

Lifetime Care Plan Product Profile

This document provides a summary of the relevant product information for the British Friendly Lifetime Care Plan - an Immediate Needs Annuity. It sets out key information for distributors as required by the FCA's Product Governance rules. Under the FCA's rules, we are required to inform you that we have a governance process in place to oversee the design, approval and on-going reviews of our products. We outline the oversight and product governance we follow at British Friendly [here](#).

Lifetime Care Plan target market statement

The Lifetime Care Plan is a medically underwritten, single premium insurance solution designed to help advisers manage their clients' exposure to long-term care costs. By converting a defined portion of capital into a guaranteed income for life which is paid directly to a UK-registered care provider.

The plan enables advisers to secure certainty over care funding at the point it is needed, while supporting wider estate planning, tax efficiency and family outcomes under current legislation. The plan can be structured to meet immediate care costs or implemented on a deferred basis to complement investment-led funding strategies.

The plan is intended for individuals aged 60 or over, with a minimum investment of £5,000, who have a permanent care need and are either receiving care or are expected to require care in the near term. It is particularly suited to self-funding clients seeking to secure care costs without exposure to ongoing investment risk.

It may also be appropriate where clients initially fund care from their own investments, while putting an Immediate Needs Annuity in place with a deferred start date to meet future care costs once those assets are depleted.

Clients can select either fixed or escalating care payments, and optional capital protection is available to return a proportion of the single premium to the estate if death occurs early in the policy term. The single premium is committed in exchange for guaranteed lifetime income, the plan is generally unsuitable for clients whose primary objective is to retain capital accessibility or maximise inheritance value.

Care payments can be redirected if the care provider changes and may be split between two registered care providers. Care may be delivered either in the client's own home (domiciliary care) or within a care home setting (residential care), allowing the plan to accommodate a range of care arrangements as needs evolve.

Product Suitability

The client segments below are illustrative examples of profiles where the Lifetime Care Plan may be considered appropriate, subject to a full suitability assessment and advice process.

Early Dependents

Individuals in their 70s or 80s, recently transitioning from home into residential care, typically presenting with mild frailty or early cognitive decline. Seeking predictable, guaranteed income to meet care costs.

Declining Independents

Individuals preparing for, or considering, a move into care following a diagnosis such as dementia or Parkinson's disease. Aim to secure funding early to reduce financial uncertainty and emotional strain on family members.

Post-Hospital Discharge / Late Crisis Entrants

Individuals experiencing urgent care transitions following hospital stays or rapid health deterioration, often involving family-led decisions. Require immediate, guaranteed income to meet care costs without delay.

Affluent Planners

Clients with higher asset levels and established adviser relationships. Use a Lifetime Care Plan as part of a wider financial, tax and estate planning strategy, often to manage longevity risk and ring-fence assets.

Moderate-Means Retirees

Asset-rich but income-constrained individuals, commonly homeowners, funding care from property sale proceeds. Seek to bridge the shortfall between ongoing care costs and pension or state benefits.

Couple Protection Scenarios

Households where one partner is entering care while the other remains independent at home. The plan is used to provide income certainty for care costs while maintaining liquidity and financial security for the remaining partner.

Continuing Care at Home Clients

Individuals receiving domiciliary or hybrid care arrangements. Seek predictable income to support home-based care, with flexibility to transition into residential care if needs change.

Family Decision-Makers (Attorneys / Representatives)

Adult children or family members, often acting under a Power of Attorney, arranging or overseeing care funding decisions. Typically focused on securing consistent care provision and managing financial risk.

Executors and Estate Representatives


Executors or personal representatives managing care funding as part of broader estate administration responsibilities, acting in the best interests of the care recipient.

Professional Attorneys / Deputies

Solicitors or court-appointed deputies arranging care funding on behalf of clients who lack capacity, where certainty of income and administrative simplicity are key considerations.

This product is designed to

- Provide a guaranteed care payments for life paid monthly in advance at a selected level to meet or contribute to care costs
- Fund domiciliary, residential, or nursing care
- Offer tax-free care payments when made to a UK-registered care provider
- Include short-term capital protection (payable to the client's estate) if the client dies within six months of the policy start date
- Provide portable care payments, allowing transfers between UK-registered care providers
- Offer, for plans with an immediate start and without RPI escalation only, additional long-term capital protection, enabling the client to protect a percentage of their single premium (1–75%) beyond the initial six-month period in the event of death
- Offer, as an option, the ability to defer care payments for up to five years
- Provide optional escalation of care payments by a set percentage (1%–10%) or in line with the Retail Price Index (RPI) to help keep pace with rising care costs
- Provide 100% protection under the Financial Services Compensation Scheme (FSCS)

 It's important that clients are aware that after the 30-day cooling-off period, their single premium cannot be refunded. If they die early in the plan, their estate may get back less than they paid in or nothing at all; this depends on the timing, care payments already made, and their capital protection choices. Furthermore, payments made following death may be subject to Inheritance Tax.

The product also offers the option to pay up to two registered care providers. A care provider may provide care in the client's private residence or in a care home, nursing home or residential home but must be a UK-registered care provider to qualify for tax free care payments.

Eligibility

To apply clients must:

- Be at least 60 years old
- Either be receiving long-term care or expecting to require long-term care imminently
- Require a care funding plan on a single-life basis only
- Be a UK resident
- Have a fund value of at least £5,000
- Or their legal representative must, purchase the plan using their own funds.



British Friendly's Lifetime Care Plan will be most suitable for clients who:

- Meet our eligibility criteria
- Are classed as 'self-funders' under current care funding legislation
- Are in receipt of long-term care when the policy commences
- Wish to pay for their care costs without exposure to investment risk
- Require income to cover a shortfall in care payments
- Want to mitigate the risk of outliving their savings while in care
- Are seeking to safeguard against the risk of exhausting their funds and relying solely on state support
- Want to protect their capital and preserve their financial legacy
- Want certainty that all or part of their care costs will be covered for the rest of their life.
- Wish to benefit from tax-free payments when made directly to a UK- registered care provider
- Want the option to defer the start date of care payments for up to five years
- Want the option for care plan payments to increase annually by a fixed percentage or in line with the rate of inflation
- Want the option to protect their single premium payment over the short or long term



British Friendly's Lifetime Care Plan will not be suitable for clients who:

- Do not meet the eligibility criteria
- Do not have an immediate or imminent long-term care need
- Have a terminal illness with a life expectancy of less than 12 months
- Are in cognitive decline and are unable to make their own decisions, and do not have a legal representative in place
- Can meet their income needs including care costs in retirement from other sources
- Cannot afford the single premiums or are unable to make up any shortfall in care costs
- Only require care for a short period
- Wish to receive a flexible income from the plan
- Want to retain access to and control of their funds
- Wish to receive a surrender value
- Qualify for, or are in receipt of, local authority funding or means-tested state benefits that they or their legal representative are satisfied with
- Wish to leave any remaining capital to family on death

Limits and basis

- The plan is available to UK residents aged 60 to 110 at the time of application
- It is a single-life policy and cannot be taken out jointly
- The minimum single premium is £5,000, paid as a one-off lump sum
- Once the 30-day cooling-off period ends, the policy cannot be cancelled, amended or single premium refunded. Any refund during the cooling-off period will be less any care payments already made and, unless agreed otherwise, the adviser charge
- There is no cash-in or surrender value at any time and the plan cannot be assigned, transferred or traded
- Care payments are made for life and stop when the client dies. We may seek to reclaim any overpayments from the estate following death
- If the client dies early in the plan, their estate may get back less than they paid in or nothing at all; this depends on the timing, care payments already made, and their capital protection choices. Furthermore, care payments made following death may be subject to Inheritance Tax.
- The income amount is fixed at outset and cannot be changed once the policy starts. Where RPI escalation is selected, increases are capped at 10% per annum.
- Income can only be paid to a UK-registered care provider, the client, or their legal representative
- Care payments to the client, or their legal representative, may be subject to tax under current laws
- Care payments provide an agreed level of income and are not guaranteed to cover the full cost of care. Depending on the cover options selected, care costs may increase faster than care payments
- If care costs are lower than the income amount, the surplus may be paid to the client or their representative, but this may affect the tax-free status
- If a client dies early in the policy but after the capital protection period, or if capital protection has been opted out of, the income received may be significantly less than the single premium paid
- The plan cannot be transferred if the client moves outside the UK
- Clients who take out a deferred plan must ensure they have sufficient funds to cover the care provider's fees until the annuity starts paying.

Distribution Strategy

To ensure clients receive a level of protection that meets their needs and to fulfill regulatory requirements, the British Friendly Lifetime Care Plan is only available to clients of authorised intermediaries on an advised basis. Due to the specialist nature of later life needs, all sales are subject to a suitably qualified adviser who holds an appropriate long term care insurance qualification (CF8 or Cert LTCP).

Adviser Charges

We can facilitate adviser charges. These can be paid as a fixed fee (£), or as a percentage (%) of the initial single premium.

Supporting Vulnerable Customers

The British Friendly Lifetime Care Plan is designed with vulnerable customers in mind. Due to the nature of the product and its target market, many clients may experience vulnerability at some point in their lives. We take this seriously and will ensure safeguards are in place for every stage of the process.

Charges

The single premium payment is shown on the quotation and the Policy Schedule and includes all the costs of administration, underwriting, expenses, and fees for any medical information that we may request.

Our Commitment

- **Advice First:** The Lifetime Care Plan is only available through a suitably qualified adviser who holds an appropriate long term care insurance qualification (CF8 or Cert LTCP).
- **Capacity Checks:** We will undertake to confirm your clients have the capacity to make decisions.
- **Clear Communication:** All materials are written in clear, jargon-free language.
- **Ongoing Support:** We will record vulnerabilities and undertake to take these into account in our approach to supporting members.
- **Training & Oversight:** Our teams are trained to recognise and respond to vulnerable circumstances, supported by robust controls and monitoring.

Why This Matters

Vulnerability can arise from health issues, major life events, low financial resilience, or limited capability. Our approach ensures these factors are considered in product design, servicing, and communications, helping deliver good outcomes for every member.

Fair Value Assessment

We have completed the fair value assessment for British Friendly's Lifetime Care Plan and have assessed that it provides fair value for clients within its defined target market.

Our assessment considers the overall price paid by clients, the distribution arrangements, product performance, complaints, communications and the quality of support.

We carry out regular monitoring and reviews to assess whether:

- Our products are aligned with the needs, characteristics and objectives of the target market, are being used as intended, continue to support good outcomes and whether distributors are distributing the product as intended.
- The price paid by clients are reasonable relative to care payments.
- Communications are accurate, relevant and likely to be understood by those in the target market and are delivered at an appropriate time.
- Clients receive appropriate support which delivers good outcomes.

Below is a summary of how this product meets the four Consumer Duty outcomes.

Products and Services

Products must be designed to meet the needs of the target market, be fit for purpose and be distributed appropriately. We have assessed that:

- The target market is appropriately defined and that groups who the product is and isn't suitable for have been identified.
- Our products and services have been designed to align with the needs, characteristics and objectives of the target market and are fit for purpose, with features and support aimed to support the target market.
- Distribution is carried out by appropriately qualified authorised intermediaries on an advised basis
- Product governance and oversight and intermediary risk management frameworks are in place and are aligned with regulatory requirements.

Consumer Understanding

Clients should receive clear, timely and meaningful information that supports confident decision-making about their financial products and services. We have assessed that:

- Communications are clear, timely and easy for clients to understand.
- Clients receive the information they need to understand the product and make informed decisions
- Members who have chosen indexation will receive an annual statement confirming their updated payment amounts. We provide these regular updates to keep members informed about their plan and to ensure that the contact and care provider information we hold remains up to date.

Price and Value

The total price clients pay should represent fair value relative to the care payments they receive. We have assessed that:

- The total price reflects all costs and charges over the product's lifetime and that the product provides fair value and will continue to do so.
- Complaints, support provision, member feedback and product performance data is taken into account in assessing fair value and support the value assessment.
- Care payments are reasonable relative to the single premium paid.

Consumer Support

Clients should be able to use the product as intended and receive the support they need throughout their journey. We have assessed that:

- Our service meets expected standards, ensuring clients receive prompt and accurate support without unreasonable barriers in place, including to cancel or complain.
- Multiple support channels are available, including options tailored to the needs of vulnerable clients
- We have established a vulnerable customer policy, accessible [here](#), which outlines our approach to identifying and supporting members with additional needs.

Distributor Fees and Charges

When performing our assessment of value, we have had regard to price amongst other factors. We have not considered the charges agreed exclusively between you and the client. These charges are a matter for you and the client and we and you both agree that we have no influence over these and that they are outside of our control.

We recognise that given the nature of the product, advice is essential and adviser charges may vary materially from client to client, but also that at sufficiently high levels, adviser charges could impact the value received from our product by clients.

As the party distributing the product and agreeing charges directly with the client, you are responsible for ensuring that your charges, taking into account the pricing of the product, represents fair value to the client.

Should you require any further information please contact products@britishfriendly.com

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