

Key features of the Lifetime Care Plan

How your Lifetime Care Plan supports you



BRITISH
FRIENDLY

keyfacts®

Using this document

The Financial Conduct Authority (FCA) is a financial services regulator. It requires us, British Friendly Society, to give you this important information to help you decide whether our Lifetime Care Plan is right for you.

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

How to use this information

This document highlights the key features of the Plan. It does not contain the full Terms and Conditions, which provide the complete details of your Plan. To ensure you have a complete picture, you should review this Key Features Document, your Personal Quotation, and the Terms and Conditions. You can request a copy of the full Terms and Conditions from your financial adviser, or directly from us by emailing careplan@britishfriendly.com.

The importance of professional advice

Deciding to buy a Lifetime Care Plan is a significant financial decision. British Friendly Society is the insurer and does not provide financial advice.

Your financial adviser will help you understand your options and explain how this Plan compares with others available. You can choose to buy a Plan with us or another provider; by shopping around, you may find an alternative that better meets your specific needs.

If you have any questions or are unsure about any of the features described, please speak with your financial adviser.

Please take the time to read through this document.

To help, we have signposted certain key information with the following symbols:



Important information

Indicates important information we've highlighted about the Lifetime Care Plan



Useful information

Indicates helpful information that you may find useful

Contents

1. Key Features of our Lifetime Care Plan	4
▪ Its aims	4
▪ Your commitment	5
▪ Risks and important considerations	6
2. Questions and Answers	7
▪ How can I tailor the Plan to meet my needs?	7
▪ What should I know about my quotation and the charges?	12
▪ How and when are the care payments made?	13
▪ How are the care payments taxed?	14
3. Additional Information	15
4. Making a complaint	16

Get in touch

Your financial adviser will normally be your point of contact.

However, we are here to help to. So if you have any questions, here are all the ways you can contact us.

Write

Registered Office:

British Friendly Society Limited
45 Bromham Road, Bedford MK40 2AA

Email

careplan@britishfriendly.com

Call

01234 358344

Go online

www.britishfriendly.com/members/

How does the Lifetime Care Plan work?

Its aims

In exchange for a single premium, the Lifetime Care Plan aims to help meet your long-term care costs by providing guaranteed care payments for the rest of your life. These are usually paid directly to your chosen UK-registered care provider.

Who can apply?

To be eligible for the Plan, you must:

- ✓ Be at least 60 years old and a UK resident.
- ✓ Have an immediate or imminent need for care.
- ✓ Require a care funding plan on a single-life basis only.
- ✓ Have a minimum premium of £5,000.
- ✓ Apply as the person requiring care or through a legal representative authorised to act on your behalf.

Who might this Plan be right for?

The Lifetime Care Plan may be suitable if:

- ✓ You are responsible for paying your own care costs and want to avoid the risk of your savings running out.
- ✓ You want the benefit of tax-free care payments by having us pay your UK-registered care provider directly.
- ✓ You want the option to protect some of your capital and ensure that all or part of your care costs are covered for the rest of your life, regardless of how long that may be.
- ✓ You want the flexibility to change care providers in the future - your care payments are redirected to any UK-registered care provider.
- ✓ You want the option to defer your care payments for up to five years or have them increase annually to keep up with the cost of living.
- ✓ You have a permanent care need.
- ✓ You can cover any shortfall in care costs that the plan may not cover.

When this Plan may not be right for you

The Lifetime Care Plan may not be suitable if:

- ✗ You don't yet need care, or expect your care needs to be temporary.
- ✗ You want flexibility to change or cancel your arrangements in future.
- ✗ You want access to lump sums or the ability to withdraw money.
- ✗ You expect to move overseas and receive care outside the UK.
- ✗ You have a terminal illness with a life expectancy of less than 12 months.
- ✗ You can't afford any shortfall in care costs that the plan may not cover.

What else should you consider?

- We recommend speaking with a financial adviser to make sure the Lifetime Care Plan is right for your specific circumstances.
- Your care payments are intended to be paid directly to a UK-registered care provider to ensure they remain tax-free under current HM Revenue & Customs rules.
- To give you the best value, the Plan is medically underwritten. This means we will look at your health and lifestyle to work out the cost of your single premium.
- The Plan has no cash-in value. You should be sure that you do not need access to the single premium for other purposes after the 30-day cancellation period ends.

Your Commitment

When you take out a Lifetime Care Plan, you are entering into a long-term agreement with us. To ensure your Plan remains effective, you commit to the following:

- ✓ You will purchase the Plan by paying a single premium (minimum £5,000) plus any adviser charge you have agreed with your financial adviser.
- ✓ You understand that once the Plan starts, it has no cash-in value. You cannot sell it, withdraw lump sums, assign, or transfer or trade it to anyone else.
- ✓ You must be certain that the options you choose are right for you. You have 30 days to change your mind, starting from the date you receive confirmation that your Plan has started. After these 30 days, you cannot change these options or cancel your Plan.
- ✓ You must notify us if your circumstances change between the time you apply and when the Plan starts. **Once the Plan is active, you must tell us if:**
 - Your UK-registered care provider changes or ceases to be UK-registered.
 - You move overseas or stop receiving care in the UK.
 - You stop receiving care for any other reason.
 - The care payments we make exceed the actual cost of your care.
- ✓ If you select a deferred care plan, you commit to having the funds available to pay for your own care costs until the care payments begin.
- ✓ You will ensure your UK-registered care provider, Legal Representative, or the executors of your estate inform us of your death.



Important Information: Deciding to buy a Lifetime Care Plan is an important decision. Once the 30-day cancellation period has ended, you cannot change your mind or receive a refund of your single premium. This decision could affect your financial circumstances for the rest of your life.

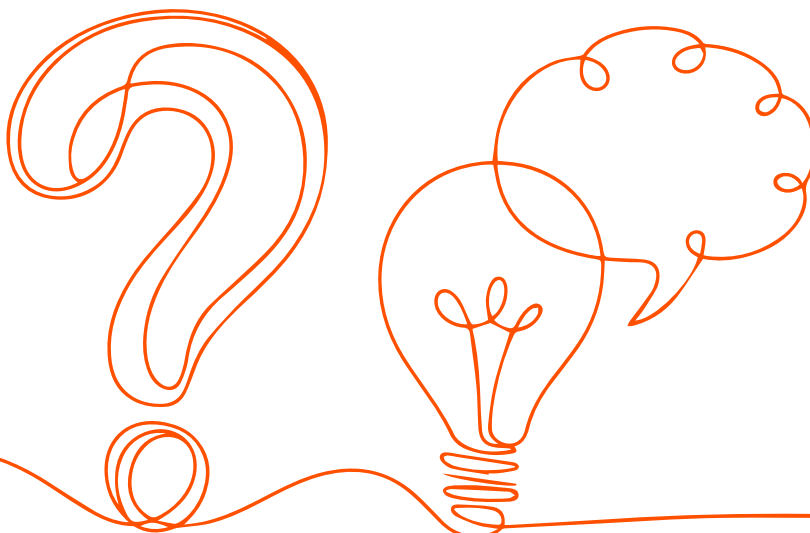


Risks and important considerations

Risks

Before taking out the Plan, it is important that you and your financial adviser consider the following risks:

- The Plan aims to help with the cost of your care, but it does not guarantee to cover the full amount. If your care costs exceed the care payments under this plan, you are responsible for paying any shortfall. Your UK-registered care provider may also continue to charge additional fees that the Plan does not cover.
- Once the Plan starts and the 30-day cancellation period has ended, it cannot be cancelled, amended or “cashed in.” The single premium is non-refundable, even if your circumstances change, you stop receiving care, or you become eligible for state funding.
- Care payments stop when you die. There is a risk that the total amount of care payments made, combined with any capital protection (if selected) payment made to your estate, may be less than the single premium you originally paid.
- Depending on when you die and the options you chose at the start, may mean we may not pay anything to your estate. For more information, please see pages 9-11.
- Receiving care payments may affect your entitlement to means-tested state benefits. We recommend you check how this Plan might impact your overall financial support.
- Under current law, care payments made directly to a UK-registered care provider are usually tax-free, but tax rules and your personal circumstances may change in the future. Any care payments made directly to you (or anyone other than a UK-registered care provider) will be subject to Income Tax.
- Any payment made following your death, if at all, may be subject to inheritance tax.
- For deferred plans, you’ll need to cover your care costs for the deferred period, and you’ll be unable to purchase additional long-term capital protection, or increase your care payments in line with the Retail Price Index (RPI).



Questions and Answers

How can I tailor the Plan to meet my needs?

Your Lifetime Care Plan offers a choice of customisable features, allowing you to tailor the options to suit your personal needs. You and your financial adviser will choose the options that best meet your financial circumstances and care needs.

Each choice you make will affect the single premium you pay or the amount of care payments we provide.

Choosing when your care payments begin

Your Plan starts once we have received your single premium, all required documents, and completed our final checks. Depending on your choice, your care payments will follow one of two timelines:

- **An immediate start date:** Your care payments begin as soon as the Plan is set up.
- **A deferred start date:** You can choose to wait between 1 and 5 years before your care payments begin. This is known as the deferred period, which starts from the date your Plan begins. You must ensure you can afford to pay for your own care costs until the Plan care payments begin.

Managing the cost of care

Once your Plan has started (and any deferred period has ended), we make your care payments monthly in advance. You can choose how these payments work over time:

- **Stay the same (Level):** Your care payments will stay at the same amount for the rest of your life.
- **Increase by a fixed percentage:** Your care payments will go up each year by a set percentage (between 1% and 10%), as shown in your Policy Schedule.
- **Increase in line with inflation:** Your care payments will go up each year in line with the cost of living, measured by the Retail Prices Index (RPI).

When your payments increase

If your care payments are set to increase, this will happen once a year on the anniversary of the date your Plan started. If your care payments increase with inflation, here's how we work it out:

- We use the Retail Prices Index (RPI) figure published three months before your Plan anniversary
- Your care payments can increase by up to a maximum of 10% in any year
- If inflation is negative (prices fall), your care payments won't go down - they'll stay the same for that year.

If the Retail Prices Index (RPI) is no longer published or its calculation changes significantly, we will use a suitable alternative index to ensure your Plan continues to work as intended. We will notify you or your legal representative if this happens.

Protecting your single premium (Capital Protection)

Capital protection aims to provide your estate with a refund of part of your single premium if you die early in the Plan.

- **Short-term Protection:** This is included as standard unless you opt out. If you die within the first six months, we may return part of your single premium, minus any care payments already made.
- **Long-term Protection:** This is an optional feature you can add to your Plan for an extra cost. It allows you to protect a specific percentage of your single premium (between 1% and 75%). This provides protection for longer than the initial six-month short-term period. If you die and the total care payments we have made are less than this protected amount, we will pay the difference to your estate.

If you have both short-term and long-term capital protection, we'll calculate the amount payable under each option when you die and pay whichever amount is higher.

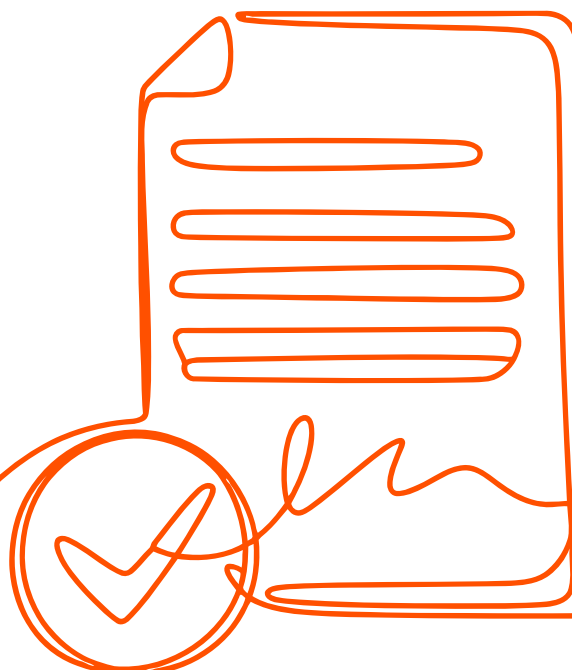


Important Information: You can choose to remove capital protection to reduce your single premium. However, this means no payment will be made to your estate when you die, regardless of how soon that happens.



Important Information: You cannot change your selected options after the 30-day cancellation period has ended. Your chosen options will be clearly shown on your Policy Schedule.

You can find examples of how short-term and long-term capital protection works on pages 9-11.



Capital protection examples (Short-term Capital Protection)

Short-term (standard) capital protection is included with the Plan automatically unless you chose to remove it when you applied. If you die within the first 6 months of the start date of the Plan, we may pay your estate a percentage of the single premium, minus:

- Any care payments we've already made to your care provider(s); and
- Any adviser charges you asked us to pay to your financial adviser on your behalf (where applicable).

Percentages of your single premium returned to your estate on death:

Month 1: 100% Month 2-3: 50% Month 4-6: 25%

Example calculation

The examples below show how this protection works in practice. These figures are based on a single premium of £200,000 used to buy a Lifetime Care Plan that pays £2,500 each month. Please note, the actual amount payable to your estate will depend on your chosen single premium and the amount of your care payments. Any capital protection payments paid to your estate may be subject to Inheritance Tax.

If you die in month 1:

Single premium covered	100% = £200,000
Care payments made to your care provider	£2,500 (1 care payment of £2,500)
Payment made to your estate on death	£197,500

If you die in month 3:

Single premium covered	50% = £100,000
Care payments made to your care provider	£7,500 (3 care payments of £2,500)
Payment made to your estate on death	£92,500

If you die in month 6:

Single premium covered	25% = £50,000
Care payments made to your care provider	£15,000 (6 care payments of £2,500)
Payment made to your estate on death	£35,000

Capital protection examples (Additional Long-term Capital Protection)

Long-term capital protection is an optional feature you can add to your Plan for an extra cost. It allows you to protect a specific percentage of your single premium (between 1% and 75%).

Please note: Long-term capital protection is only available if you have chosen a level or fixed escalating cover care plan with an immediate start date.

It is not available if you have chosen:

- A deferred start date; or
- Care payments that increase in line with inflation (RPI).

How it works with Short-term Capital Protection

If you die within the first six months of your Plan, we will look at both your short-term (standard) and long-term capital protection options. We will always pay your estate the higher amount of the two.

Calculating the payment

When we calculate a capital protection payment, we will deduct the following:

- Any care payments we have already made to your care provider(s); and
- Any adviser charges you asked us to pay to your financial adviser on your behalf (where applicable).

Examples of Long-term Capital Protection

The examples below show how long-term capital protection could protect your single premium if you die within the first 48 months of your Plan starting. These figures are based on a single premium of £200,000 and care payments of £2,500 per month. The actual amount your estate receives will depend on your single premium, care payment amounts, and the percentage of protection you chose. Any capital protection payments paid to your estate may be subject to Inheritance Tax.

Capital protection examples (where 50% protection has been chosen)

If you die in month 4:

Single premium covered	50% = £100,000
Care payments made to your care provider	£10,000 (4 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£40,000
Payments made to your estate on death under long-term capital protection	£90,000 - We would pay this higher amount

If you die in month 8:

Single premium covered	50% = £100,000
Care payments made to your care provider	£20,000 (8 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£0 - short-term protection has now ended.
Payment made to your estate on death under long-term capital protection	£80,000 - We would pay this higher amount.

If you die in month 48:

Single premium covered	50% = £100,000
Care payments made to your care provider	£120,000 (48 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£0 - short-term protection has now ended.
Payment made to your estate on death under long-term capital protection	£0 - No single premium remains after care payments.

Capital protection examples (where 25% protection has been chosen)**If you die in month 3:**

Single premium covered	25% = £50,000
Care payments made to your care provider	£7,500 (3 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£92,500 - We would pay this higher amount.
Payment made to your estate on death under long-term capital protection	£42,500

If you die in month 8:

Single premium covered	25% = £50,000
Care payments made to your care provider	£20,000 (8 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£0 - short-term protection has now ended.
Payment made to your estate on death under long-term capital protection	£30,000 - We would pay this higher amount.

If you die in month 48:

Single premium covered	25% = £50,000
Care payments made to your care provider	£120,000 (48 care payments of £2,500)
Payment made to your estate on death under short-term capital protection	£0 - short-term protection has now ended.
Payment made to your estate on death under long-term capital protection	£0 - No single premium remains after care payments.

Questions and Answers

What should I know about my quotation and the charges?

How long is my quote valid for?

Your quote is guaranteed for the time period specified in the 'Important notes' section of your Personal Quotation.

If this period has passed, please contact your financial adviser, who can provide you with a new quote. If there have been changes in your circumstances or our rates, the amount quoted may be different from your original quote.

What should I do if I want to accept my quote?

You should read, sign, and date the quote you wish to proceed with and return it to your financial adviser. You will also need to provide any additional documentation we require to start your Plan; a list of these requirements will be shared with your financial adviser when the quote is issued.

What are the charges?

There are no hidden costs. All of our administration and set-up costs are included when we calculate the single premium required to purchase your Plan. We will not apply any additional charges once the Plan has started.

How is my financial adviser paid?

If a financial adviser provides advice on this Plan, you will pay them a fee known as an adviser charge. You will agree the amount of this charge directly with your adviser.

You have two options for paying this fee:

- **Direct payment:** You can pay the adviser charge directly to your financial adviser from your own funds.
- **Payment via British Friendly:** We can add the adviser charge to your single premium. We will collect this from you and pay it to your financial adviser on your behalf once your Plan has started. This amount will be clearly shown on your Personal Quotation.



Important Information:

- Once your Plan has started, you cannot cancel or change the adviser charge.
- If you cancel your Plan within the 30-day cancellation period, we will refund the single premium, minus any payments we've already made, but we may not refund the adviser charge unless specifically agreed with your financial adviser.

Questions and Answers

How and when are the care payments made?

When will my care payments start?

Your Plan begins once we receive your single premium, all required documentation, and complete our final checks. Your specific start date will be shown on your Policy Schedule. Depending on the option you chose when you applied, your care payments will follow one of two timelines:

- **An immediate start date:** Your care payments begin as soon as the Plan is set up.
- **A deferred start date:** You can choose to wait between 1 and 5 years before your care payments begin. This is known as the deferred period, which starts from the date your Plan begins.

Once your Plan has started (and any chosen deferred period has ended), we will begin making your care payments monthly in advance. Care payments will be made on that same date each month.

Who receives the care payments?

To ensure your care payments remain tax-free under current UK rules, we normally pay your UK-registered care provider directly.

- **Multiple Providers:** We can split your care payment between up to two different UK-registered care providers. If we have made a care payment and the care provider changes in that month, we will not seek to recover any care payment paid to the existing care provider to pay a new care provider. That will need to be organised between the existing and new care provider.
- **Care payments to you:** If you stop receiving care from a UK-registered care provider, move overseas, or if your care payments exceed your care costs, we may pay the care payments to you or your Legal Representative directly.



Useful information: Direct care payments to you or your Legal Representative are usually subject to Income Tax.

How long do the care payments last?

Your care payments are guaranteed to continue for the rest of your life.



Important information: Care payments stop on the date you die. The Plan will not cover any care costs or care provider fees incurred after your death.

Keeping us informed

You, your Legal Representative, or your care provider must notify us immediately if:

- You change your UK-registered care provider.
- Your care provider is no longer UK-registered.
- You move overseas or stop receiving care in the UK.
- Your care payment exceeds your actual care fees.
- You die.

If you move to a new care provider, we will continue care payments once we have processed a completed 'Care Provider Declaration Form'.

Evidence to continue care payments

Occasionally, we may ask for reasonable evidence to confirm that you are still receiving care and that your care provider remains UK-registered. If this information is not provided within a reasonable timeframe, we may have to pause your care payments until it is received.

Overpayments

If any care payments are made after your death or are otherwise not due, we have the right to recover these amounts from your estate or the care provider. We understand this is a sensitive time; if we consider it unreasonable to recover an overpayment, we may choose not to do so.

Questions and Answers

How are the care payments taxed?

Under current UK tax legislation, no Income Tax is normally due on care payments made to a UK-registered care provider. We will make these care payments without deducting tax, provided that:

- The purpose of the Plan is to protect you against the consequences of being unable to live independently.
- The reason you are unable to live independently is due to a physical or mental impairment, injury, or illness which is expected to be permanent.
- The care payments are made directly to a UK-registered care provider.

What is a UK-registered care provider?

To qualify for tax-free care payments, you must receive care from a care provider registered with one of the following UK authorities:

- Care Quality Commission (England)
- Care Inspectorate Wales
- Care Inspectorate (Scotland)
- Regulation & Quality Improvement Authority (Northern Ireland)

What if care payments are made directly to me?

Any care payments made directly to you, or anyone other than a UK-registered care provider, will usually be subject to Income Tax in accordance with HMRC rules.

- We are required to deduct tax at the basic rate from a proportion of the care payments made to you.
- You may be able to reclaim all or part of this tax depending on your circumstances.
- If you have already used your Personal Savings Allowance or pay tax at a rate higher than the basic rate, you may have an additional tax liability.

Inheritance Tax

Any capital protection payments made to your estate following your death may be subject to Inheritance Tax.

Changes to Tax treatment

Tax treatment depends on your individual circumstances. Tax rules are subject to change and may vary in the future. We strongly recommend you speak with a financial adviser or a specialist tax professional for further guidance.

Additional Information

Solvency and Financial Condition Report

Each year we publish a Solvency and Financial Condition Report which provides an overview of our financial position, how we're governed and our financial performance, among other things. You can find our Solvency and Financial Condition report on our website at www.britishfriendly.com/about-us/society-information/.

Which law and language do you work in?

All the information in this document is based on our understanding of current law in relation to this type of product. This contract is governed by the law of England and Wales, and the courts of England and Wales have exclusive jurisdiction.

All of our customer communications will only be available in English. Communications from us will normally be by letter, phone or email.

Who regulates British Friendly Society?

British Friendly Society Limited is incorporated under the Friendly Societies Act 1992. It is a member of the Association of Financial Mutuals. British Friendly Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority Ref: 110013.

Can you tell me more about British Friendly Society?

Founded in 1902, British Friendly is a mutual insurer with a range of products and services designed to help people protect what matters most. We offer traditional investment linked and pure income protection policies, and immediate needs annuities for life long care. As a mutual insurer, we have no shareholders meaning everything we do is for the benefit of our members.

Compensation

We're covered by the Financial Services Compensation Scheme (FSCS). This means you may be entitled to compensation from the FSCS if we can't meet our obligations to you. This depends on the type of business and the circumstances of the claim. Currently 100% of the value of the valid claim is covered. There is no upper financial limit on the claim. Investor protection legislation and regulation may change in future. For more information on about the FSCS, including amounts and claim eligibility, please visit fscs.org.uk or call 0800 678 1100.

Can I change my mind?

Yes, you have 30 days to change your mind. This starts on the date you receive our confirmation that your Lifetime Care Plan has started. If you wish to cancel your Plan please write to us at:

Write

Registered Office:

British Friendly Society Limited
45 Bromham Road, Bedford MK40 2AA

Call

01234 358344

Email

careplan@britishfriendly.com

If you don't cancel within 30 days, your Plan will continue with us and we'll pay the monthly care payments for the rest of your life. If you decide to cancel within 30 days we'll return your single premium, minus any care payments we've already made and (where applicable and unless we've agreed otherwise) any adviser charge.

Making a complaint

If you're unhappy with any aspect of your Plan, you can complain to us. If you remain dissatisfied, you may refer your complaint to the Financial Ombudsman Service. Making a complaint won't affect your legal rights.

If you wish to complain about any aspect of our service, or if you'd like us to send you a copy of our internal complaint handling procedure, please contact us using one of the methods below:

Write

Registered Office:

British Friendly Society Limited
45 Bromham Road, Bedford MK40 2AA

Call

01234 358344

Email

careplan@britishfriendly.com

Find us online at:

britishfriendly.com

If you are not satisfied with the way your complaint is handled, you can contact:

Write

The Financial Ombudsman Service
Exchange Tower
Harbour Exchange Square
London
E14 9SR

Call

0800 023 4567 or 0300 123 9123

Email

complaint.info@financial-ombudsman.org.uk

Find us online at:

financial-ombudsman.org.uk

Making a complaint to British Friendly Society or The Financial Ombudsman Service will not affect your legal rights.

British Friendly Society Limited

Registered Office:

45 Bromham Road, Bedford MK40 2AA

Telephone:

01234 358344

Email:

careplan@britishfriendly.com

Web:

britishfriendly.com

**BRITISH
FRIENDLY**

British Friendly Society Limited is incorporated under the Friendly Societies Act 1992. Registered Office: 45 Bromham Road, Bedford MK40 2AA. Registered No. 392F. It is a member of the Association of Financial Mutuals. British Friendly Society Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority Ref: 110013.

Document Reference: Lifetime Care Plan Key Facts Document
Version: 4