



For intermediaries only

# Product oversight and governance – Relevant Life

The Insurance Distribution Directive (IDD) sets out standards for product approval and product review processes, requiring a robust policy is in place to make sure products have an identified target consumer market and the risks to the identified target market are assessed.

The distribution strategy must also be appropriate to ensure the product is distributed to the identified target market. This isn't a consumer advertisement. It's intended for intermediaries and shouldn't be relied upon by customers or any other persons.

## Product information

Here you can find the information you need about our Relevant Life policy.

| Product information                             | Detail  |
|---|---|
| Who is the target market?                       | <p><b>Designed for your clients who:</b></p> <ul style="list-style-type: none"> <li>want to provide death-in-service benefits for employees, but don't have enough employees to qualify for a group risk scheme;</li> <li>have employees with substantial pension funds who don't want their death-in-service benefits to form part of the lifetime allowance under their pension, or</li> <li>want to provide their employees with death-in-service benefits that exceed the amounts provided by their main company scheme.</li> </ul> |
| Who isn't the product suitable for?             | <p><b>Not designed for your clients who:</b></p> <ul style="list-style-type: none"> <li>want to make sure their business can continue, by replacing loss of income, profits or resource, if a key person is unable to work due to illness, accident or death;</li> <li>want to make sure the business owners can maintain control by having the funds available to buyout a shareholder or their estate if they become critically ill or die, or</li> <li>want to protect a business loan.</li> </ul>                                   |
| What's the suggested distribution strategy?     | Distributed through intermediaries, on an advised or non-advised basis.   |
| What are the main features and characteristics? | <ul style="list-style-type: none"> <li>Tax-efficient life insurance available for employers to provide an individual death-in-service benefit for an employee.</li> <li>It only provides a lump sum death benefit, which is payable before the insured person reaches age 75.</li> <li>We'll pay the benefit when the insured person dies or is diagnosed with a terminal illness and has a life expectancy of 12 months or less.</li> </ul>  |

| Product information  | Detail   |
|--|--|
| <p>What are the main features and characteristics?<br/>– continued</p> | <ul style="list-style-type: none"> <li>• We can only pay the terminal illness benefit while the employee is in the employment of the employer who's paying the premiums. The terminal illness should also lead to the employee's retirement.</li> <li>• The policy must be written in trust for the benefit of the employee's family, which can help mitigate IHT risk. We have a <b>Declaration of trust for a Relevant Life policy</b> which can be used for this.</li> <li>• We offer employers the choice of being a corporate trustee or not.</li> <li>• Our Relevant Life policy is portable, so the insured person can take it with them if they move jobs. They then have the option to either: <ul style="list-style-type: none"> <li>– continue making the policy payments themselves, or</li> <li>– ask their new employer to take over this payment as part of their employee benefits package as the employer may be eligible for corporation tax relief on the benefits.</li> </ul> </li> <li>• Our immediate cover facility is available<sup>1</sup>, providing cover for the first 60 days while we request any necessary medical information.</li> <li>• We can only pay the benefits to an individual or charity, although we can pay them to a trustee(s) for them to pay the funds to an individual or charity.</li> <li>• The claim proceeds must be capital in nature and shouldn't constitute income.</li> <li>• The policy doesn't have a surrender value.</li> <li>• The policy includes 24/7 access to our health and wellbeing service, provided by Health Assured, offering the policyholder(s), insured person and their families confidential help and support on a wide range of issues throughout the life of the policy - not just at claims stage.</li> <li>• We offer help and guidance finding replacement 'key' personnel, on either a permanent or temporary basis, through our key person replacement service, provided by Cazden. It also provides advice, guidance and support on all aspects of employment law.</li> </ul> <p><sup>1</sup>Terms and conditions apply</p> |
| <p>What are the risks?</p>   | <ul style="list-style-type: none"> <li>• If your clients stop paying their premiums, the protection cover will stop immediately and the insured person will no longer be protected.</li> <li>• A Relevant Life policy can attract beneficial tax treatment when compared to an ordinary life policy, as long as it meets certain legislative criteria and is written under trust. If this doesn't happen, the policy would fall outside the relevant life rules and be treated as an ordinary life policy. The tax treatment depends on the individual circumstances of each employee and may be subject to change in the future.</li> <li>• There's no guarantee that a favourable tax position will apply in all cases. A tax adviser or HM Revenue &amp; Customs (HMRC) should be able to provide clarification on the tax treatment of the policy for both the business and the employee.</li> <li>• Some exclusions apply, as detailed in our <b>Business Protection policy conditions</b>.</li> </ul>  |
| <p>What are the associated costs?</p>                                  | <p>Your client's personal illustration will detail the cost of each benefit chosen and the overall cost over the life of the policy.</p>   |

| Product information  | Detail                                       |
|--|--|
| Are there any circumstances which may cause a conflict of interest to the detriment of your clients? | There are no expected conflicts of interest. |

This information is based on our understanding of current taxation law and HMRC practice, which may change. Trusts establish legal rights and entitlements and might have material financial and tax implications for the settlor, trustees and beneficiaries. Aegon UK isn't authorised to provide legal advice, so you should take your own legal advice before setting up a trust, to make sure that it meets your clients' requirements. Our trusts have been drafted for use by UK domiciled individuals.

### Proposition governance

We have a detailed proposition development policy for creating and designing new products. We also have a rolling programme of product lifecycle management where we regularly review our products. These product governance arrangements make sure that our products meet the identified needs and objectives of the target market over the lifetime of the product and that the distribution strategy remains appropriate.

Our regular reviews will test the proposition design so it remains fit for purpose and delivers fair customer outcomes, taking into account the complexity of the product and the identified target market.

For more information about the IDD and our approach to facilitating the changes, visit our [Business change](#) page or speak to your usual Aegon representative.