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Whole of Life Insurance

Specialist solutions



Whole of life insurance pays out a tax-free sum of money when the person covered dies or is diagnosed with a terminal illness. For this reason, it can be an 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 Aviva'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've 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 70 year old paying £5,000 per year would be 165,886¹. If they died aged 83, they would have paid £65,000 in premiums – a gain of £100,886 and **return of 155.21%**. They would have to live to age 103 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

Our policies do not have a cash-in value. Aviva's 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	£65,000	£65,000
Value returned	£165,886	£86,460
Net gain/loss	£100,886	£21,460
Return (Gain/Loss ÷ Contributions x 100)	155.21%	33.01%

You can use our **Whole of Life calculator** to compare the returns based on different variables.

Funeral expenses

A whole of life policy isn't just for wealth planning. It can be used towards funeral expenses, debts and so on.

The average cost of dying in the UK has been rising over the last few years, with it standing at £9,200² in 2023.

Costs of dying	£	%
Basic funeral	£3,953	43%
Professional fees	£2,578	28%
Send-off costs	£2,669	29%
Total	£9,200	100%

Where the life assured is in good health, Aviva's Whole of Life Insurance, which has a minimum sum assured of £10,000, can be more cost-effective than traditional alternatives designed specifically for funeral planning such as guaranteed over 50s policies and pre-paid funeral plans. And unlike funeral plans, with whole of life, there's no moratorium period.

¹ Non-smoker, guaranteed/annual premiums. Rates correct at 17/07/23

² SunLife (2023), Cost of Dying Report, sunlife.co.uk/funeral-costs

³ Aviva Smart Health is provided to Aviva Protection UK Limited customers by Teladoc Health. This is not part of your insurance contract and can be changed or withdrawn at any time.

Why Aviva?

- Up to age 84 at entry
- Up to £52m cover available
- Full online journey - including trusts
- Pays out on diagnosis of a terminal illness or death
- 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

- Aviva Smart Health³
- Funeral Pledge
- Claims support fund



How to contact us

If you would like to know more about this or any of Aviva's other wealth protection solutions, please contact us.

 0345 600 6820

Email us at: advisercommunication@aiglife.co.uk

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