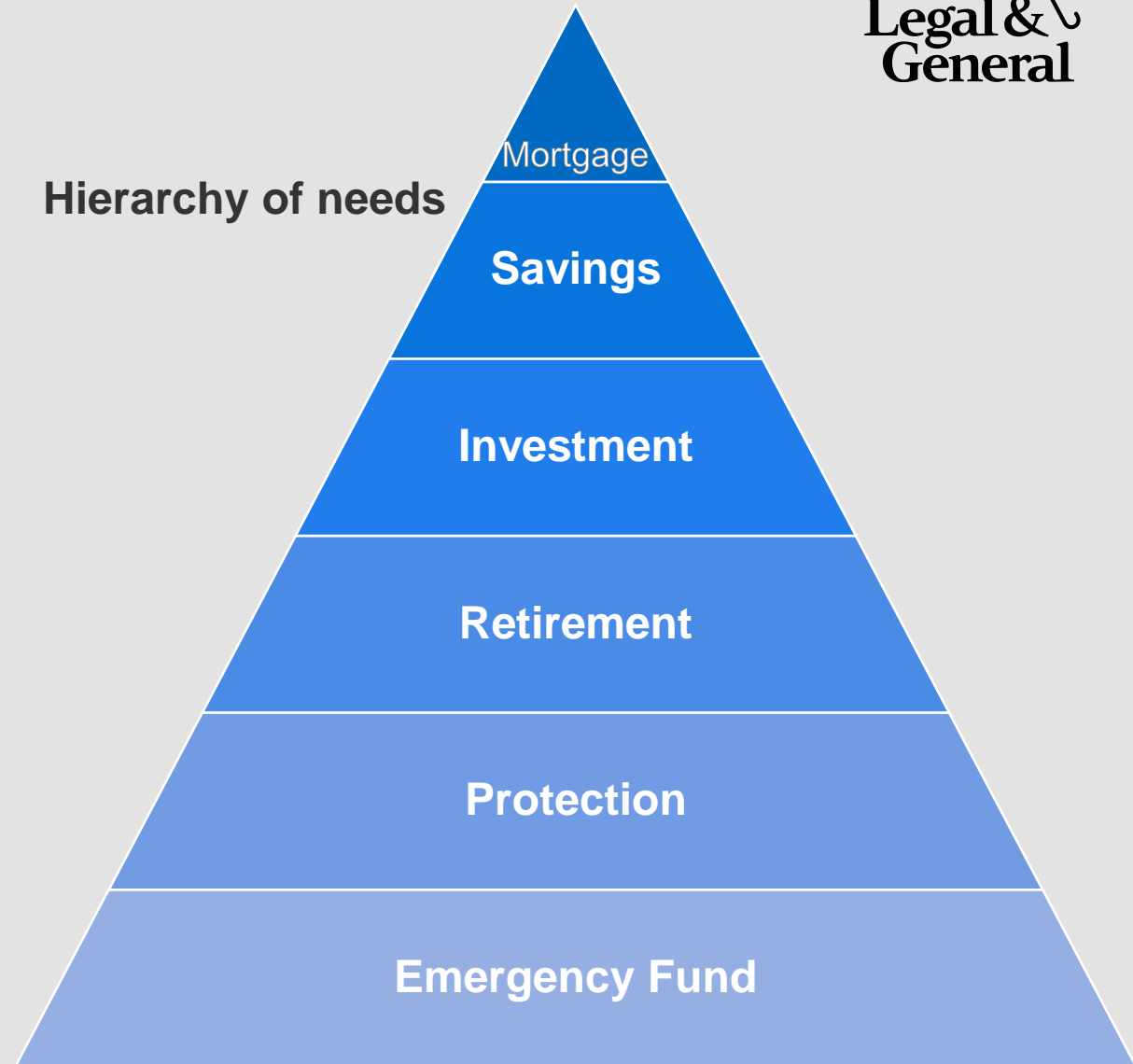
# Consumer duty



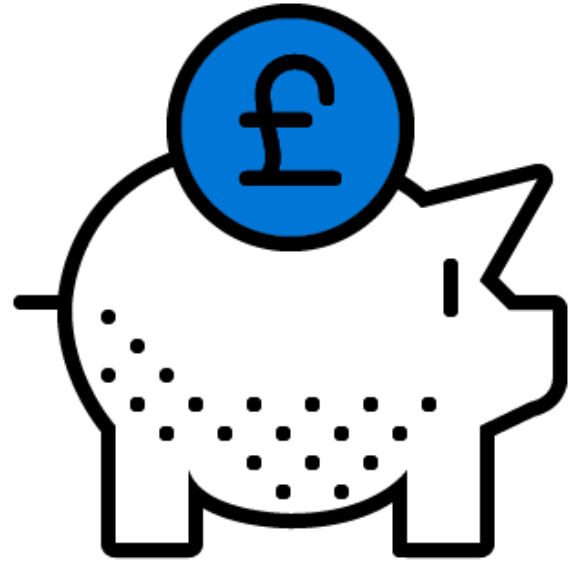
**New Consumer Duty** **FCA** FINANCIAL CONDUCT AUTHORITY

**Raising the standard of consumer protection**

Now	Under the new rules
<p>Financial markets don't always work well for consumers and firms are not consistently and sufficiently prioritising good consumer outcomes. Too often, consumers:</p> <ul style="list-style-type: none"><li>Don't get the benefits or value they should expect from products and services</li><li>Don't get the information or help they need, when they need it</li></ul>	<p>The new Duty will mean firms focus on getting things right in the first place by:</p> <ul style="list-style-type: none"><li>Always putting good consumer outcomes at the centre of their businesses</li><li>Focusing on the diverse needs of their customers at every stage</li></ul> <p>This will mean consumers can make good financial decisions and have greater trust in firms</p>

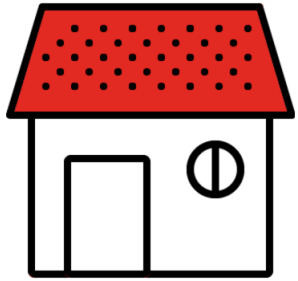


Source FCA – A new consumer duty consultation

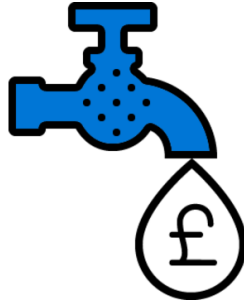




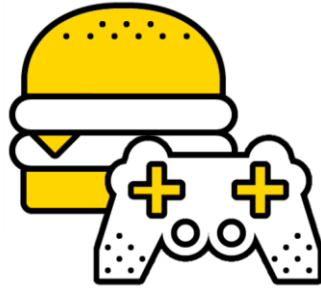
# Protection underpins everything



Mortgage or  
Rent



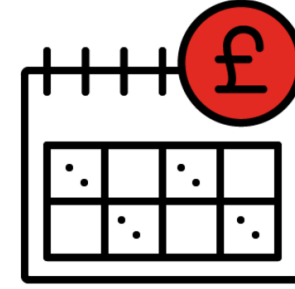
Expenses



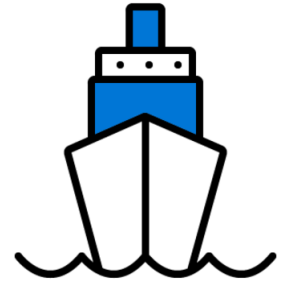
Childcare



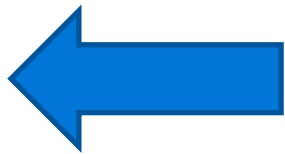
Savings



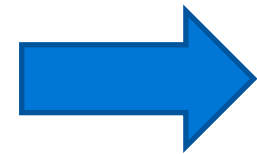
Pension



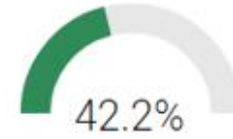
Luxuries



**All types of Protection required to cover ALL areas**



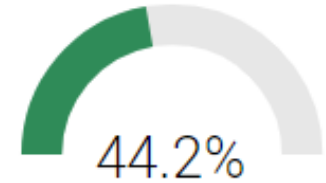
# How do you position the risk?



Unable to work for 1 month or more



Chance of suffering a serious (or critical) illness or death



Chance of one of the following three events happening to you



Chance of dying

## What are the chances?

While Risks may vary, their impact can be severe. Our risk reality calculator can help you to consider how to protect what matters, for today and tomorrow.

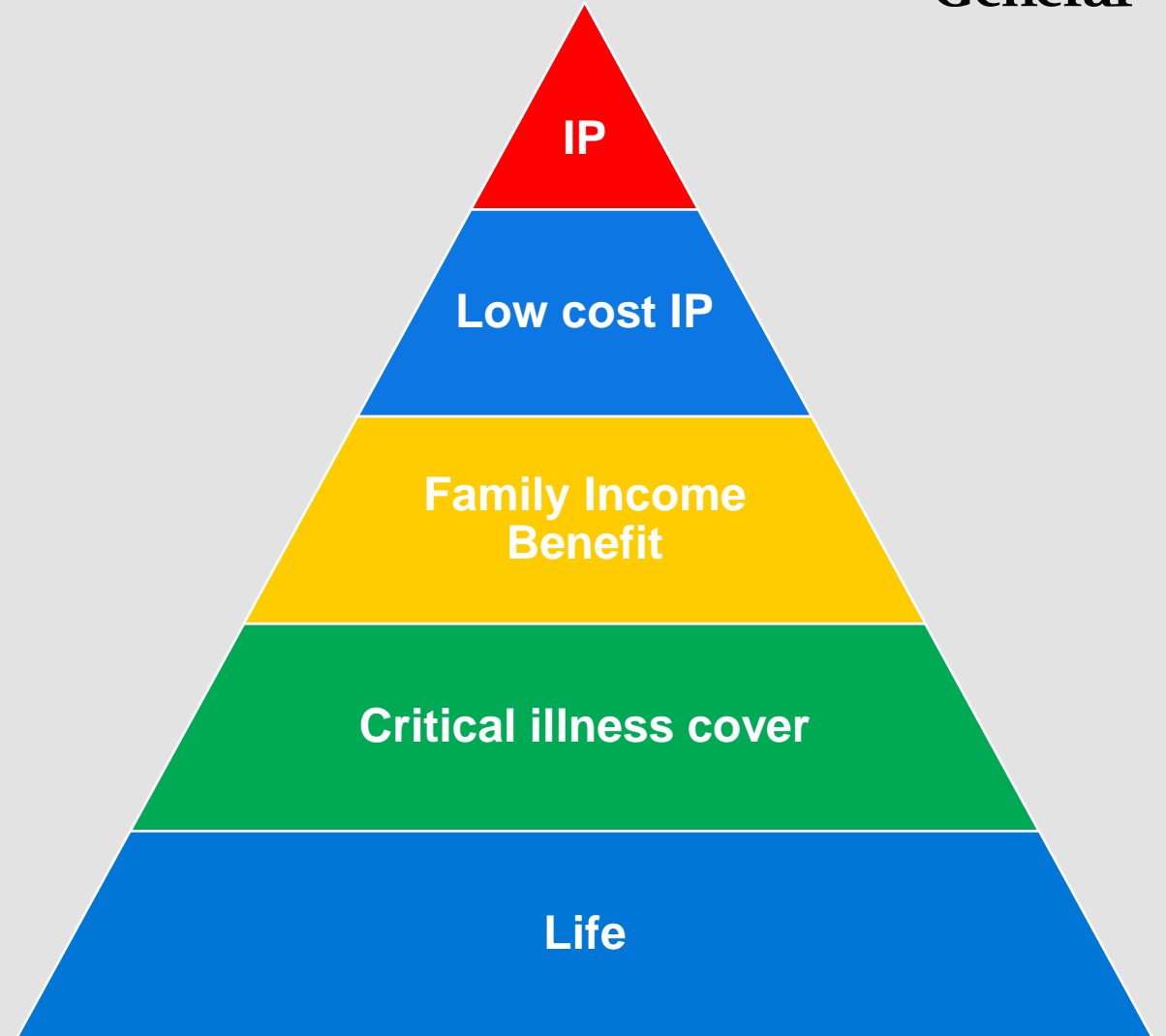
### Use our tool to find out

- ✓ Understand the probability of certain key events happening in your life
- ✓ Help you to explore the impact that these event may have on you
- ✓ Help you decide what to do about these risks

# Basic advice model

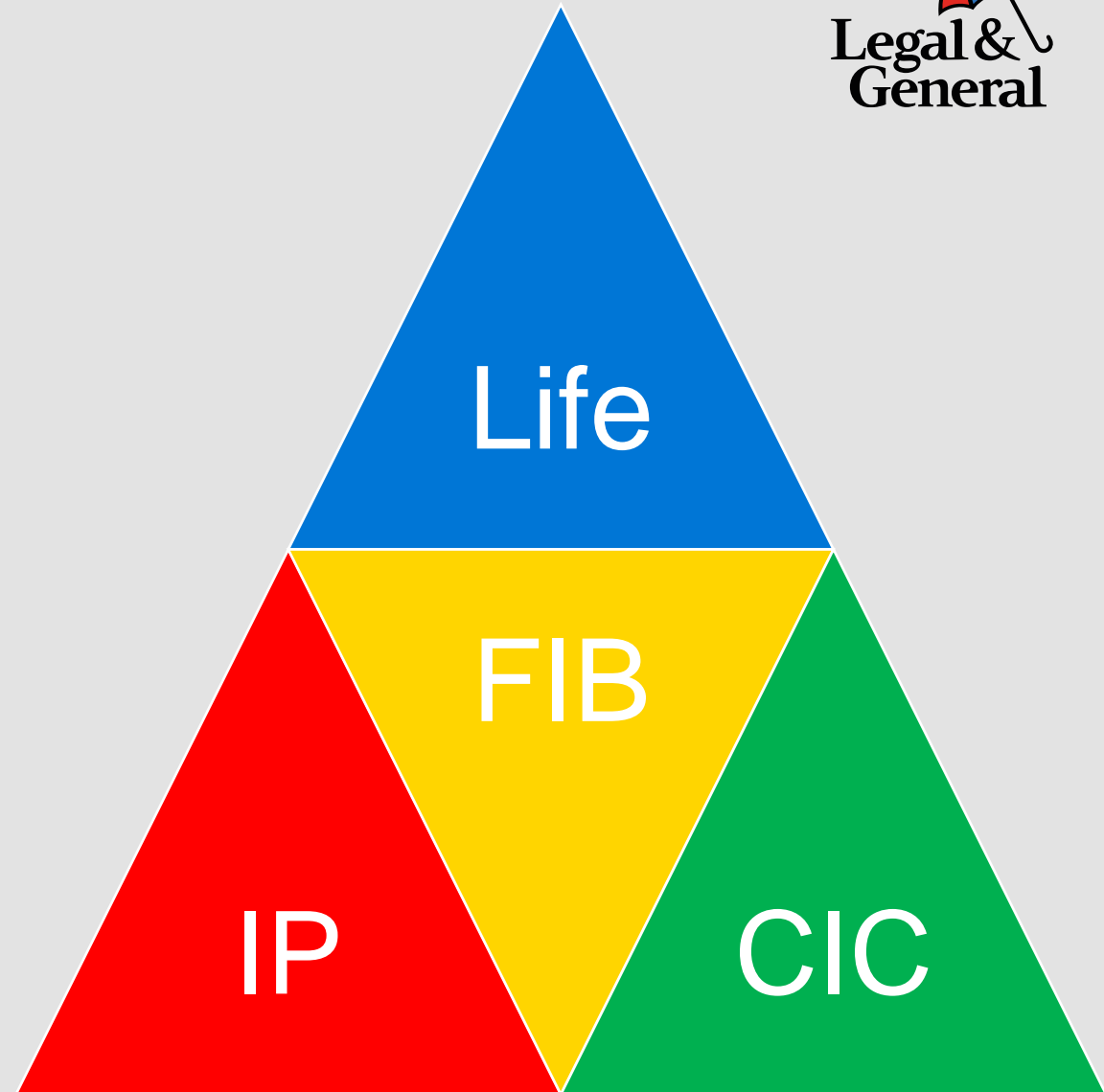
- “to cover the mortgage”

Do you stop here?

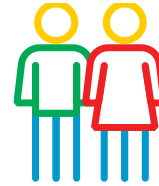


# Holistic advice “to protect your lifestyle”

A protection portfolio that meets client needs, and blends products to deliver comprehensive lifestyle cover.



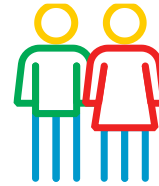
# When normality stops - Six ways to lose your home



Impact on mortgage repayments?

You may be evicted if you do not keep up your mortgage repayments

# When normality stops - Six ways to lose your home



Impact on mortgage repayments?



Sickness



Unemployment



Death



Critical Illness



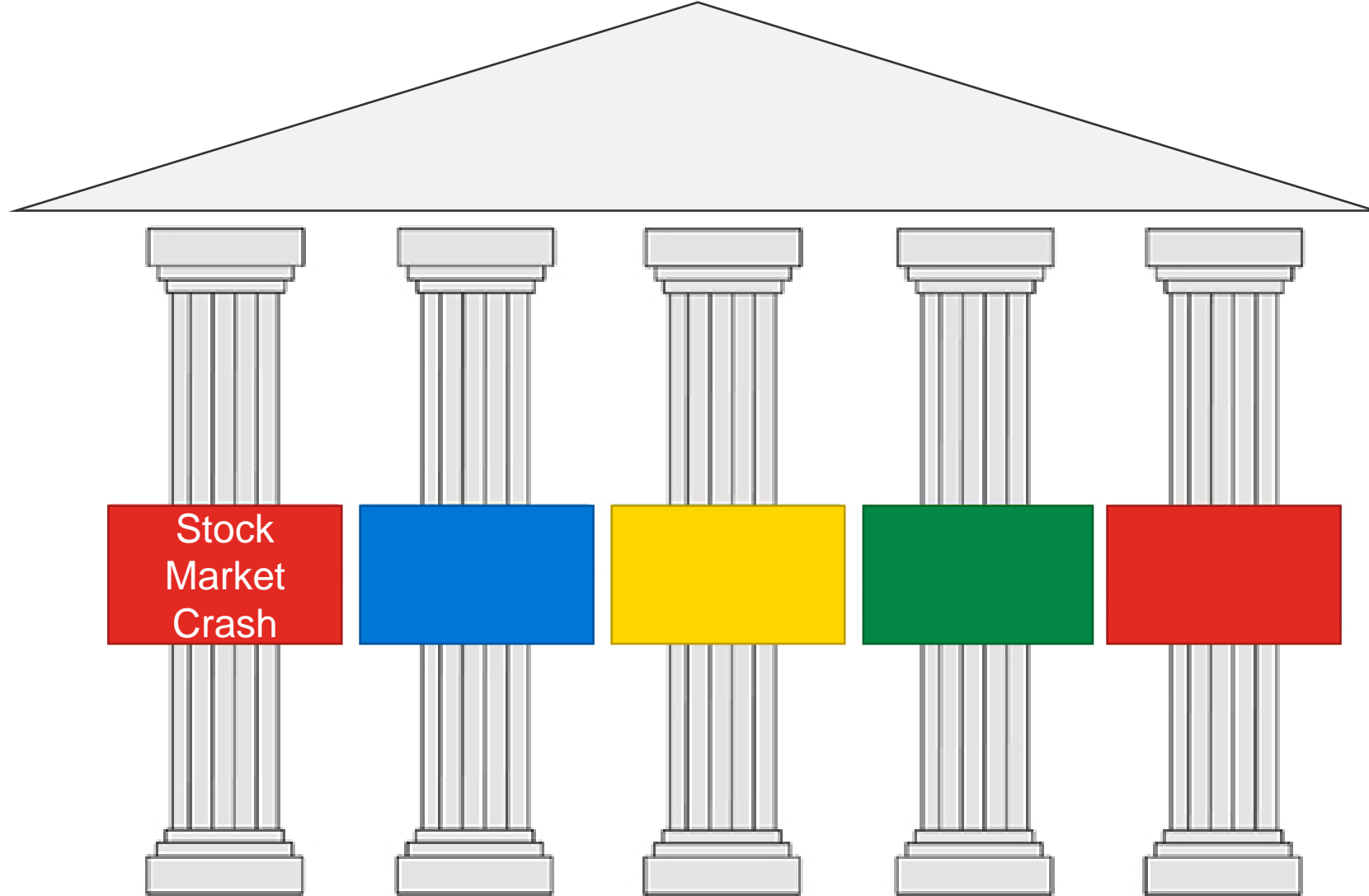
Fire storm & flood



Accident

You may be evicted if you do not keep up your mortgage repayments

# Ways to lose your portfolio



# Protect a portfolio via Diversification



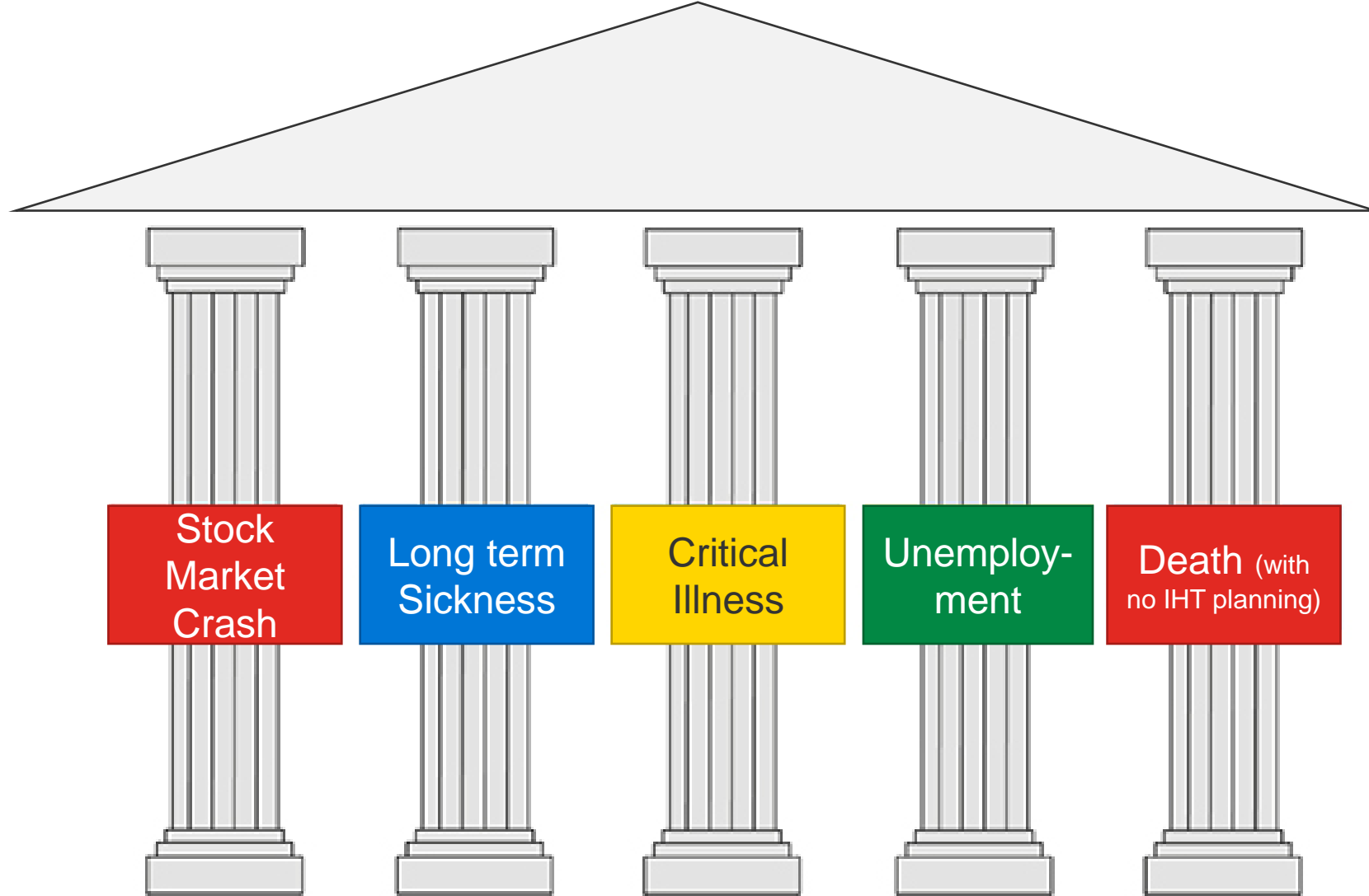
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	EM Equity	Gilts	EM Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	North American Equity	North American Equity	Japanese Equity	EM Equity	EM Equity	North American Equity	North American Equity	North American Equity
2	Asia ex Japan Equity	International Bonds	Asia ex Japan Equity	EM Equity	UK Corporate Bonds	Asia ex Japan Equity	Europe ex UK Equity	Gilts	North American Equity	North American Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Asia ex Japan Equity
3	Europe ex UK Equity	Japanese Equity	UK Equity	North American Equity	International Bonds	UK Corporate Bonds	Japanese Equity	UK Corporate Bonds	Europe ex UK Equity	Asia ex Japan Equity	Europe ex UK Equity	International Bonds	UK Equity	EM Equity
4	International Bonds	UK Corporate Bonds	Europe ex UK Equity	Japanese Equity	North American Equity	EM Equity	UK Equity	International Bonds	International Bonds	Japanese Equity	Japanese Equity	UK Corporate Bonds	EM Equity	Japanese Equity
5	North American Equity	North American Equity	UK Corporate Bonds	UK Equity	UK Equity	UK Equity	Asia ex Japan Equity	EM Equity	UK Equity	Europe ex UK Equity	UK Equity	Asia ex Japan Equity	Asia ex Japan Equity	Gilts
6	UK Equity	Europe ex UK Equity	North American Equity	UK Corporate Bonds	Japanese Equity	North American Equity	UK Corporate Bonds	Asia ex Japan Equity	Gilts	UK Equity	North American Equity	Japanese Equity	Japanese Equity	UK Corporate Bonds
7	Gilts	UK Equity	International Bonds	Gilts	Asia ex Japan Equity	International Bonds	International Bonds	Japanese Equity	UK Corporate Bonds	UK Corporate Bonds	UK Corporate Bonds	EM Equity	UK Corporate Bonds	Europe ex UK Equity
8	UK Corporate Bonds	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Europe ex UK Equity	Japanese Equity	Gilts	UK Equity	Asia ex Japan Equity	Gilts	Gilts	Europe ex UK Equity	Gilts	International Bonds
9	Japanese Equity	EM Equity	Japanese Equity	International Bonds	EM Equity	Gilts	EM Equity	Europe ex UK Equity	EM Equity	International Bonds	International Bonds	UK Equity	International Bonds	UK Equity



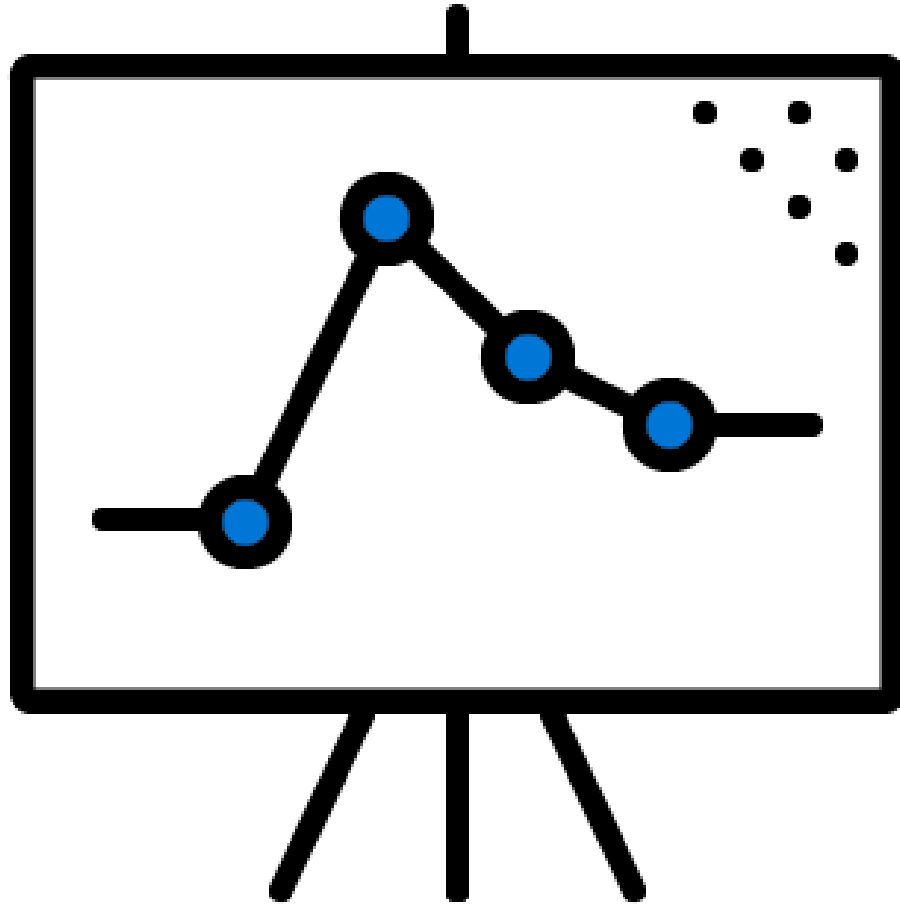
What do you do to protect the income that powers the portfolio?



# Ways to lose your portfolio



# Capacity for loss



The ability to withstand a financial loss and the risk an individual is willing to take.

Investing in low risk assets

Loss of Health

Loss of Income

Loss of Life

# A lifetime of advice - Cash flow modelling process



## Fact finding

Determines the current situation



## Set Goals

Develop the client's "bucket list" personal and financial



## Scenarios

Identify alternative course of action for "what if?"



## Assess Risk

Consider lifestyle factors, values and risk tolerance



## Action plan

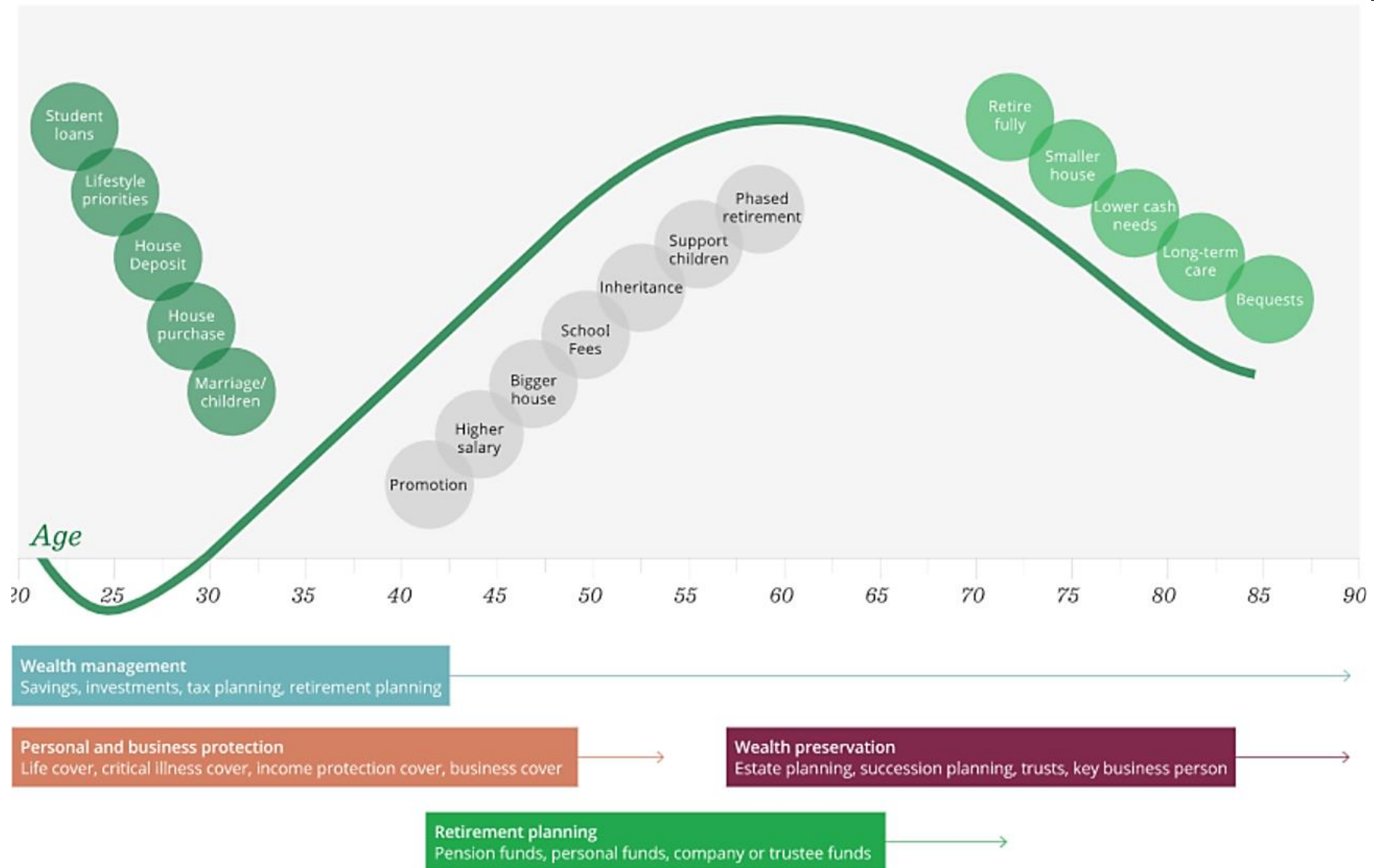
Deliver advice using tools and examples



## Review

Regularly revisit goals and review the plan

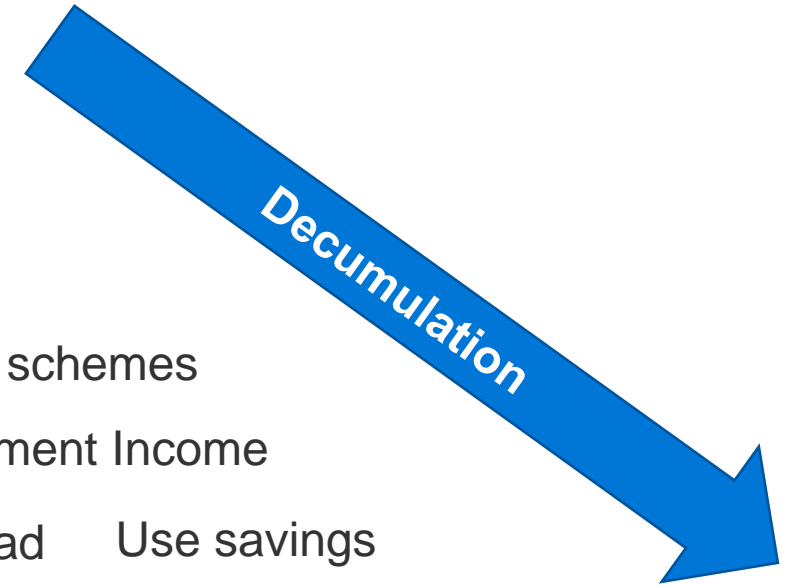
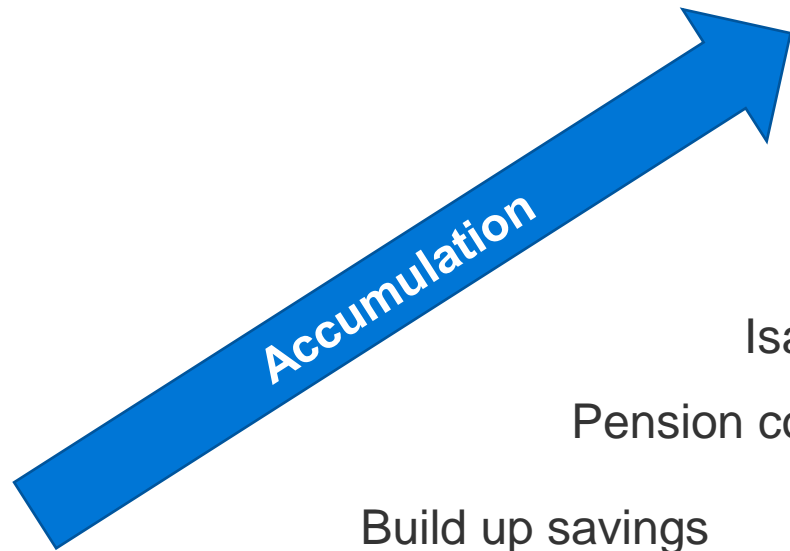
# Protection at all life stages



# Cashflow model



## Retire



**Earn it!**

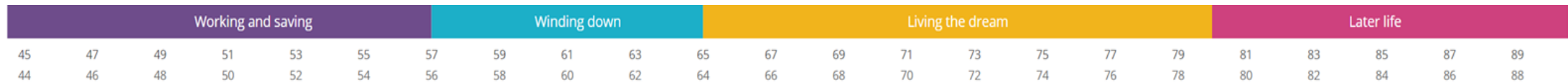
**Spend it!**

Build up savings      Debts      Bank of Mum & Dad      Use savings

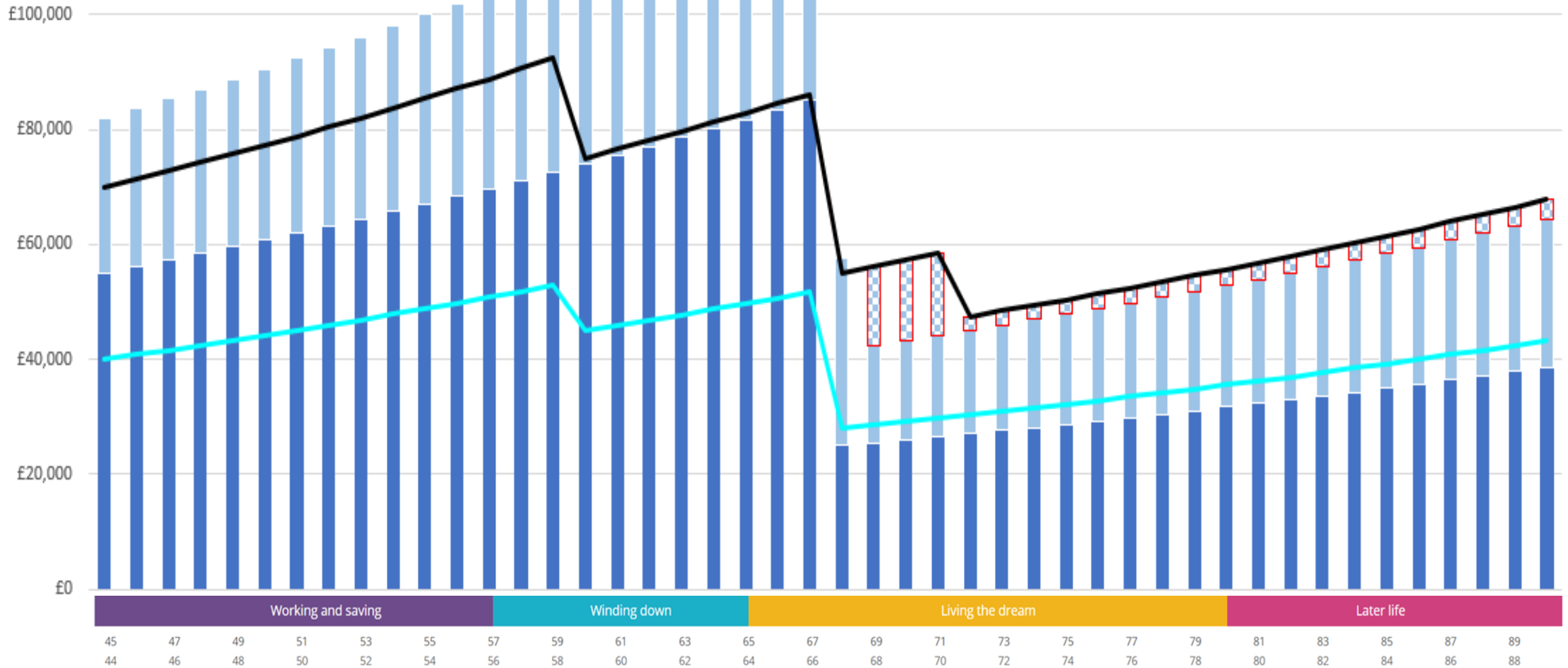
Mortgage      Inheritances      Lifetime mortgage

Isa      Pension contributions      Investment Income

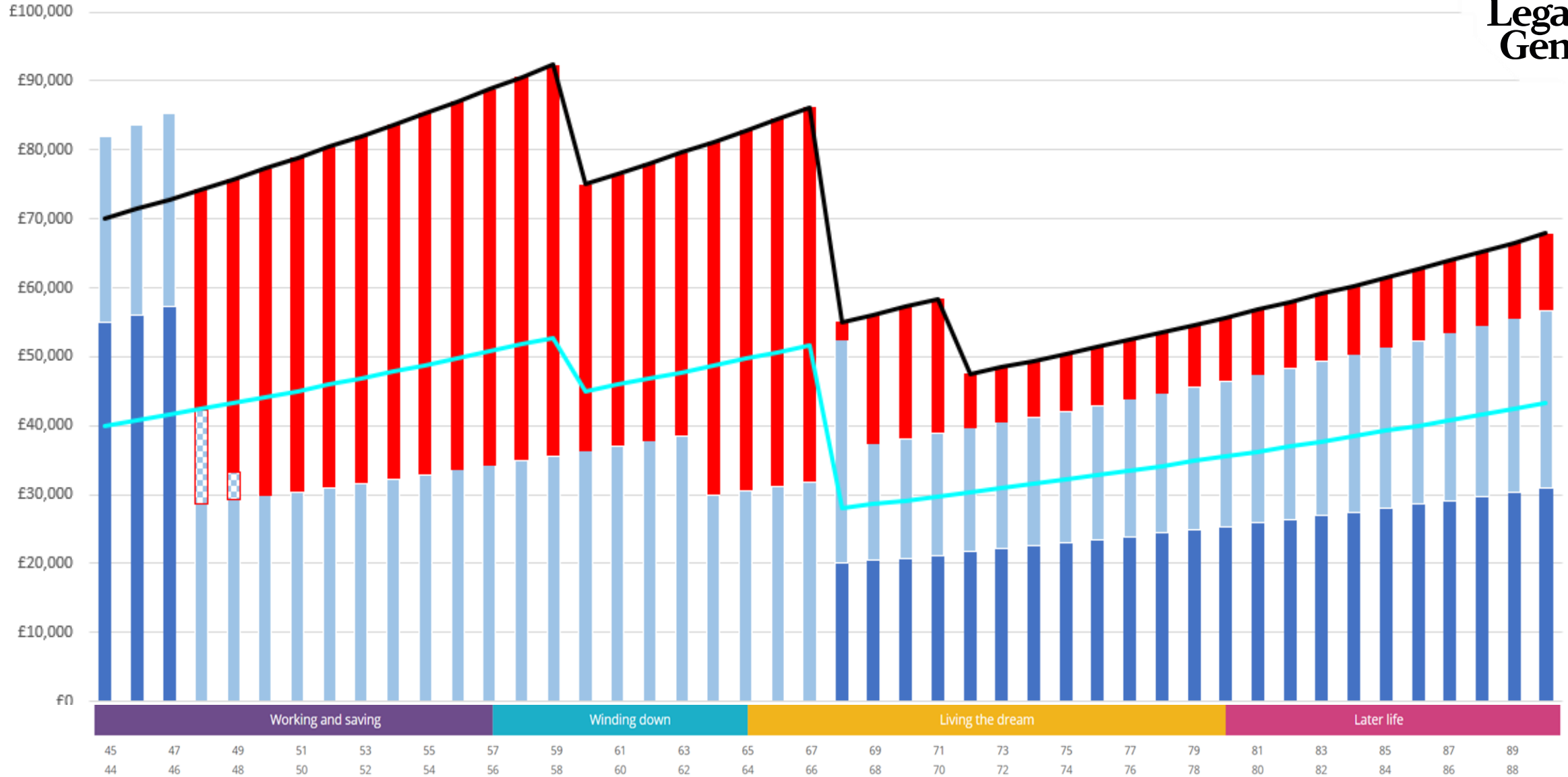
Investments      Draw down      Pension schemes



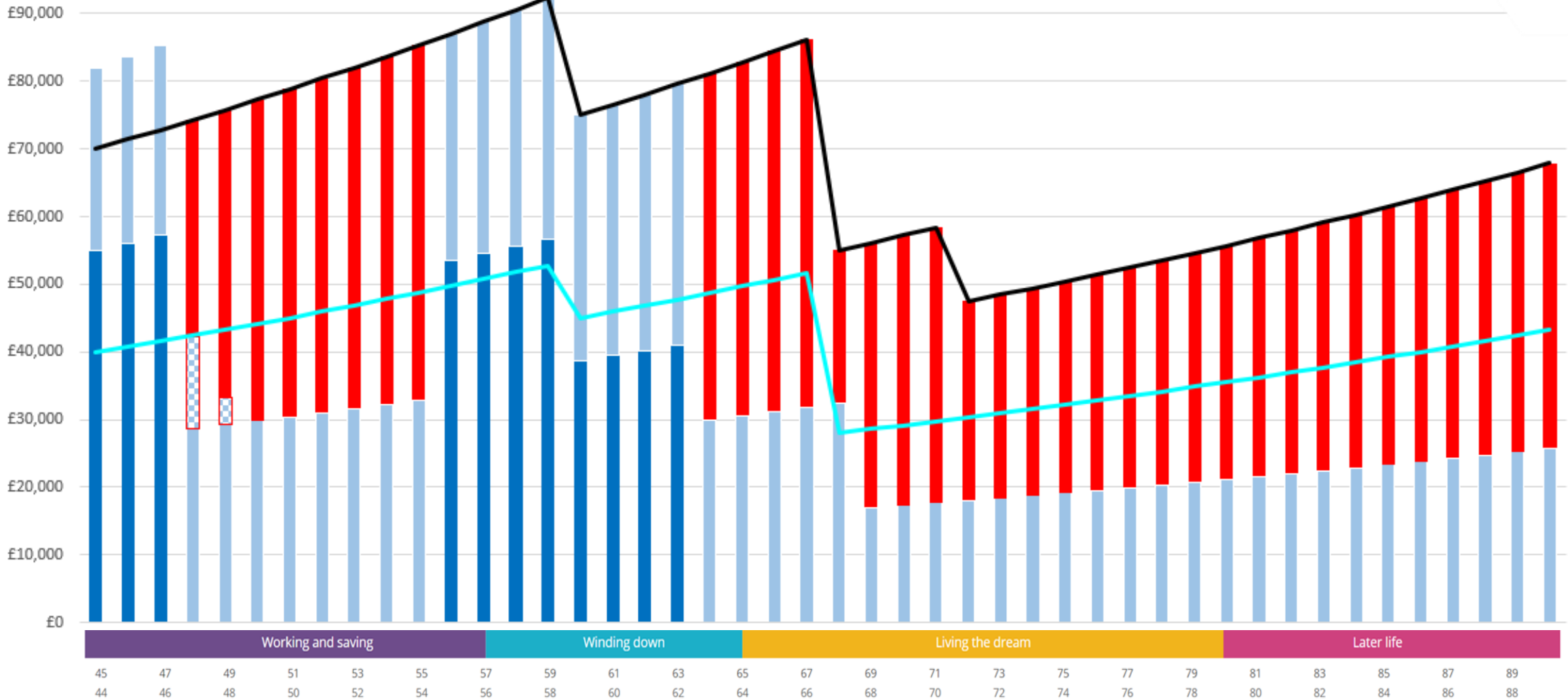
# Cashflow model



# Cashflow model – Income stops

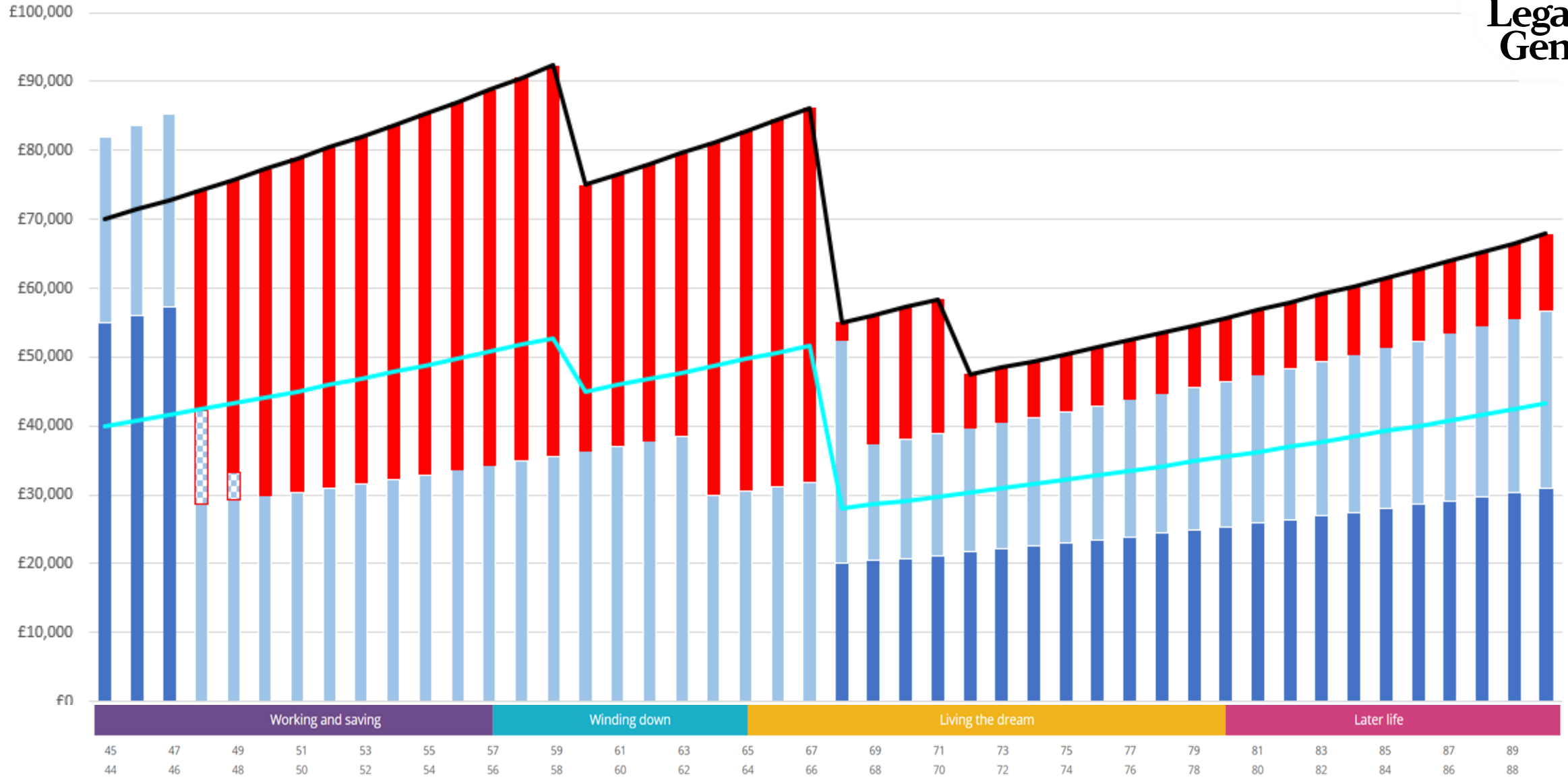


# Cashflow model – Income stops

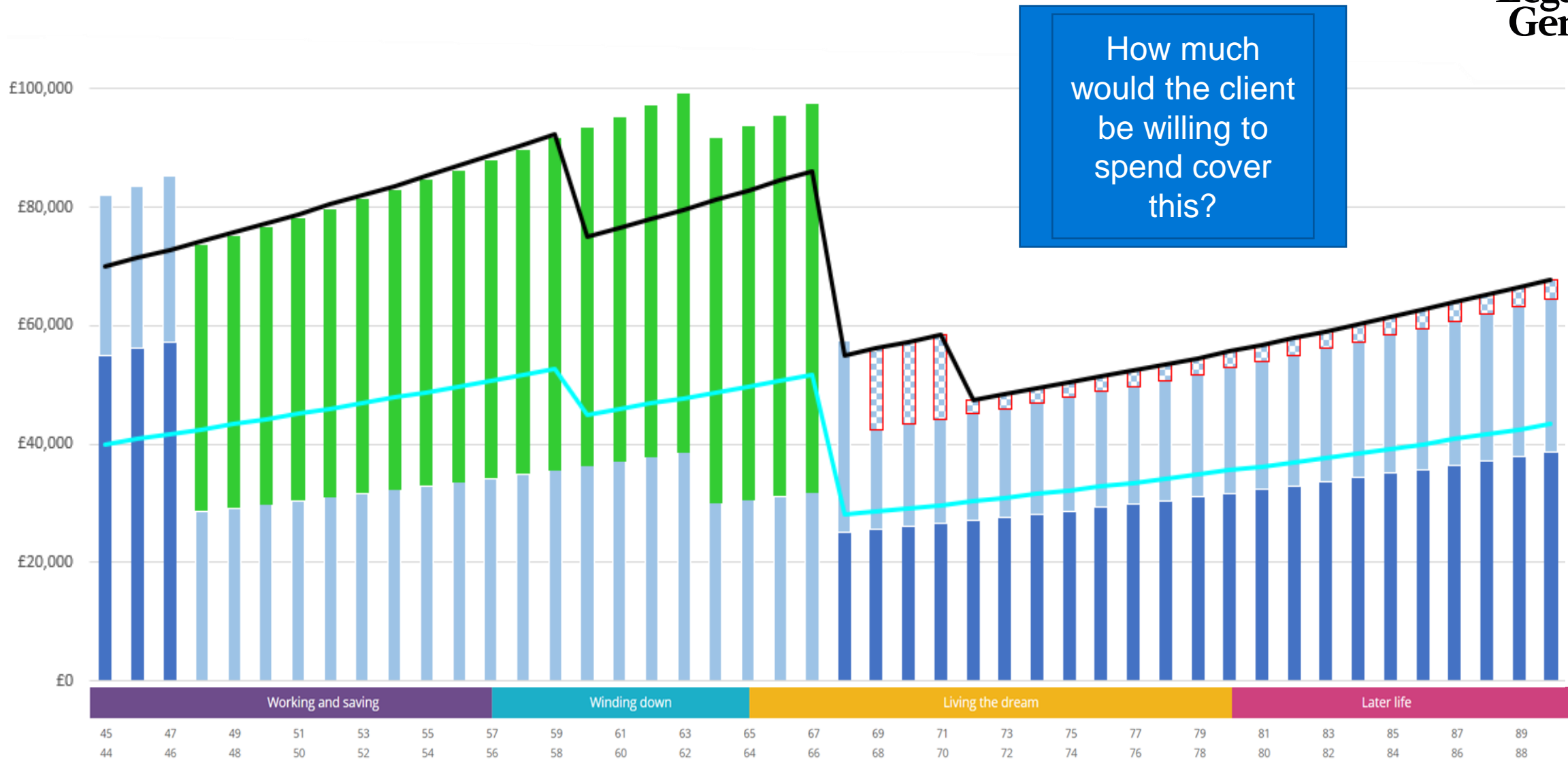




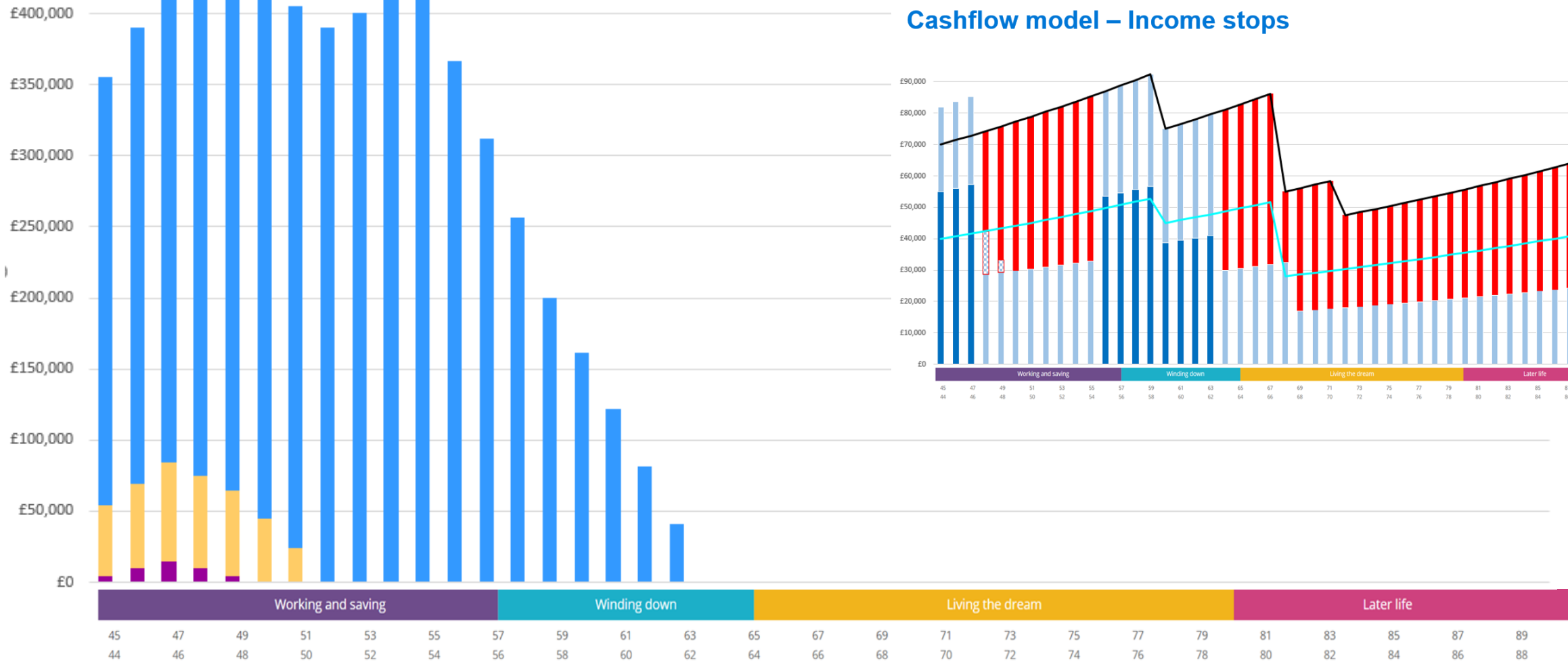
# Cashflow model – Income stops



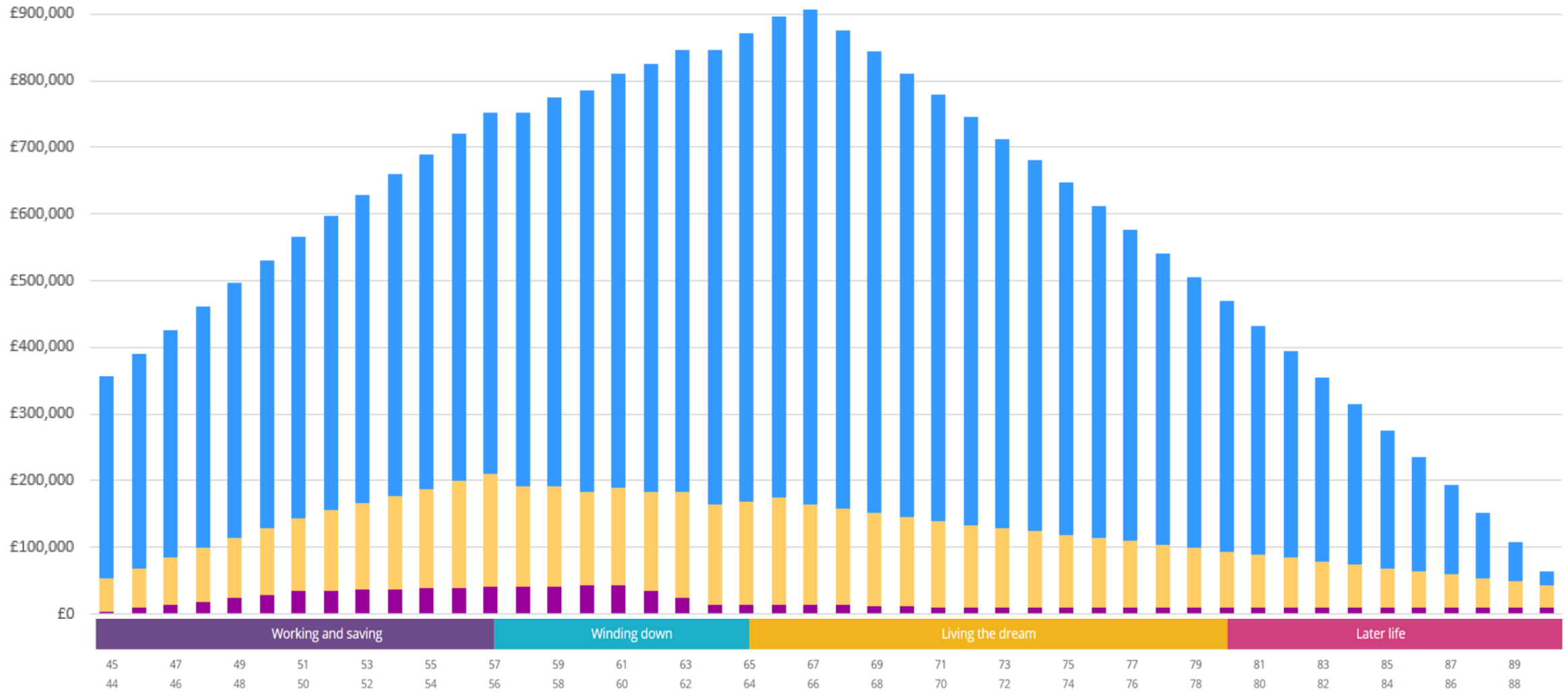
# Cashflow model – Income covered



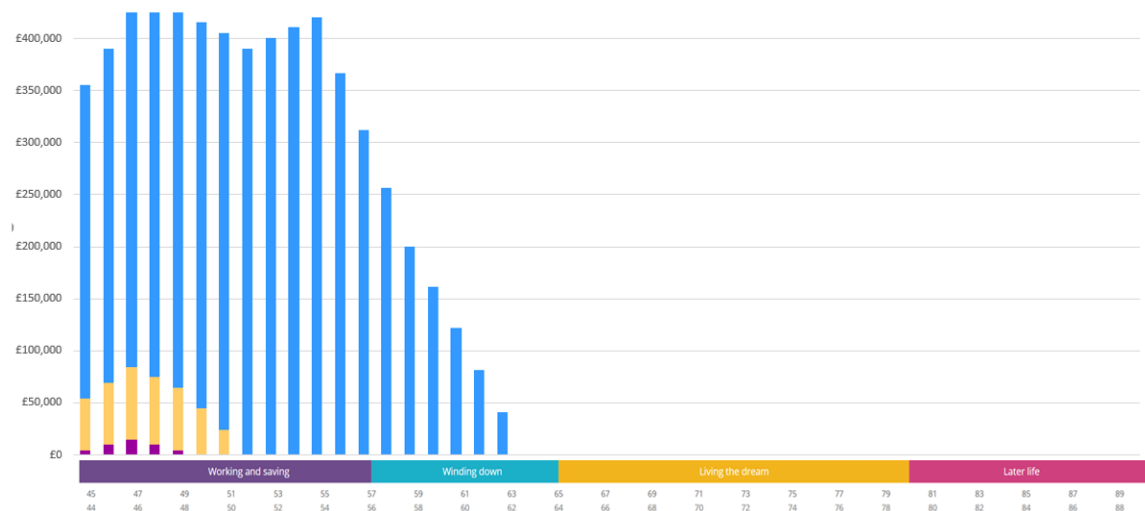
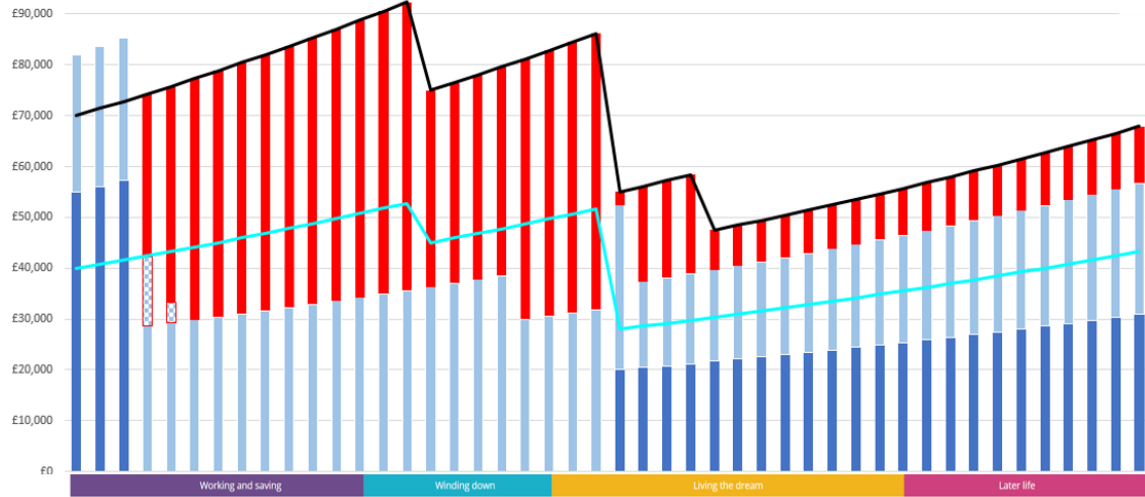
# Assets under management – Clients' income stops



# Assets under management – Income covered



# Cashflow model – Need for protection



**Peace of mind for your clients**

**Protect both the clients' needs and their future plans**

**Keep their aspirations for the future on track  
Protect their ability to invest**

**Great business sense –  
Assets under management,  
fully protected clients,  
Protect your reputation**

**Plan for the unexpected**

# Is cost an issue?



Aged 45 & non smoker  
 Occupation – Garage mechanic (Class 3)  
 £1,500 per month  
 25 year term



Policy type	Full IPB	Low Cost	Low Cost	Low Start
Deferred period	8 weeks	8 weeks	13 weeks	13 weeks
Indexation?	✓	✓	✗	✗
Payment period	Full term	2 Years	2 Years	Low Cost 2 Year
Monthly Premium	???	???	???	???

# Deadline to Breadline



**Deadline to Breadline 2020**  
Myths & misconceptions



The average household is just 24 days from the breadline.

Nearly half (46%) rank losing their income in their top 3 worries if they became unable to work.



## Protecting what's important

**1 in 3 households** don't see the need for income protection, and do not associate it with **losing their income**, or being able to **support their family**



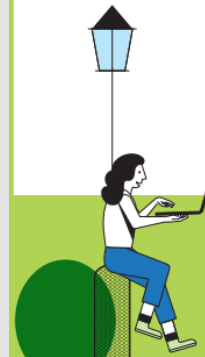
**31%** say they don't need income protection



Households are **4 times** more likely to insure their pet than their income



They are also **6 times** more likely to insure their home contents



**No broadband, no way!**

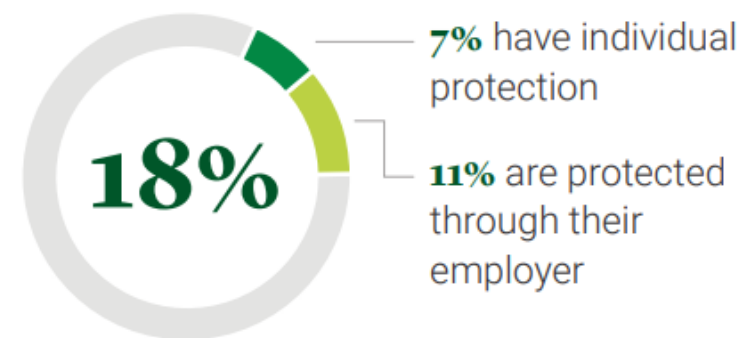
In the event of becoming unable to work and forced to cut spending, the top **household item** that people would be least willing to give up is **broadband**

# A lifetime of advice - Rental protection opportunity



## Few renters are covered for the unexpected

**18%** say they have some protection insurance in place <sup>3</sup>





# A lifetime of advice - Housing survey 2020-21



## First time buyers

Average age 32

Average deposit £44,294

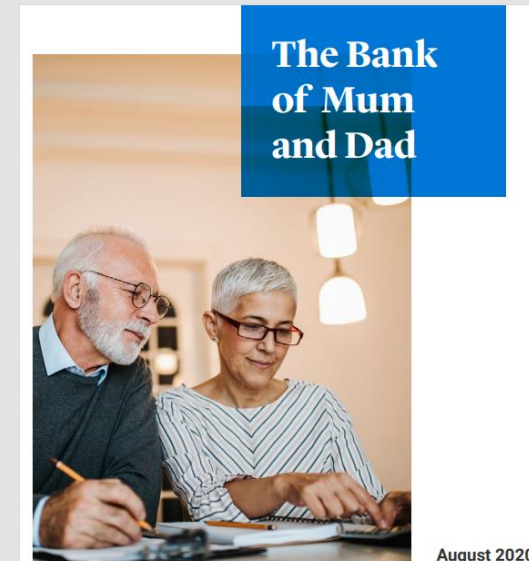
91% of first time buyers used their savings for the purchase

# Opportunities



**What is intergenerational wealth planning?**

**Where are the opportunities?**



# The Bank of Mum and Dad



August 2020

## Bank of Mum and Dad: Key to driving Britain's housing market recovery?



This year, the Bank of Mum and Dad is set to lend £3.49bn to loved ones, almost half of what it lent last year (£6.26bn). However, could the implications of the COVID-19 crisis see 'BoMaD' take off?

Aug 2020



BoMaD lenders will fund **85,000 fewer home purchases** in 2020 after the **COVID-19 lockdown** closed the UK housing market



But BoMaD is set to be even more important for buyers after the crisis - **24%** of borrowers are now **more reliant** on funding



**Two-thirds (65%)** of people who recently bought with help from BoMaD lenders said it would have been **unlikely without its support**



BoMaD lenders gift **£20,000** on average to help family or friends buy a home



Cash remains king for BoMaD lenders - **39%** use **cash savings** to help loved ones, but one in ten (**12%**) are even **downsizing**



And despite the pandemic, **15%** of BoMaD lenders plan to **give more in financial support** than before the crisis

# £50bn

BoMaD lenders will help family and friends buy **£50bn** worth of property in 2020

# 23%

The Bank of Mum and Dad will back nearly a quarter (**23%**) of UK property transactions, compared to 19% in 2019

# 2.7bn

Mum and dad alone are lending the most, nearly **£2.7bn** or **77%** of the total amount BoMaD lenders gifts to loved ones

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# What are their considerations for Retirement?



**Pension**



**Investments**



**Cash**



**Property**

# Property – Potential for Later Life lending



## Why Later life lending?

- Property wealth greater than pension wealth - Asset class in its own right
- Broaden proposition and new markets
- Increasing embedded value of your client base
- Maximise customer value and recurring income

**Acquisition of new clients via intergenerational gifting 65 – 75\***

\* 65% of inherited monies leave the original adviser however 75% of inheritors seek financial advice

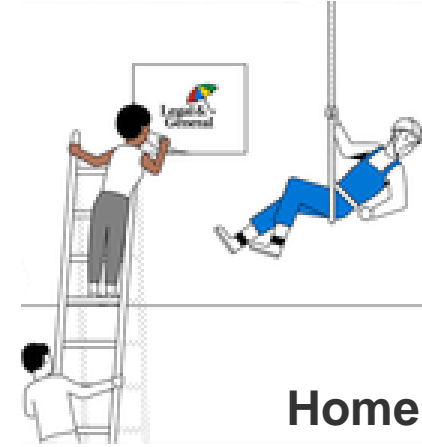
# Later Life lending



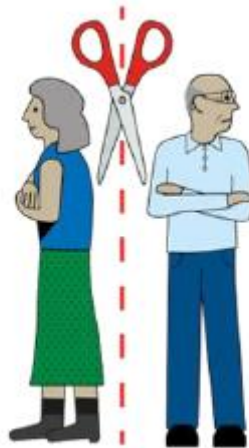
**Gifts**



**Repay mortgages**



**Home improvements**

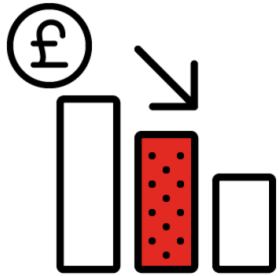


**Silver Splitters**



**Enhance retirement**

# Later Life lending – holistic retirement planning



**Minimise tax**



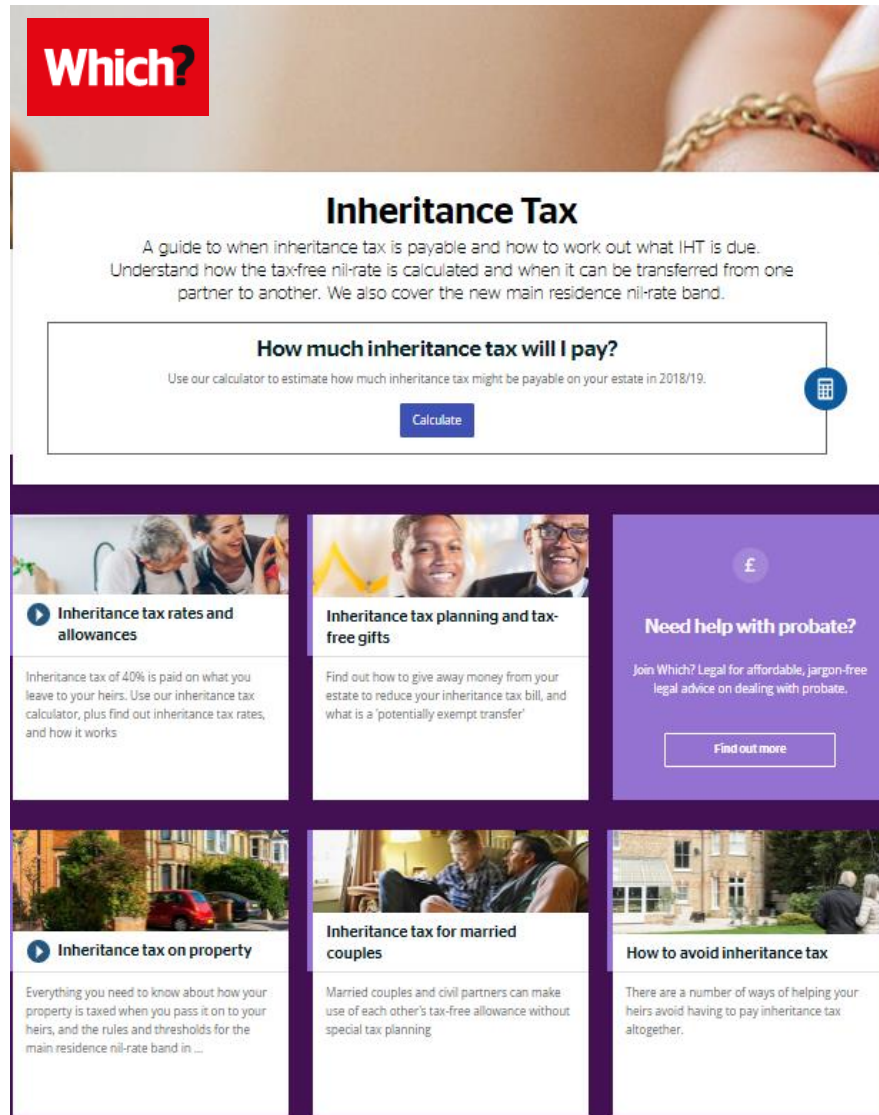
**Preserve capital**



**Enhance inheritance**



# Inheritance tax



**Which?**

## Inheritance Tax

A guide to when inheritance tax is payable and how to work out what IHT is due. Understand how the tax-free nil-rate is calculated and when it can be transferred from one partner to another. We also cover the new main residence nil-rate band.

**How much inheritance tax will I pay?**

Use our calculator to estimate how much inheritance tax might be payable on your estate in 2018/19.

[Calculate](#)

**Inheritance tax rates and allowances**

Inheritance tax of 40% is paid on what you leave to your heirs. Use our inheritance tax calculator, plus find out inheritance tax rates, and how it works

**Inheritance tax planning and tax-free gifts**

Find out how to give away money from your estate to reduce your inheritance tax bill, and what is a 'potentially exempt transfer'

**Need help with probate?**

Join Which? Legal for affordable, jargon-free legal advice on dealing with probate.

[Find out more](#)

**Inheritance tax on property**

Everything you need to know about how your property is taxed when you pass it on to your heirs, and the rules and thresholds for the main residence nil-rate band in ...

**Inheritance tax for married couples**

Married couples and civil partners can make use of each other's tax-free allowance without special tax planning

**How to avoid inheritance tax**

There are a number of ways of helping your heirs avoid having to pay inheritance tax altogether.

**Tax usually paid from the estate when somebody dies**

IHT can apply during a person's lifetime on certain asset transfers, or if property is in trust.

IHT rates are 40% over the threshold after death

## Reducing IHT

The amount owed may be reduced by an exemption.

The key two exemptions are:

- Annual gift exemptions (up to £3,000 gifted per year and can carry forward anything unused for 1 year)
- Gifts from normal expenditure exemption

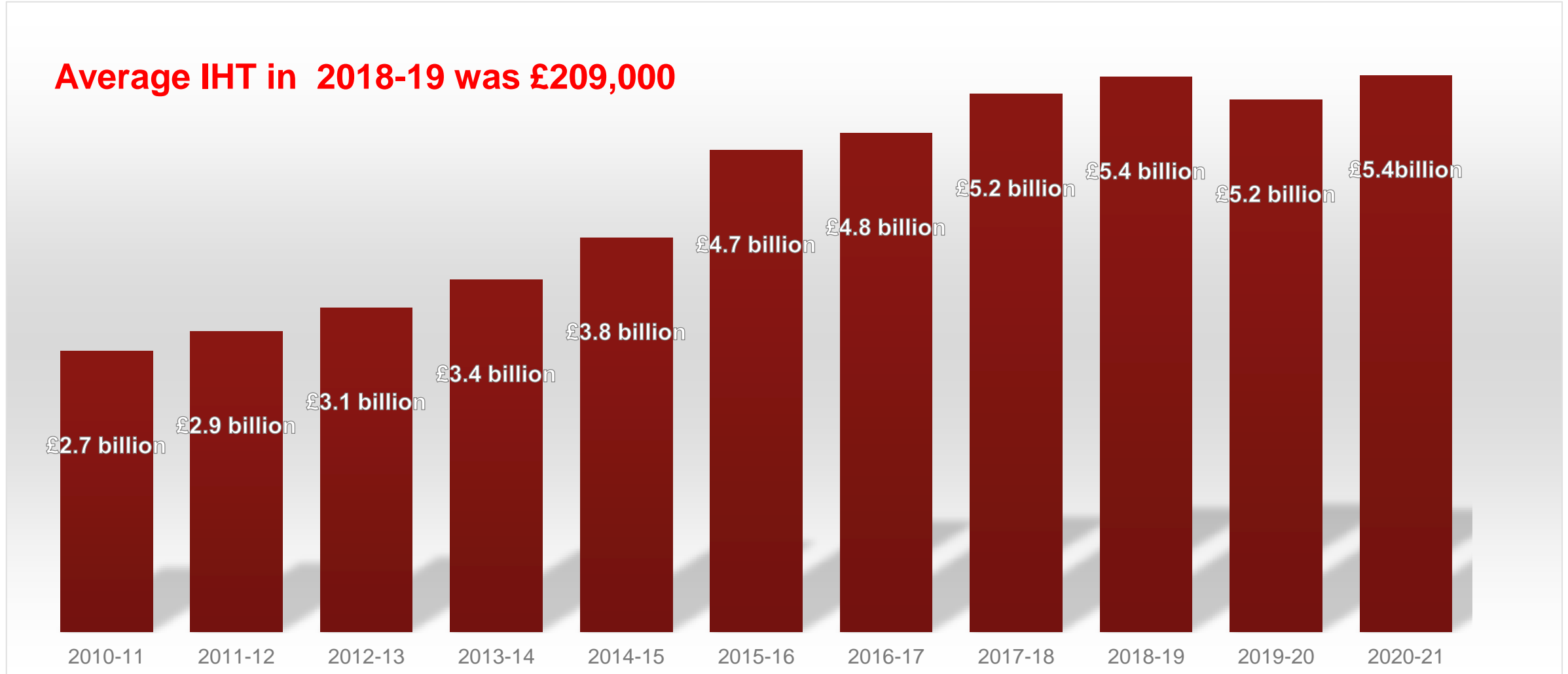
A Nil Rate Band is not an exemption, but it reduces the rate of IHT payable to 0% on the first £325,000 of gifts.



# Inheritance tax over the years



**Average IHT in 2018-19 was £209,000**



# Gift Inter Vivos

There is taper relief on amounts above the available nil rate band, which could be available during the seven years so if the death occurred in the first three years then 100% of the value of the gift would be used, however this would reduce for deaths in years four to seven (see table below).

Policy year	Full charge of death rate
1 to 3	100%
4	80%
5	60%
6	40%
7	20%

## Gift Inter Vivos

Adviser guide



# Helping your clients throughout 2020



**15,855**

people helped



Over

**£763 million**

paid to individuals and  
their families



**1,214**

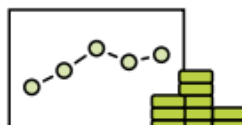
to support our customers  
and their families who  
suffered from Covid-19



An extra

**£32 million**

more than 2019



And over 5 years, that's more than

**£3.1 billion**

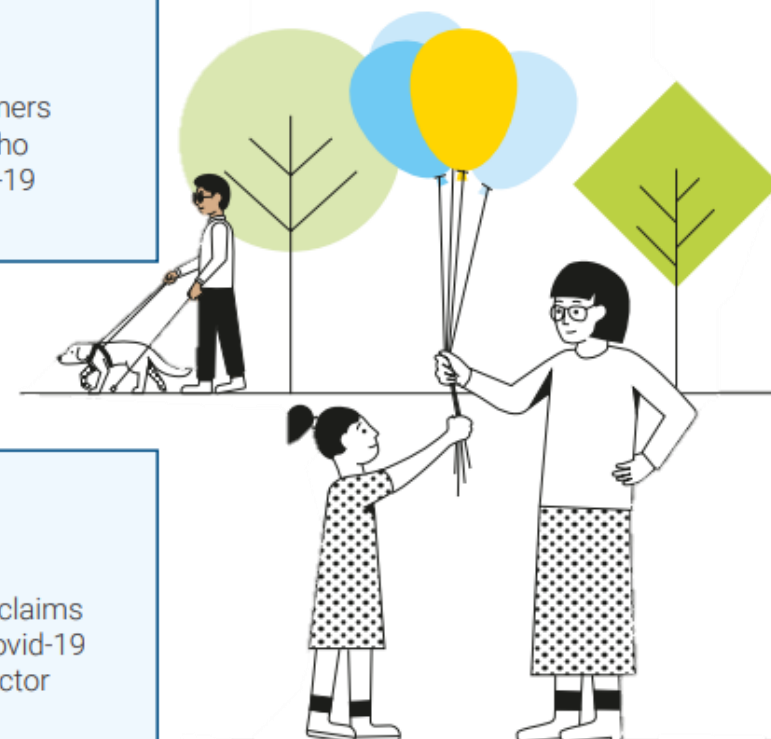
paid out



Over

**£39m**

of valid Life Insurance\* claims  
were paid out, where Covid-19  
was an attributing factor



# 2020 Claims paid



Life Insurance*
<b>11,755</b> Total number of people helped
<b>97%</b> Claims paid
<b>£459,551,840</b> Total paid
<b>£39,094</b> Average payout
<b>9 years</b> Average length of policy at claim
<b>22 years</b> Youngest claimant
<b>103 years</b> Eldest claimant
<b>68 years</b> Average claimant age
<b>40% Female</b> <b>60% Male</b> Gender split
<b>34% Cancer</b> <b>15% Heart related</b> <b>9% Covid-19</b> Top 3 claims



Terminal Illness Cover
<b>911</b> Total number of people helped
<b>94%</b> Claims paid
<b>£97,671,794</b> Total paid
<b>£107,214</b> Average payout
<b>9 years</b> Average length of policy at claim
<b>28 years</b> Youngest claimant
<b>77 years</b> Eldest claimant
<b>56 years</b> Average claimant age
<b>41% Female</b> <b>59% Male</b> Gender split
<b>94% Cancer</b> <b>4% Motor neurone disease</b> <b>0.7% Respiratory failure</b> Top 3 claims



Critical Illness Cover
<b>2,843</b> Total number of people helped
<b>92%</b> Claims paid
<b>£202,559,414</b> Total paid
<b>£71,248</b> Average payout
<b>8 years</b> Average length of policy at claim
<b>24 years</b> Youngest claimant
<b>69 years**</b> Eldest claimant
<b>48 years</b> Average claimant age
<b>52% Female</b> <b>48% Male</b> Gender split
<b>64% Cancer</b> <b>13% Heart related</b> <b>7% Stroke</b> Top 3 claims



Children's Critical Illness Cover
<b>130</b> Total number of people helped
<b>97%</b> Claims paid
<b>£1,947,523</b> Total paid
<b>£14,981</b> Average payout
<b>4 years</b> Average length of policy at claim
<b>Less than 1 year</b> Youngest claimant
<b>20 years</b> Eldest claimant
<b>8 years</b> Average claimant age
<b>42% Female</b> <b>58% Male</b> Gender split
<b>63% Cancer</b> <b>7% Child funeral benefit</b> <b>5% Benign brain tumour</b> Top 3 claims



Income Protection
<b>New and continued claims*:</b> <b>544</b> Total number of people helped
<b>93%</b> Claims paid
<b>New admitted in 2020*:</b> <b>£872</b> Average monthly payout
<b>4 years</b> Average length of policy at claim
<b>19 years</b> Youngest claimant
<b>62 years</b> Eldest claimant
<b>41 years</b> Average claimant age
<b>39% Female</b> <b>61% Male</b> Gender split
<b>32% Musculoskeletal</b> <b>17% Cancer</b> <b>12% Mental health</b> Top 3 claims

# Protect a portfolio via Diversification



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	EM Equity	Gilts	EM Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	North American Equity	North American Equity	Japanese Equity	EM Equity	EM Equity	North American Equity	North American Equity	North American Equity
2	Asia ex Japan Equity	International Bonds	Asia ex Japan Equity	EM Equity	UK Corporate Bonds	Asia ex Japan Equity	Europe ex UK Equity	Gilts	North American Equity	North American Equity	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Asia ex Japan Equity
3	Europe ex UK Equity	Japanese Equity	UK Equity	North American Equity	International Bonds	UK Corporate Bonds	Japanese Equity	UK Corporate Bonds	Europe ex UK Equity	Asia ex Japan Equity	Europe ex UK Equity	International Bonds	UK Equity	EM Equity
4	International Bonds	UK Corporate Bonds	Europe ex UK Equity	Japanese Equity	North American Equity	EM Equity	UK Equity	International Bonds	International Bonds	Japanese Equity	Japanese Equity	UK Corporate Bonds	EM Equity	Japanese Equity
5	North American Equity	North American Equity	UK Corporate Bonds	UK Equity	UK Equity	UK Equity	Asia ex Japan Equity	EM Equity	UK Equity	Europe ex UK Equity	UK Equity	Asia ex Japan Equity	Asia ex Japan Equity	Gilts
6	UK Equity	Europe ex UK Equity	North American Equity	UK Corporate Bonds	Japanese Equity	North American Equity	UK Corporate Bonds	Asia ex Japan Equity	Gilts	UK Equity	North American Equity	Japanese Equity	Japanese Equity	UK Corporate Bonds
7	Gilts	UK Equity	International Bonds	Gilts	Asia ex Japan Equity	International Bonds	International Bonds	Japanese Equity	UK Corporate Bonds	UK Corporate Bonds	UK Corporate Bonds	EM Equity	UK Corporate Bonds	Europe ex UK Equity
8	UK Corporate Bonds	Asia ex Japan Equity	Gilts	Europe ex UK Equity	Europe ex UK Equity	Japanese Equity	Gilts	UK Equity	Asia ex Japan Equity	Gilts	Gilts	Europe ex UK Equity	Gilts	International Bonds
9	Japanese Equity	EM Equity	Japanese Equity	International Bonds	EM Equity	Gilts	EM Equity	Europe ex UK Equity	EM Equity	International Bonds	International Bonds	UK Equity	International Bonds	UK Equity



**But are you protecting the income that is powering that portfolio?**





## COVER

### What does 2022 have in store for protection and health?

#### Wellbeing is top of the list for various protection and health experts

As we approach the end of another Covid-dominated year, COVER asked protection and health insurance industry experts what they believe will be the dominant trends and developments throughout 2022.

Unsurprisingly, wellbeing support and services feature heavily among the cohort of predictions, with various industry names highlighting the ongoing pressures on the NHS playing a major part, with further demand for added services that will ease this burden.

# Learning objectives

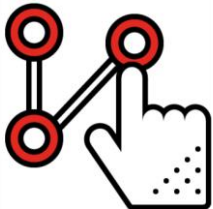


Accredited

By the end of this workshop you will be able to do the following



Understand some sales ideas and identify opportunities that will help in conversations with clients



Consider how to use a cashflow model to best engage with new or existing customers highlighting their need for protection



Demonstrate how these ideas can be effective at every stage of the lifetime of advice from the accumulation of wealth through to decumulation stage

# Support from Legal & General





# Adviser website



## Deadline to Breadline 2020

Myths & misconceptions



The average household is just 24 days from the breadline.

Nearly half (46%) rank losing their income in their top 3 worries if they became unable to work.



Legal & General

Home Protection

Our products Literature Doing business with us Why Legal & General Learning and Development News and Insight

Legal & General Protection Life Insurance Adviser Support

### Adviser Support

Get the conversation started about Life Insurance

### Let's talk life insurance

**Helping you talk to your clients**  
Who is your target market for life insurance?  
[Find out more](#)

**It's a myth that we don't pay claims**  
We paid out over £731 million in 2019  
[Find out more](#)

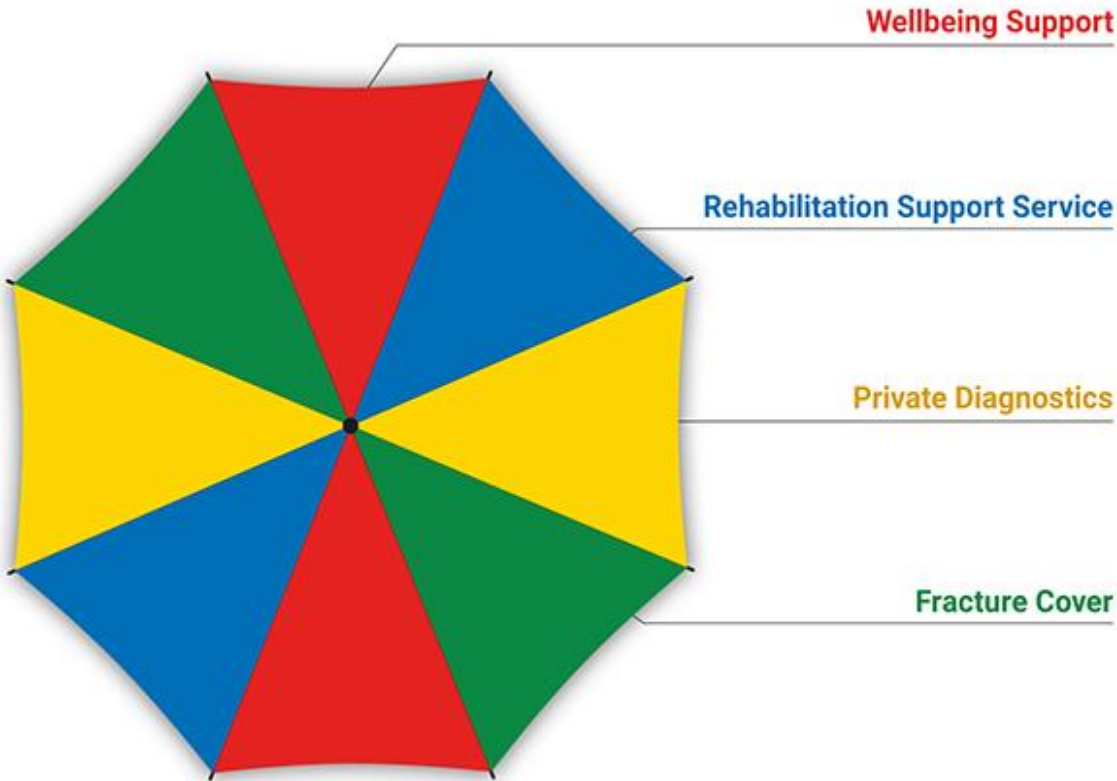
**We paid 97% of life claims in 2019**

[Quote and apply](#)

[Track your cases online](#)

# Introducing Umbrella Benefits

More Cover, More Choice, More Support



## Wellbeing Support

Personalised Support for you and your family

## Rehabilitation Support Service

Mental health, physical wellbeing and back to work support. For today, for tomorrow.

For Advisers only

### Helping your clients get back to good health and work

Our services protect your clients faster than just providing your clients with a monthly benefit. It can also help with recovering good health and wellbeing.

**What are the benefits?**

- Early notification** - The sooner you notify your clients, the sooner they can get back to work. It's the only offering that can help your clients get back to work faster.
- Fast and personalised** - Our services are designed to be fast and personalised, so your clients can get back to work as quickly as possible.
- Personalised** - Our services are designed to be personalised, so your clients can get back to work as quickly as possible.

**How our service works**

- 1. Early notification** - The sooner you notify your clients, the sooner they can get back to work. It's the only offering that can help your clients get back to work faster.
- 2. Fast and personalised** - Our services are designed to be fast and personalised, so your clients can get back to work as quickly as possible.
- 3. Personalised** - Our services are designed to be personalised, so your clients can get back to work as quickly as possible.

**Why our service works**

- Personalised Support Service
- Rehabilitation Support Service
- Private Diagnostics
- Fracture Cover

## Private Diagnostics

Fast diagnosis from the UK's top medical experts

## Fracture Cover

Protecting against the cost of injury

Fractures	Dislocations, ligament tears and tendon ruptures
Skull cap Fracture £2,000	Skull cap Fracture £2,000
Clavicle Fracture £2,000	Clavicle Fracture £2,000
Other Fracture £2,000	Other Fracture £2,000
Shoulder Fracture £2,000	Shoulder Dislocation £4,000
Elbow Fracture £2,000	Elbow Dislocation £4,000
Wrist Fracture £2,000	Wrist Dislocation £4,000
Hand Fracture £2,000	Hand Dislocation £4,000
Upper Arm Fracture £4,000	Upper Arm Dislocation £4,000
Lower Arm Fracture £4,000	Lower Arm Dislocation £4,000
Upper Leg Fracture £4,000	Upper Leg Dislocation £4,000
Lower Leg Fracture £4,000	Lower Leg Dislocation £4,000
Foot Fracture £4,000	Foot Dislocation £4,000
	Acute tendon rupture £4,000
	Acute ligament tear £4,000

# A lifetime of advice – Business Protection



# Training and development



## Webinars covering

- Protection and Sales Skills
- Business Protection opportunities and technical
- Product specific webinars

## Virtual workshops

- Putting life into protection
- Be Curious
- Introduction to Business protection



**NEW AWARDS**

**Moneyfacts - Seven times winner Best Business Protection**  
**Lifeseach - Three times winner Business Protection Hero**





## Putting protection into wealth

A lifetime of advice

Robert Betts  
Market development manager



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# Protecting your wealth

A lifetime of advice

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