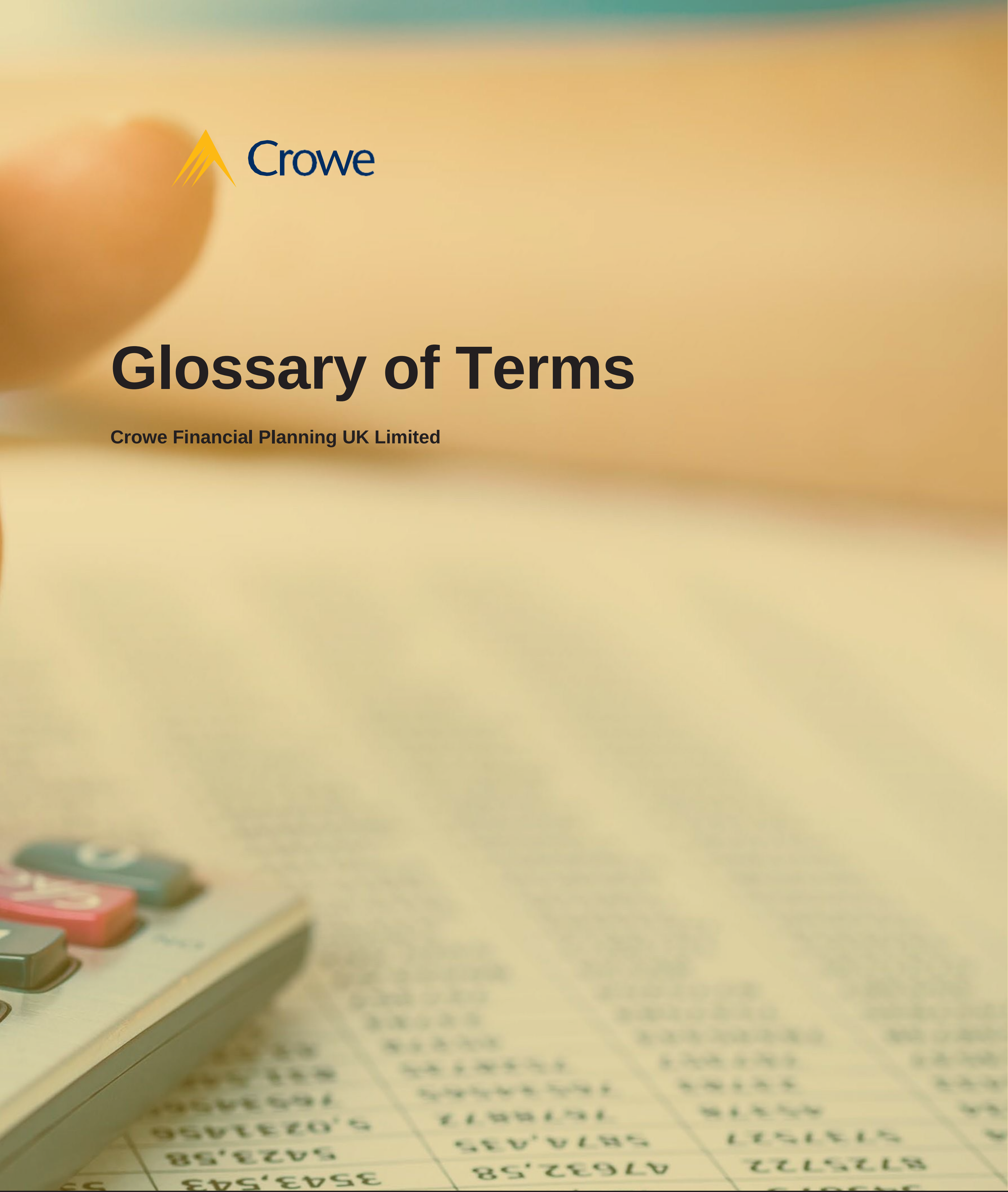

Glossary of Terms

Crowe Financial Planning UK Limited

Smart decisions. Lasting value.

A-Day (T)	Sweeping changes to personal and workplace pensions came into force on 6 April 2006 dubbed A-Day. New tax rules changed when and how people could retire, how they paid in and what their funds may invest in. The aim of the rules was to make pensions simpler and more straightforward. **Lifetime limit** It introduced a limit on the value of any pension fund. Individuals with larger pensions pots at A-Day were able to protect their funds from the Lifetime Allowance Charge (see separate entry). **Personal pensions** Most pensions pay a tax-free lump sum on retirement, then a regular income. The tax-free amount was fixed at a maximum 25% from A-Day. This was an increase for some pensions, but a reduction for others. Those who were entitled to more could protect their position beyond A-Day by asking for a certificate from the pension provider. Some existing pensions, including Section 32 contracts and Retirement Annuity Contracts (RACs), may have had more generous allowances for tax-free cash than the 25% of the fund that is now the norm. These entitlements may have been preserved, but if the pension is then modified or moved to another company, the extra allowances are lost. **Company pensions** Employers were able to offer truly flexible retirement options for the first time from A-Day, allowing staff to work part-time and draw a pension from the same company. And it was also made possible to draw pensions built up from additional voluntary contributions (AVCs) (see separate entry) at a different time from a main pension, and to take AVC money as tax-free cash. But there is a catch, most company schemes are run under their own rules. Employers would have had to change these rules if pension scheme members are to benefit from the new flexibility, and some may be slow to do so. Restrictions on the percentage of salary you can put in a pension fund were removed enabling retirement savers to put 100% of their earnings into their fund tax-free, up to a limit.
ABI, ABI+, non ABI definitions	The Association of British Insurers (ABI) sets a standard definition of each medical condition in their statement of best practice for Critical Illness Cover. Individual insurance companies will then comply to some or all of these, plus other additional ones should they choose, and which ones are covered will differ between Insurance companies.
Accrual rate (T)	An accrual rate is the rate at which you build up pension benefits whilst you are an active member of a Final Salary Pension Scheme (see separate entry). It is most commonly expressed as a fraction, such as 1/30th, 1/60th, 1/80th, 1/120th etc. The lower the bottom number, the better the pension benefit you will receive for an equivalent amount of pensionable service (see separate entry).
Added years AVC	Additional voluntary contribution (AVC) schemes allow members of workplace pension schemes to pay extra contributions to build up additional benefits. A defined benefit AVC (or added years AVC) allows you to buy additional months or years of membership in the employer's defined benefit pension scheme. These added years then increase the pension benefits that you can receive at retirement through increasing the proportion of final pensionable earnings or career average revalued earnings. As an added years AVC is tied to the main employer's scheme, benefits can only be taken from the AVC at the same time that benefits are taken from the main scheme.

AMC - Annual Management Charge	Funds levy an Annual Management Charge (AMC), from which they make their profits and cover the ongoing annual costs of running the fund. The AMC is typically made up of a number of different costs, and averages around 0.75% in most actively managed funds.
Annuity	Annuities can be structured according to a wide array of details and factors, such as the duration of time that payments from the annuity can be guaranteed to continue. Annuities can be created so that, upon annuitisation, payments will continue so long as either the annuitant or their spouse (if survivorship benefit is elected) is alive. Alternatively, annuities can be structured to pay out funds for a fixed amount of time, such as 20 years, regardless of how long the annuitant lives. Furthermore, annuities can begin immediately upon deposit of a lump sum, or they can be structured as deferred benefits. Annuities can be structured generally as either fixed or variable. Fixed annuities provide regular periodic payments to the annuitant. Variable annuities allow the owner to receive greater future cash flows if investments of the annuity fund do well and smaller payments if its investments do poorly. This provides for a less stable cash flow than a fixed annuity, but allows the annuitant to reap the benefits of strong returns from their fund's investments. While variable annuities carry some market risk and the potential to lose principal, riders and features can be added to annuity contracts (usually for some extra cost) which allow them to function as hybrid fixed-variable annuities. Contract owners can benefit from upside portfolio potential while enjoying the protection of a guaranteed lifetime minimum withdrawal benefit if the portfolio drops in value. Other riders may be purchased to add a death benefit to the contract or accelerate pay-outs if the annuity holder is diagnosed with terminal illness. Cost of living riders are common to adjust the annual base cash flows for inflation based on changes in the CPI. An In House annuity refers to an annuity provided by the same company who provide the pension scheme. If they do not offer an house annuity then the annuitant is required to take an open market option and purchase an annuity from an alternative investment or insurance company.
Assigned plans (T)	It's important to find out if the policy is assigned to a bank or other lender. Endowment policies can be taken out in connection with an interest only mortgage and the proceeds used to repay the loan. An assignment means that the bank/lender has ownership of the proceeds of the plan. If this is the case, a release of assignment letter needs to be obtained in order to surrender the policy.
AVC -Additional Voluntary Contributions	These schemes exist to allow employees to make additional payments to a tax deferred savings account or an occupational pension scheme to boost available benefits at retirement. Contributions can be made either on a money purchase basis, or on an added years/defined benefit basis (see separate entry). Charges on AVC plans are often subsidised by the employer. Benefits may be payable at the same time as the benefits under the occupational scheme to which the plan is linked, although it is possible for benefits to be paid separately. If benefits are treated as independent from the main scheme, they can be paid from age 55. Tax-free cash available from the fund is normally 25% of fund value.
Balanced basis (aka Standard cover)	This cover balances the level of life insurance with adequate investment, to support the policy in later years. Standard cover maintains the original premium throughout the life of the policy. However, this relies on the value of units invested in the underlying fund growing at a certain level each year. Increased charges or poor performance of the fund could mean you'll have to increase your monthly premium to keep the same level of cover.
Beneficiary (Pensions)	This is the person(s) to whom any death benefits will be payable. This would normally be a close relative.
Bid Offer Spread (T)	This is the difference between the selling price and the purchase price for investments.

	The Bid Price is the selling price, and the Offer Price is the purchase price. The Bid Price is always lower than the Offer Price.
Bid Price	The selling price of investments.
Buy back option (T)	Life cover buyback options allow for a restricted form of life cover to be taken out without the need for further medical underwriting.
Capital Gains Tax (T)	Capital Gains Tax is a tax on the profit when you sell (or 'dispose of') something (an 'asset') that's increased in value. It's the gain you make that's taxed, not the amount of money you receive. Capital Gains Tax only has to be paid on total gains above an annual tax-free allowance. The tax-free allowance is different for individuals and Trusts and is reviewed every tax year; therefore, check the allowance applicable to the tax year in question.
Capped Drawdown	Capped drawdown is a type of income drawdown product that was available before 6 April 2015. If you already use capped drawdown, it will continue under its existing rules, but if you exceed the drawdown 'cap', the tax relief you can get on future pension savings is reduced. This income is taxable and can rise or fall depending on the fund's performance. It is **not guaranteed** for life. The amount you can take as income is capped at 150% of the income a healthy person of the same age could get from a lifetime annuity. The maximum income you can take out is worked out using GAD (Government Actuary Department) rates. It is reviewed every three years if you are under age 75 and yearly after this. On the review date a new maximum income is calculated — based on the revised fund size and prevailing GAD rates — and set for the next period. You can convert from 'capped' drawdown to 'flexi-access' drawdown. If you withdraw more income than is allowed by the drawdown 'cap' then you are considered going forward to be in 'flexi-access drawdown'. You can't change your mind and go back into capped drawdown once you exceed the cap.
Cash ISA	A cash ISA — or individual savings account – is basically an account that pays interest tax-free, as opposed to savings accounts on which you may pay tax (such as fixed rate bonds, notice savings accounts and easy access versions). What you can pay into a cash ISA is limited to a maximum allowance in any tax year. The whole ISA allowance can be held in cash, in an innovative finance ISA or in a stocks & shares ISA in any combination of these. The ISA allowance is reviewed every tax year; therefore, check the allowance applicable to the tax year in question.
Chargeable Event Certificate (T)	This occurs where an event takes place that may give rise to a tax charge. This event could be: • A full or partial encashment • Withdrawals exceeding a certain level • The assignment (change of ownership) for money's worth, rather than it being a gift • The death of the relevant life assured Onshore Bond providers are required to provide the policyholders with a Chargeable Event Certificate. This is used to determine any tax consequences of the Chargeable Event.
CI Option (WOL Plan Type)	Whole of life policies are designed to provide a sum of money (the "sum assured") to a consumer's family or estate when the consumer dies. The consumer pays either a lump sum at the outset or a premium every month. As the name suggests, whole of life policies are intended to remain in place for the rest of the consumer's life. Whole of life policies sometimes provide other benefits to the consumer. Critical illness insurance will pay out a lump sum in the event of people named in the policy becoming seriously ill however, each policy will cover a different list of critical conditions as specified by the provider.

CIMP — Contracted In Money Purchase	A contracted in money purchase scheme (CIMPS) is a defined contribution approved occupational pension scheme.
COMP — Contracted Out Money Purchase	If an employee contracts out of the State Earnings Related Pension Scheme (SERPS) the employer will be able to fund a contracted out money purchase scheme (COMPS) with the National Insurance (NI) rebates. COMPS will provide a pension to the member that is based on the performance of the underlying investments.
Continuation option (Endowments) (T)	The option to extend the term of the policy.
Conversion option (T)	Can be available on the maturity of an Endowment, allowing the client to convert the Endowment policy into a Whole of Life policy.
Convertible Term Assurance	A type of life insurance that allows the policyholder to change a term policy into a whole or universal policy without going through the health qualification process again. Convertible insurance lets the insured convert a policy that only covers the policyholder's beneficiaries for a predetermined number of years into a policy that covers the policyholder’s beneficiaries indefinitely, as long as the policyholder continues to pay the premiums.
Cost of life cover	Payments into Endowment Policies are usually done by monthly or annual premiums. The provider should be able to breakdown the premiums into the protection element and investment element.
Counterparty risk (T)	Counterparty risk is the risk that the other party in an agreement will default or fail to live up to its contractual obligation.
Critical Illness	“Critical illness" is a life-threatening condition, which is generally strictly defined. Most critical illness policies provide for the payment of a lump sum benefit if the policyholder is diagnosed as suffering from one of a number of specified terminal illnesses.
Crystallisation event	Benefit crystallisation events are the circumstances where there is a test against the lifetime allowance. These are when any pension benefits are taken. There are currently 12 BCEs.
Crystallised Fund	Crystallised (vested) funds are those funds from which benefits are currently being taken by way of an annuity, income withdrawal or scheme pension. Uncrystallised funds are those from which benefits have not yet been taken.
Crystallised Tranche	Crystallised (vested) tranches is the term given to the part(s) of a pension pot from which benefits are currently being taken by way of an annuity, income withdrawal or scheme pension, so containing crystallised funds. Clients can choose to take just part of their pension benefits, leaving the remaining funds uncrystallised. They can do this on more than one occasion, so a single pension could hold Tranche 1, Tranche 2, Tranche 3 etc. as well as contain uncrystallised funds.
Death Benefits – Endowments	This is the amount payable on the death of the Policy Owner, it will often be the sum assured but can be the fund value.
Death Benefits — Pensions	The amount payable by a pension scheme/pension provider in the event that the policyholder dies prior to taking benefits. This is usually a return of the value of the fund, although sometimes in older policies it can be a return of premiums. It’s also important to find out if there is any life cover attached to the pension policy and how much the client is paying for this.
Deferred period (T)	Applicable to Income Protection and Waiver of Premium - the deferred period is the time between a valid claim and the commencement of benefit payments. The deferred period chosen

	has a significant influence on the cost of a policy. Premiums decrease as the deferred period increases.
Defined Benefit	See Final Salary Pension.
Defined Contribution- 'DC	A defined contribution, or money purchase, pension scheme is a type of workplace pension. It is built up through your own contributions, those of your employer and tax relief from the government.
Ear Marking Order (T)	An earmarking order gives the courts the power to earmark the members pension rights. This order will benefit the former spouse and has applied since 1 July 1996 in cases where partners in divorce were unable to reach an out-of-court settlement. Earmarking will apply, as with pension sharing, to divorce and nullity but also to judicial separation. Once the courts have granted the earmarking order, it will not take effect until the retirement age of the scheme member.
Endowment	An endowment policy is a type of life insurance with an investment element. It pays out to the policyholder/s at the policy's maturity date or on death of the life/lives assured. They can be taken out in connection with an interest only mortgage in the hope that the policy will pay out sufficient funds at maturity to cover the mortgage loan.
EPP – Executive Pension Plan	EPPs are occupational pension schemes run by the employer on behalf of its members. They are normally tailored for directors and senior executive staff. These are Money Purchase Schemes and the final benefits are dependent on the value of the fund that has accumulated at retirement. In addition to the questions normally asked for a Personal Pension, it's particularly important to enquire about the following when requesting information on an EPP: 1) The member's tax-free cash entitlement at A-Day (A-Day was 6 April 2006 when the pensions simplification regime was introduced). If this has not been calculated, find out what details are required to enable the provider to carry out the necessary calculation. We need to know the Tax Free Cash entitlement at A-Day, the fund value at A-Day, and the member's current Tax Free Cash entitlement. It's important to find out if this is over 25% of the value of the pension fund as this would normally be lost on transfer. 2) The number of members within the scheme. This is important, as if the member has a tax-free cash entitlement of over 25% of fund value; they may be able to "buddy-up" with another member within the same scheme. This essentially means that more than one member under the same scheme can transfer benefits at the same time into another pension arrangement and preserve their enhanced tax free cash entitlement.

Escalation basis	The rate at which income withdrawals/contributions increase can:
	1. Be linked to an index such as the;
	    a. Retail Price Index (RPI)
	    b. Consumer Price index (CPI)
	    c. National Average Earnings (NAE)
	2. Be fixed to increase at the same rate each year
	3. Remain level

Facilitated Adviser Charging	Adviser charging facilitation was invented to make payments to IFAs within the Retail Distribution Review (ROR). Product providers can "facilitate" payment of the adviser charge by deducting it from a client's investment, but only after obtaining and validating instructions directly from the client. Adviser charging applies to firms advising retail clients in the UK on retail investment products. It applies equally to independent and restricted advice, but not to basic advice (advice on stakeholder products using pre-scripted questions), where advisers can still earn commission on

	sales. Non-advised services, or execution-only sales, where no advice or recommendation is given, also falls outside the adviser charging regime.
Family Income Benefit – FIB	Family Income Benefit is a type of life insurance. Policies run for a set period known as the term. If the client dies within this period, the policy pays out a regular tax-free income until the end of the term. Cover is only for as long as the policy runs. Once the term ends, the cover and any income payments cease.
Final Salary Pension	Also known as Defined Benefit Schemes, these are occupational pension plans where an employee's pension is based on the number of years of service and final salary with each employer. In some circumstances, the benefit a member may receive is based on their earnings across their career with the employer. These are known as career average schemes. These are pension schemes in which an employee's pension is based on the number of years of service and final salary with each employer. For this type of scheme, we need to know • The accrual rate basis (this is the rate of build-up of a pension benefits. It is generally expressed as a fraction i.e., 1/60th or 1/80th of final pay) • Length of service (this is the length of time the employee has been a member of the occupational scheme) • Death benefits (this is the lump sum paid out on death before taking benefits and is usually expressed as a multiple of current salary. A spouse's pension may also be payable before taking benefits. A spouse's pension will almost always be payable after taking benefits} • Commutation Factor (this is the amount tax-free cash available for each £1 of annual pension given up. Usually between 12 and 15) • Scheme Funding (does the scheme have sufficient assets to meet its liabilities i.e., the benefits owed to scheme members) • Deferred Pension Members (those that have left the service of the employer, but not retired) A lot of the details needed for occupational schemes should be listed in the Scheme Booklet so it's worthwhile requesting a copy of this. This should provide the necessary details regarding benefit accrual rate, death benefits pre-retirement, death benefits post-retirement, ill health benefits, early retirement, escalation of benefits in payment etc., which would be required to do an LFP (very rarely would a transfer of a final salary scheme occur). It's also extremely useful to request the scheme member's latest benefit statement which will provide details of pension benefits accrued to date, length of service, and the salary benefits are based on.
Flexi-access Drawdown – FAD	Flexi-access drawdown was introduced in April 2015 as a new method of taking pension benefits. In many ways it is like previous options of drawdown but with unlimited withdrawals (which are taxable). Just like capped and flexible drawdown, the earliest age a member can currently take benefits is 55, or possibly earlier if in ill health.
FSAVCs – Free Standing AVCs	FSAVCs are essentially a private version of an AVC and can be used to top up contributions independently from an employer's main scheme. However, they are treated as a separate pension arrangement in terms of investment and administration. These are always money purchase plans. Since 6 April 2006, these plans are treated as if they were a Personal Pension. Benefits can be taken from age 55 and the tax-free cash available is 25% of fund value.
Fund Value Guarantees (T)	Allows its client to invest in an equity, bond and/or index fund while providing a promise that some predefined minimum value of the fund (usually, the initial investment amount) will be available at the fund's maturity or when the client dies. Insurance companies usually charge up to 1% of the investment amount per year for this service.

GIV – Gift Inter Vivos	A gift given during the life of the grantor (person making the gift). Following a "gift inter vivos", the grantor no longer has any rights to the property, and cannot get it back without the permission of the party it was gifted to.
GPP – Group Personal Pension	Group Personal Pensions (GPPs) are a type of defined contribution pension which some employers offer to their workers. It is a collection of individual pension plans set up as a group. As with other types of defined contribution scheme, members in a GPP build up a personal pension pot, which they then convert into an income at retirement.
Guaranteed Annuity Rate – GAR (T)	A guaranteed annuity rate (GAR) is a fixed rate, written into a pension contract, at which can be converted into an annuity at retirement, irrespective of what the open market annuity rates currently offer. They can be more favourable than current annuity rates but are lost on transfer. If a GAR applies to a pension policy, it's important to determine if there are any restrictions attached to this. For example, if the GAR applies if benefits are taken at a certain date although it may also be on an increasing scale depending on age. It's also important to find out if a spouse's pension or other guarantees can be incorporated into the GAR and how this will affect the rate.
Guaranteed conversion rate	Benefits which include some form of guarantee or promise during the pension accumulation phase about the rate of secure pension income that a member will receive or will have an option to receive.
Guaranteed Insurability option (T)	Guaranteed insurability benefit gives the insured life the option to increase life cover, serious illness cover, disability cover or income cover under certain circumstances without having to provide any evidence of health.
Guaranteed Interest Rate — 'GIR'	A guaranteed amount of interest for a set length of time.
Guaranteed Minimum Pension - 'GMP' (T)	This is the minimum level of pension that must be secured from a pension fund in respect of benefits accrued while contracted out of the earnings element of the State Pension. This can be advantageous in that even if the pension fund value is not sufficient to cover the liability to the GMP, the current insurer must honour the liability. GMP only accrued in contracted out defined benefit schemes prior to 6th April 1997.
Guaranteed Period (T)	Deposits into annuity contracts are typically locked up for a period, known as the surrender period, where the annuitant would incur a penalty if all or part of that money were touched. These surrender periods can last anywhere from 2 to more than 10 years, depending on the product. Surrender fees can start out at 10% or more and the penalty typically declines annually over the surrender period.
Guaranteed Premium (T)	In respect of life insurance, a guaranteed premium means the premium does not change throughout the life of the term. The guaranteed premium is established at the beginning based upon the status of the client's health and underwriting classifications. The only instance in which the rate may increase is when the policy expires and the client buys a new one at an older age and with their health status at the time.
Guaranteed sum assured (T)	Pension plans that offer an assured life cover (i.e. sum assured) in the case of an eventuality.
Hard Protection (T)	In relation to structured products, those with 'hard protection' will return investors capital in full if, for example, the index to which the product is linked falls during the term. Products with ‘soft protection’ will return investors' capital provided a specific 'barrier' is not breached. For example, many products will protect capital only if the index has fallen by less than 50%.
In specie	In specie is a phrase describing the distribution of an asset in its present form, rather than selling it and distributing the cash. In specie distribution is made when cash is not readily available, or allocating the physical asset is the better alternative.

Income Drawdown	Income drawdown is a way of using a pension pot to provide a regular retirement income by reinvesting it in funds specifically designed and managed for this purpose. The income received will vary depending on the fund's performance. It isn't guaranteed for life. There are two main types of income drawdown product: • Flexi-access drawdown — introduced from April 2015, where there is no limit on how much income can be taken from drawdown funds • Capped drawdown only available before 6 April 2015 and has limits on the income that can be taken; if someone is already in capped drawdown there are new rules about tax relief on future pension savings if they exceed their income cap When gathering information on an income withdrawal policy it is important to determine whether all, or part, of the fund, is in Income Withdrawal (i.e., that part of the fund has been 'crystallised' or 'vested'). It is also important to understand: • Level of income currently being taken and frequency. • Maximum income that can be taken. The level of minimum income is currently zero. • When Income Withdrawal started • Fund value • Next review date
Income option (Endowments)	An accelerative endowment is a form of an accelerated option that allows policyholders to access the value of their life insurance policies prior to death. The lump sum received can be invited any way the policyholder wants, or it can be used to buy an annuity policy to generate some fixed income.
Income Protection	This is an income-providing health insurance that provides a regular income to the policyholder if they are unable to work due to illness or incapacity. The policy can be written on an Own Occupation basis, or on an Any Occupation basis. Own Occupation is where benefits are paid where the policyholder is deemed unfit to carry out their "own" occupation. Any Occupation is where benefits are only paid where the policyholder is deemed unfit to carry out "any" occupation. A Deferred Period is the period before benefits will be paid to the policyholder. Under a PHI policy, periods are normally 4, 13, 26 or 52 weeks. The longer the deferred period, the cheaper the premium.
Income Tax	Income tax is a tax on income including: • earnings from employment, including benefits in kind such as a company car • earnings from self-employment • most pensions income, including state, occupational and personal pensions • some social security benefits • interest on most savings income from shares (dividends) • rental income • income from a trust Not all types of income are taxable and people don’t usually have to pay tax on all their income, even if it is taxable, because they will be entitled to a certain amount of income tax free in each tax year (personal allowance). There is no minimum age at which you become liable to pay income tax. What matters is the amount of your taxable income.
Index used	The rate at which a sum assured increases can be: 1. Linked to an index such as the; a. Retail Price Index (RPI)

	b. Consumer Price index (CPI) c. National Average Earnings (NAE) 2. Fixed to increase at the same rate each year
Indexed sum assured (T)	The amount that will be paid in the event of a claim under a Critical Illness/Life Assurance/Income Protection Policy can either be level or increase (index) each year.
Investment Bond	These are usually single premium whole of life assurance policies. Part of the premium gives life cover whilst the balance is invested in unitised or with profits funds. The life assurance is usually minimal and may be 100.1% to 101% of the capital invested. Important additional information required for investment bonds is as follows: • Date and amount of initial investment • Date and amount of any additional amounts "top ups" made into the bond. • Date and amount of any partial surrenders made • Total income taken to date (this is separate from any partial withdrawals made) This information is essential for calculating whether any tax liability will be incurred on encashment of the bond. If there is an early exit penalty arising on encashment of a bond, it's important to find out what percentage of the current fund value this is and the date/s when it will reduce and eventually cease.
ISA – Individual Savings Account	An Individual Savings Account (ISA) is a financial product available to residents of the UK. Any UK resident aged 18 or over (16 for Cash ISAs) can invest. There is no upper age limit, and you can withdraw your tax-efficient savings whenever you need and with no tax liability. Please note that an ISA cannot be held jointly or be held in trust. There is no tax liability arising on encashment or transfer of an ISA. ISAS are not an investment in their own right, but a tax-free wrapper in which investments can be sheltered. • On 1 July 2014 the government introduced the New ISA (NISA). The investment limit of this is reviewed annually so you should check the limit for the respective tax year in question. • The whole allowance can be invested in cash if required or any chosen split between cash and stocks and shares. • Money can be moved from stocks and shares to cash, or from cash to stocks and shares (the latter has not been possible). • From 1 July 2014 existing ISAS will automatically become NISAs. • The Junior ISA / CTF limit is also reviewed annually so you should check the investment limit for the respective tax year in question. ISAs are currently free from income tax and capital gains tax.
ISIN	International Securities Identification Number (ISIN) uniquely identifies a security. Securities to which ISINs can be issued include debt securities, shares, options, derivatives, and futures. The ISIN code is a 12-character alpha-numerical code that does not contain information characterizing financial instruments but serves for uniform identification of a security through normalisation of the assigned National Number, where one exists, at trading and settlement.
IT – Investment Trust	Investment trusts are stock market-quoted companies in their own right. They are closed-ended, meaning there are a fixed number of shares in issue. The shares have two prices: • The price paid when buying shares (offer price) • The price paid when selling shares (bid price)

	• The quoted price will be the mid-market price The price of an investment trust depends on the value of the shares in other companies which it holds and the demand for the trust shares themselves. Their annual management charges are usually lower than UTS or OEICs. The manager is legally allowed to borrow capital to purchase stocks and shares for the investment portfolio (referred to as "gearing"). See also 'Collective Investment'
Joint life separation option (T)	Whole of Life - a couple can exercise the Separation option, where the existing joint life policy is replaced with two new individual term policies, without the need for showing additional medical evidence. The Separation Option is used when a couple divorces or dissolves a civil union and the mortgage is named after one spouse or if one spouse takes out a new mortgage. • The separation option must be exercised no less than three months after the new mortgage is arranged. • The amount of insurance for the new plans will not be higher than the amount of insurance for the existing plan, especially if the plan has a decreasing sum insured. • Evidence of the new mortgage may be requested from the provider.
Life Assurance Premium Relief – LAPR (T)	The government abolished Life Assurance Premium Relief (LAPR) with effect from 6 April 2015. This means that customers that had qualifying plans, which started before 13 March 1984, will no longer receive this tax benefit and premiums due from 6 April 2015 will rise accordingly. LAPR was 12.5%, customers that benefited by having a reduced premium will now need to pay an additional amount on their premiums to cover the loss of tax relief.
Life of another (Critical Illness Issue basis)	Critical Illness cover can sometimes be taken out on the life of someone other than the client or their spouse/partner.
Lifetime Allowance (T)	The Lifetime Allowance is a limit on the amount of pension benefit that can be drawn from pension schemes - whether lump sums or retirement income - and can be paid without triggering an extra tax charge. There is no limit on the value of pension saving that can be built up by a member. However, if they exceed the lifetime allowance when they are taken, the amount in excess of the lifetime allowance will be subject to a tax charge known as the lifetime allowance charge.
Lifetime Allowance Charge (T)	There is no limit on the benefits an individual can receive (or ‘crystallise') from registered pension schemes. However, there is an overall limit of tax privileged pensions funds a member can accrue during their lifetime — called the 'Lifetime Allowance' (LTA) Each time a member takes benefits, dies and at some other times (such as attaining the age of 75) the amount of LTA they have used is tested. When the members' benefits, along with any other benefits they have taken, is over the LTA, a 'lifetime allowance charge' is applied to the value in excess of the LTA.
Low Cost (Endowment Plan Type) (T)	These policy types utilise a combination of with-profit endowment and decreasing life assurance. They were introduced as a cheaper way of covering house purchase loans, with the guaranteed death sum assured being equal to the loan. As the basic sum assured is less than it would be under a full with-profit policy, the premiums are cheaper and due to the life assurance element, there is a guarantee that the loan will be repaid on death.
Low Start (Endowment Plan Type) (T)	The low-start policy is a variation of the low-cost policy. Premiums start at a low level and rise gradually over several years to the full premium. The initial premium is very low, but this is balanced by a full premium that is somewhat higher than an ordinary low-cost policy. This type of policy is aimed at the house buyer who is working on a very tight budget and expects salary increases in the future. The sum assured and bonuses continue through the term of the policy in the normal low-cost basis and are not affected by the low initial premiums.

Main scheme	A workplace pension is a way of saving for retirement that's arranged by the employer. Some workplace pensions are called 'occupational', 'works', ‘company' or 'work-based' pensions. A percentage of your pay is put into the pension scheme automatically every payday. In most cases, the employer also adds money into the pension scheme for the member, and they get tax relief from the government. When the member gets to take their pension pot depends on the pension scheme's rules – it’s usually 55 at the earliest. What the members gets and how they can take it depends on the type of scheme the employer offers. The member can usually take 25% of the money tax free. If the amount of money in a member's pension pot is quite small, they may be able to take it all as a lump sum - 25% would be tax free but they’d pay Income Tax on the rest
Managed Portfolio	The term portfolio refers to any collection of financial assets such as stocks, bonds, and cash. Portfolios may be held by individual investors and/or managed by financial professionals, hedge funds, banks and other financial institutions. Portfolios are designed according to the investor's attitude to risk, time frame and investment objectives. The monetary value of each asset may influence the risk/reward ratio of the portfolio and is referred to as the asset allocation of the portfolio.
Maximum basis (WOL Cover Type) (T)	Maximum cover offers a high initial level of cover for a low premium, until the first plan review which is normally after ten years. The low premium is achieved because very little of the premium is kept back for investment - most of it is used to pay for the life cover. After review, the premiums will likely increase significantly if a person wishes to keep the same level of cover, depending on how well the cash in the investment reserve has performed. The better it has performed; the less premiums are likely to rise.
MIP – Maximum Investment Plan (Endowment Plan Type)	A MIP is a 10 year qualifying savings plan with no further tax liability for high rate taxpayers, providing it has been active for more than 75% of the minimum term. Tax is paid within the fund and is usually 8-13% rather than the normal 20% but this will vary depending on the life fund concerned.
MVR – Market Value Reduction (T)	This is a reduction in the current value of a With Profits fund upon early exit, designed to protect investors that remain in the plan to full term. An MVR can be applied upon a full or partial surrender or switching out of the plan into another fund. Sometimes a With Profits fund may have an "MVR free date" where the provider guarantees that no reductions will apply. In the case of an investment bond, this could be the 10th anniversary of the bond. In the case of a pension plan, it could be the normal retirement date under the plan. Therefore, it's important, where an MVR applies, to determine if there is an MVR free date. It's also important to be aware that the application, and amount, of an MVR can change daily.
Name of Product	Different Providers often have numerous versions of each Product type that they offer, each with slightly different terms.
Natural Distribution Income (T)	The natural income is the income produced by the asset. Often, but not always, the natural income will fluctuate. Income is generated in three main ways: • Interest • Dividends • Rental Income
Occupational Pension	Workplace pensions may also be known as company pensions and occupational pension schemes. There are different types of workplace pensions, all of which work in different ways. Sometimes they are referred to by different names, but they broadly fall under three main categories:

	• Defined benefit pension schemes • Defined contribution pension schemes • Cash balance plans
'OEIC – Open Ended Investment Company	OEICs are similar to Unit Trusts, with an open-ended structure. There is usually an initial charge to buy shares in an OEIC. The bid price reflects the valuation of its underlying assets (known as its Net Asset Value "NAV"). The managers are not allowed to borrow capital. OEIC's are beginning to outnumber Unit Trusts and are seen as a modern equivalent. See also 'Collective Investment'
Optional Life (Critical Illness Plan Type) (T)	Optional Life and Critical Illness Insurance allows a person to add death by natural causes and certain specified critical illnesses to their policy.
Ordinary rated premiums (T)	Life insurance premiums payable by a client where they have been through underwriting and been accepted at 'ordinary' rates on the basis that they have average levels of health or life expectancy, as opposed to being offered rated terms on the basis that they have lower than average health or life expectancy.
Paid up Policy Status	An insurance policy that requires no further premium payments be made. This type of policy requires the consumer to pay a premium until a specific date and after that date the policy is considered paid up and still active. The policy cannot be cancelled by the insurance company unless the consumer chooses to cancel it.
Participation level (T)	Many structured products provide a minimum fixed return plus an additional return calculated by multiplying any rise in the underlying index by a fixed percentage. This percentage is often called the participation or participation rate.
Pension Input Period (PIP)	A pension input period is the period used to measure contributions paid/benefits accrued for testing against the annual allowance. Since the summer Budget on 8 July 2015, pension input periods have been aligned with the tax year (6 April to 5 April). It is not possible to change a pension input period.
Pensionable Service	Pensionable service is the time a member is credited as being an active member of their pension scheme. It is an important element of the formula that a defined benefit scheme uses in the calculation of members' benefits.
Pension Sharing Order (T)	This is where part of the pension has been awarded to an ex-spouse as part of a divorce settlement. This will only come into effect when the pension comes into payment.
Personal Pension - PP	This is a pension plan into which individuals can make contributions, usually net of tax, without the need for employer contributions although employers and third parties can also contribute if desired. These are Money Purchase Schemes, i.e., they are schemes in which the benefits eventually available are dependent on contributions made into the plan and investment growth within the plan. Such plans allow retirement benefits to be taken from age 55. Normally up to 25% of the accumulated fund can be taken as a tax free cash lump sum (known as the Pension Commencement Lump Sum PCLS) when benefits are taken ,although occasionally a higher amount may be available.
PMI – Private Medical Insurance	Private medical insurance (PMI) is an insurance policy designed to meet some or all the costs of private medical treatment. It is also known as private health insurance. Within the PruProtect Whole of Life policy only, there is an option to include this cover within that plan.

Policy Owner	This is the person who owns a specific policy, It's important to determine if the plan is held on a single or joint basis. This is needed to determine how the proceeds of the fund should be reinvested and affect the tax calculation on surrender.
Premium protection option	Premium protection benefit (or Waiver of Premium) is available on most life insurance policies, subject to health and occupation. It ensures that the premiums to the policy are met in the event of prolonged sickness, accident, or disability.
Projections (Maturity/Paid up Endowment) (T)	It's useful to obtain maturity projections to provide the client with an idea of what they can expect to receive from the plan at maturity and is useful for incorporating the policy into a Lifetime Financial Plan (LFP). Where the purpose of the endowment is to repay a mortgage, the projections will identify whether the plan is likely to be sufficient to repay the loan or whether there be a shortfall.
Protected Rights (T)	Protected Rights funds are benefits built up when the money purchase pension scheme member was contracted out of the State Second Pension Scheme or SERPS. This means that some of the member's National Insurance contributions are paid into the pension plan. This money is invested to provide benefits at retirement via a personal pension arrangement, instead of the benefits that would be payable through S2P. S2P and SERPS additional earnings related pension entitlement paid by the Government in addition to the Basic State Pension. From 6th April 2012, the term 'protected rights' was abolished and all money purchase rights are now treated as 'non-protected' or 'ordinary rights'. It is important to note that only defined benefit schemes may now contract out.
Qualifying/non qualifying Endowment/WOL Policy (T)	The proceeds from a life assurance policy to an individual are free of tax provided the policy is qualifying. The rules which govern qualification are: • The premiums must be payable for ten years or 75% of the term (whichever is the shorter). For example, a ten year endowment plan will qualify after seven and a half years. • The premiums must be paid regularly on an annual or more frequent basis. • The sum assured must be at least 75% of the total premiums payable over the life of the policy. If we were to consider the surrender of a With Profits Endowment Policy, it is best practice to consider if a greater value could be obtained on the second hand endowment market. Therefore, it's essential to have the start date, maturity date, premium, Sum Assured and total bonus awarded to determine if the policy can be sold for a higher value on the second hand market.
MCs – Retirement Annuity Contracts	Retirement Annuity Contracts (RACs) were the predecessors to Personal Pensions. They are now treated mainly like personal pensions, although Guaranteed Annuity Rates may apply. Maximum Tax Free Cash that can be taken is now 25% of the fund value.
Realised Gains/Losses (T)	Gains or losses are said to be "realised' when a stock is sold. A realised gain/loss results from selling an asset at a price higher/lower than the original purchase price. It occurs when an asset is sold at a level that greater/less than its book value cost. While an asset may be carried on a balance sheet at a level far above/below cost, any gains/losses while the asset is still being held are considered unrealised as the asset is only being valued at fair market value.
Regular Bonus Rate/Interest	There are two kinds of bonus: • Annual bonuses, also called regular or revisionary bonuses • Final bonus, also called the terminal bonus Once it has been added, an annual bonus can't be taken away even if the fund performs poorly in future — as long as the policy holder continues to meet the terms of the policy.

	A final bonus may be added at the end of the policy. Whether this is paid depends on how well the fund does. In good years, the fund manager can choose to keep some of the profits to help cover losses in bad years. This is called smoothing. This means that if there are long stretches without a profit, annual and final bonuses may be low or even no bonuses at all.
Renewable Term Assurance	A clause in a term insurance contract that allows the beneficiary to extend the coverage term for a set period of time without having to requalify for coverage. A renewable term is contingent on premium payments being up to date, as well as a renewal premium being paid by the beneficiary.
Reviewable (Premium type)	Reviewable Premium is a term which specifies that insurance premiums will be reviewed at pre-determined times from a policy start date. Normally insurers will review premiums every five years however some companies do review them annually. With reviewable premiums, payments may increase, stay the same or decrease after the company makes the review. Most insurance companies will review their premiums based on the number of future claims and their costs for reinsuring policies. The advantage of reviewable premiums is that the cost may start lower than a guaranteed rate, however there is no saying what will happen to premiums after a review, and they could become too expensive to keep the policy at its current level.
'SCARP' – Structured Capital At Risk Plan (T)	It is a financial product that provides an agreed level of income or growth over a specified period but also exposes the customer to a range of outcomes in relation to the return on the initial capital. The amount of capital returned is generally dependant on the performance of an index or other factor, and in some circumstances may result in the loss of some or all the initial capital.
Section 32	A Section 32 Buy Out policy allows funds and benefits to be transferred from a company pension scheme into a private fund. The scheme allows the member to preserve benefits from the original scheme, whilst having the same individual control as a personal pension plan (PPP). The Section 32 Buy Out policy differs from a PPP in that the member cannot make contributions into the scheme. Only single transfers into the plan are allowed. Once the client has transferred their funds into a new policy through the Section 32 Buy Out Option, they will not be able to make any further contributions. It's important to request information on the following: • Tax Free Cash entitlement • Amount of any GMP entitlement within the fund • Any Guaranteed Annuity Rates applying These policies are generally established using an occupational scheme transfer value. If the previous occupational scheme to which the Section 32 relates was contracted out of the State Earnings Related Pension Scheme (SERPS) or the State Second Pension (S2P), the Section 32 may include a 'Guaranteed Minimum Pension' (GMP). Provided the GMP is covered by the value of the Section 32, you may be able to draw the pension early before your state pension age. Under current pension legislation, the earliest a pension can be drawn is age 55. Subject to covering any GMP first, you may be entitled to an amount of tax free cash in lieu of some pension. The amount is either dependent on your earnings and length of service with the company to which the Section 32 relates, or the ceiling under current pensions legislation of 25% of the fund, whichever is the greater. In some cases, the annuity type purchased may already be determined by the rules of the previous occupational pension scheme.

SEDOL code	SEDOL stands for Stock Exchange Daily Official List, a list of security identifiers used in the United Kingdom and Ireland for clearing purposes. The numbers are assigned by the London Stock Exchange, on request by the security issuer. They are 7 digits long.
'SIPPs' – Self Invested Personal Pensions	A SIPP is a type of Personal Pension which provides greater flexibility and choice. They provide a wider range of investment opportunities than a typical personal pension which is generally restricted to the pension providers own range of funds plus a limited range of external fund links. Like a personal pension, up to 25% of the accumulated fund may be taken as a tax-free cash sum with the balance of used to provide an income. Most SIPP contracts allow you to access Income Withdrawal options without the need to transfer to another contract.
Soft Protection (T)	In relation to structured products, those with 'hard protection" will return investors capital in full if, for example, the index to which the product is linked falls during the term. Products with ‘soft protection' will return investors' capital provided a specific 'barrier' is not breached. For example. many products will protect capital only if the index has fallen by less than 50%.
'SSAS' – Small Self Administered Scheme	A SSAS is an occupational pension scheme that is run by the employer for the benefit of its members. This is a Money Purchase Scheme with no more than 11 members. The scheme will normally be run for a family business and allows the members greater flexibility and control over the scheme's assets than other pension arrangements. A SSAS is the only type of pension arrangement that can make loans to the sponsoring company and this facility would be lost on transfer to another type of pension scheme. A SSAS can also own the business property and invest in a wide range of investments. It's probably useful here to request a fee schedule from the SSAS provider, which will detail the costs involved for each individual type of transaction the SSAS offers. A SSAS cannot hold protected rights benefits.
Stock market indices	A stock index or stock market index is a measurement of the value of a section of the stock market. It is computed from the prices of selected stocks (typically a weighted average). It is a tool used by investors and financial managers to describe the market, and to compare the return on specific investments.
Structured Products	Structured products are a type of lump sum investment product offering returns based on the performance of underlying investments. They are fixed term products (usually three to six years) and the returns they provide are usually linked to the performance of a stock market index such as the FTSE 100. Below is a typical example of how structured products work, though there are other models. • You invest a lump sum over a fixed term. Your money is taken by the plan provider and split into two parts. • Most of the money goes to buy a corporate bond from a counterparty usually an investment bank. The bond promises to pay back an amount large enough to repay all or part of your initial investment at maturity (when the fixed term ends). • The rest is invested, again through a counterparty, in derivatives to produce either income or growth as promised by the plan. • If you choose an income plan, you will receive money every month or year. • When the plan matures (i.e., the fixed term ends) a capital-protected plan aims to at least return your investment. With other products you may lose some or all your capital if the index your plan was linked to falls below a pre-set limit. If you have a growth plan, you'll receive some growth providing the index rises. • But if the counterparty providing the capital protection goes bust at any time you could lose all your money. Equal\y, the returns you receive are dependent on the counterparty and will be at risk if the counterparty fails. You may not be able to claim through the Financial Services Compensation Scheme.

Sum assured	This is the amount that will be paid in the event of a claim under a Critical Illness/Life Assurance/Income Protection Policy.
Surrender Value	The surrender value is the amount the policyholder will get from the life insurance company if they decide to exit the policy before maturity. Bonuses, penalties and/or charges are sometimes applied when policies are cashed in, so the Surrender Value could differ from the Current Value.
'TER' Total Expense Ratio	The total expense ratio (TER) is a measure of the total costs associated with managing and operating an investment fund, such as a mutual fund. These costs consist primarily of management fees and additional expenses, such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets to arrive at a percentage amount, which represents the TER, most often referred to as simply ‘expense ratio’.
Term assurance	These are life insurance policies in which cover is provided for a specified period (the term). The sum assured is paid if the death of the insured occurs during the term. If the insured survives the term, the contract ceases, and no benefit is payable when the individual subsequently dies. It’s important to find out the type of term assurance policy, as follows: • Level Term Assurance - this is where the sum assured and premiums paid remain level throughout the term of the policy. • Index Linked Term Assurance - this is where premiums are increased in line with the retail prices index and hence the sum assured increases also. • Decreasing Term Assurance - life insurance in which the death benefit decreases over the term of the policy although the premiums remain fixed. This is usually used to cover a liability, e.g., a mortgage loan. • Renewable Term Assurance - term life insurance which can be renewed under the same contract provisions for a further identical term. The premiums for these policies are more expensive; however, the new premiums are based solely on the clients age, and they do not need to undergo medical underwriting. These policies are particularly useful for individuals who have fallen ill during the term as a new term assurance contract would likely not be available on the open market. • Convertible Term Insurance - term life insurance which can be converted into a whole of life policy without the need for medical underwriting. When the policy is converted the new premiums are based solely on the client’s age.
Terminal Bonus	Also referred to as a 'Final Bonus'. This is an additional bonus paid to reflect the overall performance of a With Profits fund at maturity, surrender or death. It's important to determine if the current value provided by the insurance company includes the addition of a terminal bonus. The terminal bonus can be increased, reduced, or taken away at the discretion of the provider, so it's important to keep this updated. The surrender value of a With Profits fund is therefore the Current Value less any Exit Penalties, less any MVR applying, plus, the Terminal Bonus.
TFC – Tax Free Cash (also PCLS – Pension Commencement Lump Sum) (T)	This is the amount of money available 'tax free' to the member as a lump sum after minimum pension age. There is an upper limit on the amount of Pension Commencement Lump Sum (or Tax Free Cash as it is more commonly known) that is available to a member. Tax free cash is limited, in broad terms, to 25% of the value of the available standard lifetime allowance. There must be sufficient lifetime allowance remaining to be able to receive the tax free cash. The differences between the pre A-day maximum benefit rules for occupational scheme membership and the post 6 April benefit rules (lifetime allowance etc.) meant that many members with pre-6 April 2006 pension rights could have TFC rights which were greater than the new rule of 25% of the standard lifetime allowance.

Total Permanent Disability (T)	Total and Permanent Disability insurance (TPD) provides a lump sum if the policy holder suffers an illness or injury that leaves them totally and permanently disabled. TPD insurance benefits are often used to eliminate debts, pay for medical expenses, or fund any permanent lifestyle changes resulting from disablement.
Trait commission	Trail commission was an annual fee paid to financial advisers by their customers over the lifetime of products such as pensions, with profits bonds and unit trusts. It was also paid to intermediaries, such as discount brokers and fund platforms, that recommended or enabled the purchase of funds or other investments.
Transfer Value	Bonuses, penalties and/or charges are sometimes applied when policies are transferred out, so the Transfer Value could differ from the Current Value.
Trivial commutation (T)	Many pension providers offer the opportunity to convert 100% of a 'small' pension into a one-off cash payment. This is known as 'trivial commutation' and the cash received as a trivial commutation lump sum. The total capital value of the pension that a member wishes to cash in, plus all of the other pensions to which they are entitled, must be within the definition of 'trivial', which is currently not more than £30,000.
Trust	A trust is a legal arrangement where assets are held for the benefit of other people without giving them full control over it. The person who puts assets into the trust is the settlor. The people who hold the property for the benefit of another are called the trustees. The trustees are the legal owners of the trust property. There should be at least two trustees of any trust. The person who ultimately benefits from the trust property is the beneficiary. If an investment is held in trust, it’s important to determine the following information: • The settlors, trustees, and beneficiaries of the trust • The type of trust • The initial investment • Start date of trust It’s prudent also to request a copy of the trust document.
Uncrystallised Fund	Crystallised (vested) funds are those funds from which benefits are currently being taken by way of an annuity, Income Withdrawal or scheme pension. Uncrystallised funds are those from which benefits have not yet been taken.
Uncrystallised Funds Pension Lump sum - 'UFPLS'	Uncrystallised funds pension lump sum, known as UFPLS (also called a FLUMP), is another way of taking pension benefits without going into drawdown or buying an annuity. It can be used to deplete the fund in one go, taking 25% tax free and the remaining 75% taxable (as indeed can flexi-access drawdown).
Underwriting terms	Underwriting is the process of agreeing to bear the financial risk inherent in an insurance contract. The insurance underwriters assess the risk that is being insured and then set out the terms by which they agree to insure the risk.
Unit linked/non unit finked (WOL Cover Type)	A Unit Linked Insurance Plan (ULIP) is a product offered by insurance companies that, unlike a pure insurance policy, gives investors both insurance and investment under a single integrated plan by allowing policy holders to direct part of their premiums into different types of funds (equity, debt, money market, hybrid etc.). Here the risk of investment is borne by the policyholder. Conventional (non-unit linked) plans are traditional insurance plans. They usually invest in low risk return options and offer guaranteed maturity proceeds along with declared bonuses.

Units (number of)	With a unit trust, a fund manager buys bonds or shares in companies on the stock market on behalf of the fund. The fund is split into units, and this is what the investor buys.
Unrealised Gains/Losses (T)	While an asset may be carried on a balance sheet at a level far above/below cost, any gains/losses while the asset is still being held are considered unrealised as the asset is only being valued at fair market value.
UT - Unit Trust	Unit trusts allow investors to buy units representing a share in the total trust fund. They are open-ended investments, meaning the number of units is not fixed. The bid price reflects the valuation of its underlying assets (known as its Net Asset Value "NAV"). The units usually have two prices • The price paid when buying units (offer price incorporating initial charge) • The price paid when selling units (bid price) That said, some UTS have moved to having a single price. The managers are not allowed to borrow capital. See also 'Collective Investment'
Waiver of Premium — WoP (T)	Waiver of premium was an additional option to a pension policy where in the event of inability to work, the life office would waive the premium payments while still accruing some benefits. This option can be valuable in many circumstances. It's important to determine how much of the current premium is being used towards this benefit.
Whole of Life (WOL) (T)	Whole of Life plans are life insurance policies designed to provide a guaranteed pay-out on death. They are guaranteed to pay out a lump sum on the death of the life/lives assured, which is usually tax-free. Whole of life cover can be written on a: **1. Maximum Cover Basis** This basis is the least expensive initially as most of the premium pays for the protection and very little is invested. However, the premiums will be reviewed at regular intervals. The first review date is normally after the first ten years of the policy. At this point, it is likely that the premiums will be increased to support the sum assured, or alternatively the premiums can remain the same and the sum assured decreased. It's important therefore to determine the next review date on these plans. OR a **2. Balanced Cover Basis** This basis sets the premium at a level where it is assumed that there should be no need for future premium increases. There is an investment element built into this option as well. The invested element of the balanced cover option is used in future years to subsidise premiums into old age. However, the premiums can increase in the event of poor investment performance and rising charges. These plans often generate a surrender value. Critical Illness It's important to determine if the plan provides cover in the event of the life/lives assured suffering from a critical illness and, if so, the amount that will be paid out on diagnosis of a critical illness and whether this will also pay out on subsequent death.
With Profits (T)	With profits polities are medium to long term investment funds offered by insurance companies. With profits funds may be offered when setting up an endowment policy, an investment bond, a whole of life policy and /or pension policies and annuities.

	The money you invest is pooled together with money from other people and invested in the insurance companies with-profits fund. The fund is managed by a professional investment manager, who puts the fund's money into different types of investment, such as shares, property, bonds, and cash. The costs of running the insurance companies’ business are deducted from the fund and what is left over (the profit) is available to be paid to the with 'profits investors. Policy holders get their share of profits in the form of annual bonuses added to their policy. The company usually tries to avoid big changes in the size of the bonuses from one year to the next. It does this by holding back some of the profits from good years to boost the profits in bad years - this process is called 'smoothing' Policy holders may also get a 'terminal bonus' when the policy matures. With most policies, the amount of profit earnt depends mainly on the performance of the investments in the with profits fund. Usually, once added, bonuses can't be taken away. But the insurance company can claw back some or all the bonuses paid by making a Market Value Reduction (MVR), or Market Value Adjustment (MVA), to the policy if surrendered early. This is most likely in times of adverse investment conditions like a stock market crash.
With Profits Asset Allocation (T)	It’s particularly important to request the asset allocation/fund split of a With Profits fund as this is analysed separately in the reports and is required for the With Profits Checklist that needs to be held on file. We need to obtain the split (%) as follows: • UK Equities • Overseas Equities • Fixed Interest Securities • Property • Cash • Other/alternatives (if applicable) This information is often available from the Fund Fact Sheet available on the provider's website or on Trustnet website. Quite often this can be e-mailed across by the provider.