



Life Cover policy

Optional feature for the
Downing Estate Planning Service, Downing AIM ISA & Downing
AIM Estate Planning Service

Life Cover

This document is designed to be read alongside the relevant IHT estate planning service brochure and should only be considered in conjunction with this and the terms & conditions.

Life Cover is designed to mitigate the effect of IHT from the date shares are acquired and for the first two years before IHT relief begins.

The policy covers 40% of your original gross investment upon death, subject to the conditions summarised here and in the terms & conditions document.

This is an optional cover and is subject to a charge, as set out opposite. On expiry of the Life Cover policy after two years, your cover will automatically switch to Downside Protection Cover - provided this is available at that time. (More information on Downside Protection Cover can be found in the relevant brochure.)

Please note that the maximum payout on the Life Cover policy is £100,000.

Important

The proceeds of this insurance policy are payable by Downing (as trustee) to such of your family or beneficiaries as Downing selects, taking into account the persons nominated in the application form. This should ensure that any proceeds from the insurance policy fall outside of your estate and so should not be subject to IHT. For tax implications, please refer to the terms & conditions.

For UK investors only. Information correct as at 1 December 2019.

At a glance	Life Cover
Term	Maximum of two years
Cover	40% of original gross investment on death
Maximum pay-out	£100,000 (based on a £250,000 investment)
Maximum age	Under 85 years at the investment date
Medical exclusions/ conditions	See summary overleaf. Full details can be found in the relevant terms & conditions document
Life Cover charge	2.25% p.a.* for the first two years

*The charge of 2.25% p.a. under the Life Cover policy option is calculated on the original gross investment and is allocated annually in advance.

There will be no refund of the charge in the event of death. In the case of funds being withdrawn, pro-rata charges will be rebated to reflect the new amount invested and the sum insured will be proportionately reduced. (See the brochure and terms & conditions for details.)

VAT will be added where applicable.

Joint applications are treated separately for insurance purposes, therefore, each individual can benefit from Life Cover up to a £250,000 investment.

A few things to remember

The maximum term of the policy is two years.

This policy covers 40% of your gross initial investment (including any initial Downing and adviser charges).

The policy pays out on death within two years of the *investment date*, subject to the conditions below.

Conditions

- You are over aged 18 years and under aged 85 years at the *investment date*.
- The maximum benefit is £100,000 (based on a £250,000 investment). This limit includes any benefit from Downside Protection Cover.
- Death by suicide and assisted suicide are excluded.
- You must confirm the following:
 - You have not been diagnosed with any form of *terminal illness*.
 - In respect of a *life-limiting illness* or anything that may be diagnosed as a life-limiting illness you: (i) are not currently undergoing or awaiting to undergo any medical investigations; (ii) are not awaiting any form of hospitalisation or awaiting any form of surgery; and (iii) live without the need for help with *daily activities*.
 - Within the last five years you have not been diagnosed with any form of *cancer, heart disease or chronic lung condition*.

Further details on the Life Cover policy and general exclusions can be found in the terms & conditions document.

If you have any questions, please call us on 020 7416 7780 or email us at customer@downing.co.uk. Please note that calls may be recorded for monitoring purposes.

Definitions

Investment date: each policy will start on the date of investment, which is the date shares are issued in the IHT qualifying companies. Shares are issued twice a month.

Terminal illness: an illness that has no known cure or progressed to the point where it cannot be cured and in the opinion of a registered UK doctor the illness is expected to lead to death within two years.

Life-limiting illness: a medical condition for which there is no known cure and it is expected that death will be a direct consequence of the specified illness.

Daily activities: you are able to perform the following activities unaided: dressing, using the toilet, feeding yourself, bathing/showering and the ability to get around independently.

Cancer: any malignant tumours, carcinoma, leukaemia, sarcoma and lymphoma.

Heart disease: heart attack (myocardial infarction, cardiac arrest), angina, cardiomyopathy, heart surgery, heart failure.

Chronic lung condition: requiring the need for regular oxygen treatment and/or bronchodilators and/or hospitalisation.

Important notice

This document is for information only and does not form part of a direct offer or invitation to purchase or subscribe for securities and no reliance should be placed on it. Downing does not offer investment or tax advice or make recommendations regarding investments. You should only invest based on the information contained in the relevant product literature available from Downing. Capital is at risk and returns are not guaranteed. Tax treatment depends on the individual circumstances of each investor and may be subject to change. The availability of tax reliefs depends on investee companies maintaining their qualifying status. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Please see the relevant product literature for details; your attention is drawn to the risk factors therein. Downing is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025).

Insurance Product Information document

Company: Downing LLP

Product: Downing AIM ISA

This document provides a summary of the key information on the Downing Life Cover policy. Please see the terms & conditions for full pre-contractual and contractual information on this policy.

What is this type of insurance?

Under current business relief (BR) rules, if you die less than two years after investing in the Downing AIM ISA your estate will be liable for inheritance tax. The Downing Life Cover policy relieves your estate of any inheritance tax liability on shares that qualify for BR for the first two years of your investment.

The maximum investment covered is £250,000. The policy will, therefore, pay for any inheritance tax liability on your estate up to a maximum of £100,000. (The current rate of inheritance tax is 40%.)



What is insured?

- ✓ Death by accident
- ✓ Death by illness



What is not insured?

- ✗ Pre-existing conditions (in the five preceeding years) including ongoing medication and treatment for pre-existing conditions after the five-year period
- ✗ Terminal illnesses or life-limiting illnesses diagnosed before the application stage



Are there any restrictions?

- ! Minimum age of 18 at investment date
- ! Maximum age of 85 at investment date
- ! 40% of amount initially invested, up to a maximum of £250,000. The total life insurance amount is, therefore, capped at £100,000



Where am I covered?

- ✓ Worldwide (as long as suitable medical information is available in the event of death in a foreign country).



What are my obligations?

- Maintain your premium payment. (This is facilitated by Downing - see below.)
- Read and understand the declaration in the application form. Tick the relevant box to confirm this.



When and how do I pay?

Downing facilitates premium payments annually in advance - paid for with funds realised from your investment.



When does the cover start and end?

Cover starts from the date that BR-qualifying shares are allotted to you. The cover lasts for two years, or until you: cash in all your investments; cease premium payments; cancel in writing to Downing; or death occurs.



How do I cancel the contract?

The contract is automatically cancelled when your investment qualifies for BR; or you cash in all your investments; or you write to Downing to cancel the policy.