

# Advantage Investment Plan

A new way of thinking about qualifying life policies

For professional adviser use only

The Advantage Investment Plan is an HMRC-certified qualifying life policy. Its primary aim is to act as a tax-efficient savings vehicle:

- It allows clients to invest a cash sum every year for ten years into a wide range of investments offering different levels and types of risk and return.
- All investment returns will be free of any liability to personal tax above the basic rate (as long as clients hold the Plan for at least seven and a half years and make all of their specified annual investments when they are due).

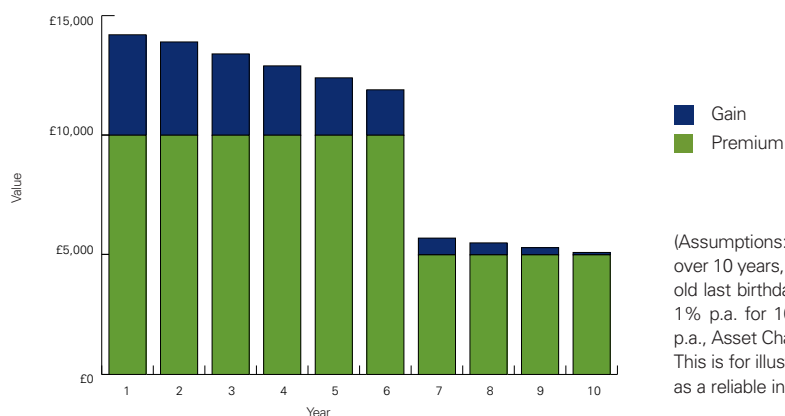
The secondary aim of the Plan is to provide life cover. This is known as the Death Benefit, and is necessary for the Plan to be eligible for qualifying status.

Because the main objective is tax-efficient investment growth, we have structured the Plan to maximise the potential for clients' investments to increase in value and minimise the cost of the life cover. This document explains how this is done.

## Increasing the scope for investment growth

- Traditionally, qualifying life policies (also known as MIPs) have taken regular level payments over the ten year period of the policy.
- We have taken a fresh look at the HMRC qualifying criteria and have decided to do things differently. We have structured the Advantage Investment Plan so that clients invest a chosen amount for the first six years, and then make four payments at half that level for the remaining four years.
- By investing greater amounts in the early years of the Plan, there is more scope for the client's savings to grow in value.
- The diagram below shows the contribution each premium makes to the overall investment gain of the Plan, and demonstrates the importance of the early premiums in terms of their contribution to the overall growth of the Plan.
- In this example, 20.7% of the total investment gain over the period of the Plan is derived from the first year's premium.

Contribution to overall gain from each premium paid



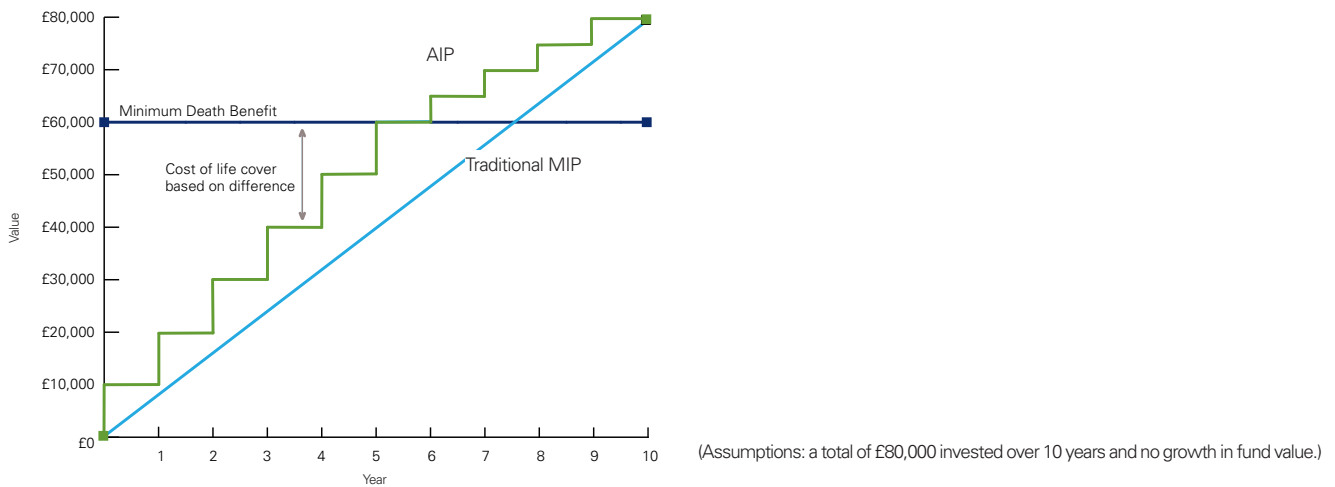
(Assumptions: £10,000 initial premium so a total of £80,000 invested over 10 years, growth of 6% p.a., joint life cover, both clients 50 years old last birthday and non-smokers, Initial Adviser Remuneration of 1% p.a. for 10 years, Ongoing Adviser Remuneration of 0.5% p.a., Asset Charge of 0.75% p.a. and Fund AMC of 0.75% p.a. This is for illustrative purposes only, and should not be seen as a reliable indicator of future investment performance.)

SELECT

**Alico**  
Wealth Management

## Reducing the cost of life cover

- Because of the way the Plan is structured, with greater amounts invested in the early years, the time period during which the Death Benefit charge needs to be paid is reduced. This in turn lowers the overall cost of the Death Benefit.
- The diagram below shows how the Advantage Investment Plan's contribution structure reduces the cost of the Death Benefit.



## Advantage Investment Plan - other important features

- The Advantage Investment Plan offers access to the Select Investment Range - a wide choice of underlying investments designed to meet clients' needs no matter what their attitude to risk. This provides the flexibility to change the risk profile of their investments as their circumstances change over the lifetime of the Plan.
- The Plan offers a transparent charging structure so clients know exactly what they are paying for - including the cost of your advice and services - and when they have to pay it.

## What else do I need to know?

The Advantage Investment Plan is part of the Select Portfolio from Alico Wealth Management. The Select Portfolio is a collection of retirement and investment products available only through recommendation from a financial adviser.

Unless clients invest in a Guaranteed Investment within the Advantage Investment Plan, we do not guarantee what they will get back and they may get back less than they invested.

For full information about the benefits and risks of the Advantage Investment Plan, please refer to the Key Features Document on our website at [www.alicowm.co.uk](http://www.alicowm.co.uk) or call us on 0800 013 2272.

For ideas on how the Advantage Investment Plan may be useful for your clients, please contact your Regional Sales Manager.

### Alico Wealth Management

22 Addiscombe Road, Croydon, Surrey CR9 5AZ

T: 0800 013 2272 W: [www.alicowm.co.uk](http://www.alicowm.co.uk)