

# Protect the ones you value the most

## TERM ASSURANCE

*'... in this world nothing can be said to be certain except death and taxes.'*

Benjamin Franklin – 1789

Life Assurance. Sounds dull doesn't it?

But have you thought about what might happen if you were to die tomorrow?

No one knows when their time will come. However knowing that you have taken steps to help those you leave behind to cope if the worst should happen can be hugely reassuring.

The most straightforward and cost effective way to provide financial protection in the event of death is to take out life assurance for a fixed period of time in the form of a Term Assurance plan.

Term Assurance is a simple product, yet it can have many uses. It can provide protection for your family, your mortgage, your business or indeed all of these.

The Friends Provident International Term Assurance can provide you with peace of mind and your dependants with financial security. If the worst should happen, your loved ones and/or your business interests would be taken care of.

**Available in a choice of three currencies,  
the Friends Provident International Term Assurance  
can be tailored to fit your circumstances, and used to help  
you protect the ones you value most.**



**FRIENDS PROVIDENT**  
INTERNATIONAL

## Protection for the ones you love

Have you stopped to think about what might happen to the ones you love if you were to die?

Are you sure that you have adequate cover to help your family cope if the worst should happen?

If you were to die unexpectedly, would your partner and children be able to continue to afford life's little luxuries – annual holidays, music and sports lessons, school holidays and trips or the fees for private education? Or would paying for even the basics of everyday living such as heating, clothing and food, loan and credit card repayments, medical expenses and child-care costs become a problem?

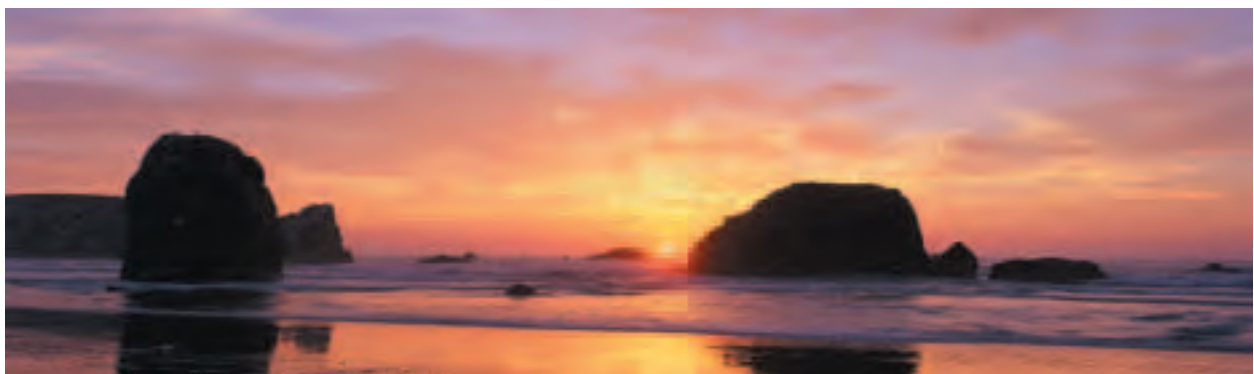
In short, could they continue to enjoy their current quality of life?

**If you were to take out a Friends Provident International Term Assurance, you would have the peace of mind of knowing that your family has an appropriate amount of protection to help them to survive financially without you.**

The International Term Assurance has been developed to provide a high level of cost-effective life cover. The premium and sum assured are guaranteed for the duration of the Plan, which can be anything from one year to 35 years (up to age 80).

Your plan can be denominated in either sterling (GBP), US dollars (USD) or euro (EUR).

Your financial adviser will be able to help you work out the amount of life assurance cover appropriate for your needs.



## Protection for your business

### Is your idea of business protection to install alarms and employ security guards?

If so then you might not be protecting the most important part of your business – YOU.

There is no getting around the fact that whatever type of business you own, your death could have a catastrophic effect on its future, not to mention your estate and the inheritance you leave your chosen beneficiaries.

The following scenarios show where the Friends Provident International Term Assurance can help to ease the strain on a business following the death of a 'Keyperson'.

#### Sole Trader

On your death, all of your business's assets or debts will be passed on to your estate. It will then be left to your beneficiaries to decide whether to continue with your business or to sell it.

If they decide to continue with the business there could be a delay in getting the business running again, which could lead to problems with servicing any debts.

If they decide to sell or wind up the business, any outstanding debts will need to be paid off. As a Sole Trader, with unlimited liability, your estate as well as your business could be at risk.

**By taking out a Friends Provident International Term Assurance, any business debts and/or any liability for redundancy payments can be covered. This means that you can leave your estate to the people you want to benefit and not to your creditors.**

#### Partner

In most instances, and unless you have a specific partnership agreement, your partnership will cease on the death of any of the partners.

Your estate will include the value of your share of the business but will not have any say over how the business is run in the future. In addition, unless there is a legally binding agreement, it may be some time before your surviving partners can find the money to pay your share of the business to your estate.

The loss of any partner can have a devastating effect on the business profits and the management of any debts. In the worst-case scenario, the business may have to be wound up if it is financially unable to continue.

**If each of the partners take out a Friends Provident International Term Assurance, on their death the business will receive enough money to ensure that their estate promptly receives the full value of their share in the business. This can cover the expenses of finding and training a suitable replacement and maintain the confidence of the business's creditors, employees and customers. Although you cannot be replaced, it will go some way to compensate the business for your loss.**

#### Controlling shareholder

As a Shareholder, you own a part of the company and are possibly one of its directors, managing the day-to-day running of the business.

On death, your shares are normally passed to your estate. Whilst this may sound straightforward, are you sure that your beneficiaries are willing or able to take over your position within the business? Are you sure your beneficiaries would be able to find someone willing to pay a fair price for your shareholding?

**By setting up a Friends Provident International Term Assurance, in the event of your death the surviving shareholders will be able to use the proceeds of the policy to buy the shares from your estate, for a fair price.**

## Cover for your mortgage

These days, not all lenders insist on you having life cover in place to pay off your mortgage in the event of your death. But have you thought what might happen if you were to die before your mortgage is repaid?

The most likely scenario is that, unless you leave enough money to discharge the mortgage, your house will be re-possessed by the lender. Where would this leave your dependants?

The protection of the family home is one of the most vital protection needs and the last thing you would want your family to have to cope with, at an already difficult time, is the prospect of losing their home.

**By taking out a Friends Provident International Term Assurance, you can be secure in the knowledge that if anything were to happen to you before your mortgage is discharged, your family will have one less thing to worry about.**

**The proceeds of the Plan can be used to repay the outstanding mortgage and, if the mortgage is on a repayment basis, there may be some money left over to help your dependants at what will be a very difficult time. In addition, by choosing a level amount of life cover, there is no need to rearrange your life cover to match any future changes in your mortgage arrangements. The Friends Provident International Term Assurance is wholly portable, requiring only a new policy for any increase in the mortgage amount (providing your mortgage is for the remaining term only).**

Your choice of currency should reflect the currency in which the mortgage or loan is taken out.

## Protection against potential liability for death duties

Are you aware that your beneficiaries may be liable to pay death duties based on the value of your estate?

For example, if you are a UK taxpayer and your estate amounts to more than £275,000 for 2005/6 tax year, your beneficiaries will be liable to pay Inheritance Tax (IHT) at 40%.

In addition, the IHT applies to gifts. If the person making the gift dies within seven years of the gift date and their estate would be liable to IHT, tax is payable on the gift.

**By taking out a Friends Provident International Term Assurance, you can offset these taxes. You could take out a plan for a period of seven years to cover the potential tax liability of a gift.**

**Alternatively, you could take out a longer-term plan, the proceeds of which could be used to offset your estate's potential IHT liability in the event of your death.**

The above information is based upon our current understanding of UK tax law and HM Revenue & Customs practice. No liability can be accepted for any personal tax consequences or for future tax or legislative changes. In all circumstances we strongly recommend that you seek advice from your insurance broker, with regard to your own personal circumstances.

If you stop paying premiums, the cover will cease. The plan will never have a cash-in value.

Additional information is provided in the Friends Provident International Term Assurance Product Guide leaflet.

Alternatively you can contact Friends Provident International on **+44(0) 1722 311611**  
or email **fp.int@friendsprovident.co.uk**

Friends Provident International is the trading name of Friends Provident Life Assurance Limited for business conducted outside the United Kingdom

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