Scottish Provident is a division of the Royal London Group which consists of The Royal London Mutual Insurance Society Ltd and its subsidiaries. The Royal London Mutual Insurance Society Ltd is authorised and regulated by the Financial Services Authority No.117672 and is registered in England and Wales No.99064. The registered office is 55 Gracechurch Street, London, United Kingdom EC3V 0RL.

It is never too early...

Help and information is available to you online, at any time, or through our dedicated Salesline team. Visit our website www.scottishprovident.com for a wide range of downloadable sales aids and much more.

For more information on any Scottish Provident product or any of the services featured in this brochure, contact your sales consultant or a member of our Salesline team, on 0845 300 0005 (option 2).

Useful numbers:

Underwriting helpline:
0845 602 0123
Speak with our underwriting helpline to check details before you submit a case, or ask about a specific illness or occupation.

Claims helpline:
0845 271 0007
Specially trained advisers can help you support your clients through this difficult time.

Large case team:
0845 600 1636
Our dedicated large case team, gives the very best service for these important cases. To qualify for this service, applications will need to be for a minimum sum assured or premium.

Tax and trust support:
taxtrust.techsupport@scotprov.co.uk
Email us for help and support on all general and protection specific taxation and trust related protection issues.

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...but it can be too late.

As lifestyles change over time, so do mortgage, business and family protection needs. There is never a time in your client’s life when they will not require some form of protection cover.

Whole of life protection

The whole of life market is becoming increasingly important as more individuals find their protection needs extending from term based cover, used for example to protect a mortgage, to providing life time cover to meet different protection requirements as time goes on.

Wealth preservation has been highlighted as a particular current growth area as more individuals find their assets pushing them beyond the inheritance tax (IHT) threshold of £325,000 (tax year 2010/11) resulting in the need for protection.

These are all good signs for accumulating wealth to pass onto their beneficiaries, but consider the impact for your client of the nil rate band being frozen at £325,000 for the foreseeable future. More families will need expert and careful financial planning to protect their assets and enable them to be passed to their families.

A whole of life plan could be a pivotal component of your toolkit and your client’s protection portfolio. Alongside the more traditional life and critical illness benefits that protect a business or individual from the financial impact of life changing events, our life cover plan that pays out on a last survivor basis placed in trust can be an ideal way to meet an IHT liability and to protect your client and their family.

Scottish Provident offers protection solutions for your client with built-in flexibility and choice to meet their needs today and in the future. We provide you with expert support from our sales consultants and specialists on hand supporting you on all protection specific taxation and trust queries.

This brochure tells you more about the Pegasus personal and business assurance plans as well as the IHT mitigation product, the wealth preservation plan. It highlights key product features and options to help you provide the right cover to fit your client’s needs.

For more information please refer to our quick guide inserts in the pocket at the back of this brochure.
How the Pegasus plans work and the protection they provide

There are three Pegasus plans available for your client to choose from.

**Pegasus Personal Assurance Plan** is suitable:
- For personal or family protection on death or after suffering a critical illness.

**Pegasus Wealth Preservation Plan** is suitable:
- For providing family protection or to help pay for any inheritance tax arising on death by placing the plan under a suitable trust.

**Pegasus Business Assurance Plan** provides protection for:
- Key employees
- Business loans, or
- Partnership, member or shareholder protection.

Technically, Pegasus plans are non-qualifying, regular premium, unit linked whole of life assurance plans. Depending on the cover selected, the plans will pay out a cash lump sum if your client dies or suffers a critical illness which meets one of our definitions. Their aim is to ensure your client’s family or business does not suffer financially if the worst should happen.

Please note that exclusions and limitations may apply. For full details please refer to the Critical Illness Definitions Guide and Technical Reference Guide.

The main features and benefits of the Pegasus plans

**Flexible premiums**
Pegasus offers a flexible approach to premiums depending, amongst other factors, on what protection need the Pegasus plan is covering and how flexible your client wants their premium to be. Premiums are guaranteed not to increase in the first ten years of the plan. After this, plan premiums are reviewed and will continue to be reviewed at five yearly intervals after that. Your client will have the choice of which premium type best suits their budget and needs. The premium types are often referred to as the premium basis and you will see below the different bases offered with an explanation of how they work.

- **Standard basis**
  - We estimate the premium level needed to maintain the cover throughout the life of the plan.

- **Retirement basis (for critical illness cover)**
  - We estimate the premium level needed to maintain cover throughout life, assuming the retirement cover option is taken up at the first opportunity, at the later of the first plan review or age 65.

- **Career basis**
  - We estimate the premium level needed to maintain the cover to an age chosen by your client. This can be any age from 30 - 85 years. At the chosen age the basis of the plan will change to maximum basis (see below).

- **Maximum basis**
  - We estimate the minimum premium level to maintain the cover to the first premium review on the plan’s tenth anniversary. This basis provides the highest level of cover for the cheapest premium and on each review the premium is likely to increase as your client gets older.

- **Specified basis**
  - A premium between the standard and maximum basis is chosen to suit your client’s budget and lifestyle. The premium is likely to increase at each premium review and the increase will be higher the closer the initial premium is to the maximum basis premium.

**Pegasus plans have a range of features and options.**
We have selected a few and provided more details below:

- Flexible premiums
- Increase options
- Split plans
- Some critical illness definitions that go beyond ABI standard
- Cover buyback.

**Standard basis**
We estimate the premium level needed to maintain the cover throughout the life of the plan.

**Retirement basis (for critical illness cover)**
We estimate the premium level needed to maintain cover throughout life, assuming the retirement cover option is taken up at the first opportunity, at the later of the first plan review or age 65.

**Career basis**
We estimate the premium level needed to maintain the cover to an age chosen by your client. This can be any age from 30 - 85 years. At the chosen age the basis of the plan will change to maximum basis (see below).

**Maximum basis**
We estimate the minimum premium level to maintain the cover to the first premium review on the plan’s tenth anniversary. This basis provides the highest level of cover for the cheapest premium and on each review the premium is likely to increase as your client gets older.

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A premium between the standard and maximum basis is chosen to suit your client’s budget and lifestyle. The premium is likely to increase at each premium review and the increase will be higher the closer the initial premium is to the maximum basis premium.

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**Pegasus Business Assurance Plan** provides protection for:
- Key employees
- Business loans, or
- Partnership, member or shareholder protection.
The main features and benefits of the Pegasus plans continued

You and your client will be able to choose which basis best suits their needs and in any event the plan premiums will be guaranteed for the first ten years of the plan.

We have provided handy guides in the pocket at the back of this brochure, which contain more detailed information about how the different premium bases work and demonstrate just how wide ranging the options are.

Increase options
We understand that over time your client’s protection needs can change, both at work and at home, and because of this we offer guaranteed insurability options specifically targeted to client needs and requirements for each of the packages we offer. The options are valid on all standard rated Pegasus plans and will provide up to a maximum of £150,000 of additional cover. No medical evidence or underwriting is needed, provided your client is in good health, meets the additional criteria outlined in the Pegasus standard provisions and critical illness definitions guide.

Increase options are available depending on the plan chosen and these are as follows:

**Personal Assurance Plan:**
- Mortgage increase option
- Marriage/civil partnership and family option
- Career progression option

**Wealth Preservation Plan:**
- Mortgage increase option
- Marriage/civil partnership and family option
- Career progression option
- There is an IHT change option to increase cover if the inheritance tax rate changes.

**Business Assurance Plan:**
- Partnership or shareholder option
- Business development option
- Key employee option.

Please note that exclusions and limitations may apply. For full details please refer to the Critical Illness Definitions Guide and Technical Reference Guide.

**Split plans**
For added flexibility Pegasus plans allow benefits to be split into separate plans known as split sums assured, for example, providing separate life and critical illness plans with only one policy fee. This comes with no additional effort from you or your client other than ticking a box on the application form.

This unique feature offers the following benefits:
- After a critical illness claim, life cover remains in force
- Flexibility to have different levels of life and critical illness cover
- A single plan fee
- Flexibility to place either or both plans in trust separately.

**Critical illness definitions beyond ABI standard**
We offer a comprehensive set of critical illness conditions. These conditions provide your client with one of the widest breadths of cover in the market, with seven of the conditions exceeding the ABI standard definitions:
- Aorta graft surgery
- Benign brain tumour
- Coma
- Coronary artery by-pass graft
- Heart attack
- Heart value replacement and repair
- HIV infection.

In addition we provide children’s critical illness cover at no extra cost because we understand that critical illnesses can happen at any age, even in childhood. We cover 34 different critical illnesses for children and the amount that will become payable will be the lower of 50% of your client’s sum assured and £20,000. We do not have a maximum number of children that can be covered under this option and if each parent has separate cover, they may be able to make two claims resulting in a maximum payout of £40,000.
The main features and benefits of the Pegasus plans continued

Cover buyback

- Cover buyback is an option available when you take out a Pegasus plan with critical illness cover.
- After we have paid a critical illness claim under the plan and provided the client is under 65, they will be given the option to effect the buyback option providing additional critical illness cover. This will give them valuable cover at a time when they may find themselves uninsurable.

The buyback benefit can be set up for a maximum of £50,000 covering the top three causes of critical illness claims:
- Cancer
- Heart attack
- Stroke.

Life cover will also be provided if this was covered in the original plan. In addition, children’s critical illness cover will continue throughout at no extra cost.

How we can support you and your client

We know that it is important to offer comprehensive products that offer flexibility but we also realise that the support both you and your client require is equally important.

Dedicated business support
We offer you support on a specialist range of services including training and building product expertise provided by our team of specialist sales consultants and adviser development managers.

Marketing
We will keep you up to date with relevant, fresh and high quality marketing support including a full range of product literature and sales tools to help promote the need for protection to your client.

Online support
Keep up to date by visiting the Scottish Provident website at www.scottishprovident.com - content is updated all the time, so log on regularly to see what is new.

Underwriting
We have a dedicated helpline for you to use. You can find the number at the back of the brochure.

Specialist large case team
We realise that large cases by their very nature need some extra support and we have a team on hand to deal with your questions and requirements to get your client’s plans in force, as quickly as we can.

Comprehensive trust and taxation service
We have an expert team in place to help you with all your general and protection specific taxation and trust protection related issues.*

* Please note that the tax and trust support helpline is provided by a separate company from Scottish Provident.

Please note that exclusions and limitations may apply. For full details please refer to the Critical Illness Definitions Guide and Technical Reference Guide.
How we can support you and your client  continued

Claims helpline
Our team of claims specialists are trained to guide and support your client through the claims process at what can be a difficult and traumatic time.

Lifeline*
Lifeline is a confidential advice and support service free for you, your client and their family. It provides information and support on issues such as:

- Tax – advice on UK tax problems
- Legal – advice on personal and commercial legal matters
- Medical – advice on medical queries or symptoms
- Counselling – advice/guidance on personal problems or concerns.

Speak to a Lifeline expert

24 hours a day
365 days a year

* Please note that this phone-based support package is free other than the cost of a local rate phone call. (Lifeline’s tax and legal helplines are available from 9am - 5pm, Monday - Friday). Lifeline is provided by a separate company from Scottish Provident.

The benefits of choosing Scottish Provident

Flexible and innovative cover
Our plans are not just a ‘one size fits all’ solution.

Commission
We offer flexible and competitive commission rates.

Our financial strength
Our parent, Royal London, has been around since 1861. With over 3.6 million customers and employing 2890 people,* it is the largest mutual life and pensions company in the UK with funds of £39.1 billion under management.

Treating customers fairly (TCF) – our promise to you
We aim to make all our communications easy to understand and keep your clients informed.

Claims paid history – a company you can trust
In 2009 alone we paid out almost £94 million** in critical illness claims.

Award-winning Scottish Provident
Since 1996 our products have been consistently recognised and rewarded through awards from various industry bodies and associations.

* Source: Royal London Group (figures as at 30 June 2010).
** Source: Scottish Provident Critical illness claims paid report 1 January to 31 December 2009.
The challenge
They have two children and are in the process of selling their successful events business so they can retire. Financially their retirement has been secured and they now want to consider their options around gifting assets and considering IHT mitigation as they want to make sure they are able to pass on as much as possible of their accumulated wealth to their children and other family members.

The solution
A wealth preservation plan could be the solution for David and Sarah to meet the potential tax liability their family will face on death. The plan can be set up with an initial sum assured matched with the likely IHT bill. If it is set up using the indexation option, David and Sarah will have the added comfort that the sum assured will keep track with inflation. In addition, as the plan has increase options, they will be able to raise the sum assured to include more of their assets under the plan should they wish to do so.

David and Sarah will also have the peace of mind that should the Government change the basis for calculating IHT leading to an increase in their tax liability, they will be able to increase the sum assured under the plan. This can be achieved using one of the flexible options provided and, all without the need to provided further medical information.

We have provided some typical case studies to highlight how the Pegasus plans can be used in everyday life situations to help protect your client when they need it most. These case studies are for illustration only and do not represent actual customers.

Case study 1
Richard and Jenny are a mature couple in their late 50s.

Pegasus Personal Assurance Plan

The challenge
Both are thinking about their retirement and plan to move to a property by the sea. With two children and three grandchildren, they are looking for a protection plan to help them financially should one of them develop a critical illness and also some provision for their family should IHT become payable.

The solution
Richard and Jenny would benefit from having a Pegasus Personal Assurance Plan with critical illness cover which they could convert using the retirement option at or around age 65. This will provide them with a cash lump sum in the event of a critical illness claim which could be used to fund a care home or to help pay for a home help and any assistive devices they may require around their home. This is a cost effective solution which provides tailored critical illnesses to suit your client’s life stages.

Our Pegasus Wealth Preservation Plan could meet their additional need of providing financial help to Richard and Jenny’s family. This plan would be set up on a ‘second death’ basis to provide a lump sum to enable Richard and Jenny’s family to pay any IHT on their death. The plan would be written under trust to allow the family to receive the proceeds quickly without having to wait for grant of probate (grant of confirmation in Scotland) to be available.

Case study 2
David and Sarah met in their mid twenties and have been married for nearly 35 years.

Pegasus Wealth Preservation Plan

The challenge
They have two children and are in the process of selling their successful events business so they can retire. Financially their retirement has been secured and they now want to consider their options around gifting assets and considering IHT mitigation as they want to make sure they are able to pass on as much as possible of their accumulated wealth to their children and other family members.

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A wealth preservation plan could be the solution for David and Sarah to meet the potential tax liability their family will face on death. The plan can be set up with an initial sum assured matched with the likely IHT bill. If it is set up using the indexation option, David and Sarah will have the added comfort that the sum assured will keep track with inflation. In addition, as the plan has increase options, they will be able to raise the sum assured to include more of their assets under the plan should they wish to do so.

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Please note that exclusions and limitations may apply. For full details please refer to the Critical Illness Definitions Guide and Technical Reference Guide.
Case study 3

Pegasus Business Assurance Plan

The challenge
Michael has recently recruited a senior manager who will be key to the company’s continuing success especially as he wants to be less involved in the day to day running of the business. Michael needs to make sure he has protection cover in place so that should the unexpected happen to a key employee he will have adequate cover in place to enable the company to continue functioning financially.

Solution
The solution for Michael would be to take out a Pegasus Business Assurance Plan covering his senior manager up to his planned retirement date of age 65. The plan should have both life and critical illness cover set up on a career basis to age 65. The plan would be in the company’s name and in the event of a claim the sum assured would be paid to the company direct. This will provide the business with the necessary funds to employ a professional to take over part of the business and/or to support the business during a potentially difficult period.

The career option allows Michael to budget for the premiums which should remain relatively stable to age 65. Michael could consider the indexation option so that this cover keeps pace with inflation and gives him some peace of mind that he has adequate cover. By choosing a whole of life plan, this will give Michael flexibility to continue the cover for as long as he requires. It will also allow him to surrender it, if it has a value, should circumstances change. An added option is the ability to assign the plan to Michael’s senior manager should he wish to personally continue with the cover after he retires (subject to tax considerations).

Further information is given in the critical illness definitions guide, the technical reference guide and the terms and conditions in the standard provisions. Exclusions and limitations may apply.

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