

Protect the things you care about

Income Assured Enhanced

A Quick Guide



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Remember

It is important that you tell us of any changes in your circumstances (see Page 9), as this could affect the contract you hold with us.

1. About us

We aim to be there for you when you need us most and believe that by providing clear and helpful information we can be.

This guide is to help you understand your Income Assured Enhanced contract. It is in straightforward language, as we appreciate income protection insurance can be hard to understand!

For further details on Income Assured Enhanced please refer to the Key Features Document and Schedule 5. If you require a copy please contact our Customer Care Team on 0800 587 5098 option 1.

A little about us...

We started life in 1890 meeting the needs of agricultural workers who lived and worked in Gloucestershire. We are a Mutual organisation, which means we are customer owned and do not belong to shareholders.

By taking out your contract, you become a Member and part owner of the Society.

A little about what we do...

We are a single product organisation which means we specialise in only one type of product – income protection insurance. Income protection insurance is intended to replace a proportion of your earnings when illness or injury stops you from working and earning your living. Our contract is different to a lot of other income protection contracts because of its features, which include allowing Members to participate in the profits of the Society and so build up a capital sum payable at maturity.

2. About Income Assured Enhanced

So what is Income Assured Enhanced?

Income Assured Enhanced is the name of the income protection contract you hold with us. Income protection is a relatively new name for this type of contract that was previously known as Permanent Health Insurance. In simple terms in exchange for a monthly premium you can claim a regular benefit if you are unable to work and suffer a loss of income because of illness or injury. The benefit is payable until you are able to return to work or you reach the end of the contract. In the event of your death, benefit will also cease.

We cover a maximum of 60% of the gross income you received before your illness or injury, which means you can rest assured your essential living costs should be covered. If you are self employed, this is 60% of the taxable profit from your business as stated on your assessment from the Inland Revenue or, if no assessment has been received, the taxable profits as stated on your tax return. The benefit you receive is tax free provided the premiums you pay come from taxed income and the benefit being paid is to compensate for lost earnings.*

In addition, if you choose the investment option, any lump sum you receive at the end of your contract is also paid tax free*.

*This is based on our understanding of the current law which could change in the future.

What it's not

There are a lot of misunderstandings about income protection insurance. This is because it tends to get lumped together under the general heading of payment protection. Our product, Income Assured Enhanced, isn't redundancy or unemployment protection, loan payment protection insurance or mortgage protection insurance, all of which tend to offer relatively short term financial assistance. Nor is it critical illness insurance which generally provides a single payment in the event of diagnosis of a specified critical illness.

It is important that you understand your contract with us and know what cover you have.

3. Standard Features

We know you made an informed choice when you took out your Income Assured Enhanced contract with us, but just to remind you all of these features come as standard.

Combined illness and injury cover

You will have selected a date from which you want your benefit to start to suit your circumstances. It could be from the first day of your incapacity or after you have been unable to go to work for 1, 4, 8, 13, 26, or 52 weeks. Where the entitlement to claim benefits does not start on Day One, these are referred to as 'deferred' contracts. Whatever your choice you need to ensure it continues to reflect your needs and circumstances.

Choice of incapacity definitions

There are two choices available. Own Occupation and Houseperson incapacity definitions. You will have made your choice based on the level of benefit you will be entitled to claim when you are incapacitated and the basis against which your capacity to work will be measured. Whatever your choice you need to ensure it continues to reflect your needs and requirements.

Career break

You can take a break of up to 24 months from the payment of premiums. Your illness and injury cover will be suspended for this period, which means you will not be able to make a claim during this time, but cover can be restarted at a later date. Certain conditions apply and if you are thinking of taking a career break we recommend you read our 'A Simple Guide to Career Breaks'. This can be downloaded from our website www.cirencester-friendly.co.uk or alternatively call our Customer Care Team on **0800 587 5098 option 1**.

Rehabilitation and Proportionate benefit

Following illness or injury, you may only be able to return to work on reduced hours and as a result, suffer reduced earnings. You may even need to return to a different, possibly lower paid job. In either situation, you can apply for rehabilitation or proportionate benefit to help you adjust. Rehabilitation Benefit would apply if you returned to the same occupation and is a contractual benefit under your Income Assured Enhanced contract. Proportionate Benefit would apply if you had to return to a different occupation and is offered at the discretion of the Society. For both of these benefits there is an ongoing assessment process.

Relapse Benefit

If you return to work after receiving benefit and within 12 months suffer a relapse directly related to your initial illness or injury, then your deferred period will not apply. For qualifying claims, your benefit will re-commence immediately.

Terminal Illness Benefit

If your doctor tells you that you have a terminal condition that is likely to result in your death within 12 months, then on application by you, we will make a one off lump sum payment equal to six months regular benefit payments. You can only receive this payment once and you will also continue to receive regular benefit payments in the usual way. We call this Terminal Illness Benefit.

Index-linking

Inflation reduces the purchasing power of money over time. The index-linking option means that your cover will be reviewed annually and if necessary increased to ensure the benefit you receive at claim reflects the real cost of living at the time you need it. Your premium will increase accordingly in line with your benefit. This option is automatically included within your contract, unless you have chosen not to have it.

Guaranteed Insurability Options

This valuable facility allows you to increase your benefit, without supplying medical information, when one of the following 'Lifestyle' events occurs; Marriage or entry into a civil partnership, Birth or legal adoption of a child to your partner, salary increase and an increase in your mortgage on your home. In addition, you can also increase your cover on every fifth anniversary of the start date of your contract.

Full terms and conditions can be found in Schedule 5 – Rules of the Income Assured Enhanced Contract.

Refund of premium

This is automatically included within your contract. It means that although you must continue to pay your premiums when in claim, they will be refunded back to you in proportion* with your benefit entitlement.

*If you are over insured you will only receive a proportion of your premium back. For example if you had 15 units of cover but 10 units of cover made up the full 60% of your gross income you would only receive a refund of the premium for the 10 units. **It is important that you regularly check your levels of cover with your Financial Adviser to avoid paying for cover you do not need.**

4. Additional Options

Income Assured Enhanced is a flexible contract designed to suit your changing circumstances. Here are a few more additional options that you might like to know about.

Protection with the option to accumulate a capital sum

For just 53p extra per unit per month, you can share in the profits of the Society and build up a tax free* capital sum payable to you at the maturity of your contract.

*This is based on our understanding of the current law which could change in the future.

Option to accumulate a capital sum only

Once you have paid premiums for two years you can remove the income protection cover for any reason if you don't need

it and continue with the option to accumulate a capital sum only. If you pick this option it is important to remember that should you wish to restore income protection cover in the future it will be subject to application and approval by us. This means you will need to go through our underwriting process again before the Society will make a decision on whether or not you can restore your cover.

Day One Accident Protection for deferred contracts

A cost effective option designed to provide benefit from Day One in the event of being unable to work because of an accident, whilst cover for illness starts later.

If you wish to add or discuss any of these options, we will be happy to provide further information or act on your instructions but we strongly suggest you speak to your Financial Adviser to ensure that any action you take is appropriate to your needs. If you do not have an Financial Adviser visit www.unbiased.co.uk to find one near you.

5. Making a Claim

How to make a claim

If illness or injury stops you from working and earning your living you need to contact us within certain deadlines so we can start processing your claim and pay you the benefit you are entitled to without delay. Our Claims Team will be happy to supply details and advise you what deadline applies to you.

1. Contact the Society to request a claim form

Telephone: **0800 587 5098 option 3**

Email: **claims@cirencester-friendly.co.uk**

Write: **Claims, Cirencester Friendly, 5 Dyer Street, Cirencester, Glos. GL7 2PP.**

- If you have a Day One, 1 or 4 week deferred contract, you need to tell us within 7 days of the start of your illness or

injury and return your completed claim form and supporting papers no later than 14 days after you became unable to work.

- If you have an 8, 13, 26 or 52 week deferred contract, you must notify the Society within 1 calendar month of your illness or injury.

2. Complete and return your claim form

Make sure you supply original medical and financial documentation to evidence your incapacity and earnings. Our Claims Team will be happy to advise you what kind of information you need to provide and the date by which you need to let us have your claim form. If you do not provide evidence of your incapacity and earnings we will not be able to consider your claim.

3. What happens next?

Your claim will be passed to one of our experienced claims handlers to deal with. They will contact you if any further information is required to progress your claim successfully.

6. Keeping up to date

Make sure the contract continues to meet your needs

If you don't keep your contract up to date with your needs and circumstances you might not receive what you think you are entitled to when you come to claim.

- You must regularly review your cover with your Financial Adviser to ensure it reflects your current needs and circumstances
 - Has there been an increase or decrease in your earnings of more than 10%?
 - Have there been any changes in the benefit you get from work if you are off due to illness or injury?

- Has your job changed or have you become unemployed?
- Have you retired early or moved abroad?
- Have you taken out any other insurances that pay you benefit when you are off work through illness or injury?
- Has your job changed into a fixed term contract with a known end date?
- Make sure you have enough cover for your needs. If your salary increases and your living expenses also, review your benefit to make sure it will still meet your requirements. You might be able to increase your cover quickly and easily under the lifestyle events outlined within the Guaranteed Insurability Options.
- If your earnings fall, check your cover to make sure the benefits you receive are what you expect...remember we pay a maximum of 60% of the gross income you received before your illness or injury, so if your earnings have fallen, you may wish to reduce your cover.*
- If you get paid from work or have other insurances we will take them into account when calculating your benefit. Please make sure we know about them, because you don't want to pay for cover that you will not benefit from if you find you are over-insured.
- It is very important to keep up to date with your monthly premium payments. Falling into arrears could lead to your benefit being affected when you need to claim. If you are concerned about being unable to meet your monthly premiums please contact us to find out what options are available to you.

* If you wish to increase your cover again at a later date you will be subject to underwriting.

Remember

If you wish to make changes to your contract, please contact your Financial Adviser in the first instance. If you do not have an Financial Adviser, go to **www.unbiased.co.uk** to find one near you. Alternatively we can act on your instructions if you wish to amend your contract, but we cannot give you financial advice.

7. The later years

Towards the end of your contract

If you intend working beyond your contract end date you can apply to extend your contract term as long as you have at least five contract years remaining until your new selected retirement age.

When your contract matures, if you have selected the option, you may have accumulated a capital sum. You have two options. You can withdraw this or leave it with us to continue earning interest. The interest is credited to your account annually and must be declared by you for tax purposes. For further information about these options please feel free to contact us.

This guide is not intended to replace the Rules that apply to the Income Assured Enhanced Contract. If in doubt please refer to the Rules.

Please Note

We are not authorised by the Financial Conduct Authority to give financial advice. We can act on your instructions if you need to add any options to your contract, or amend it in any way but strongly suggest you contact your Financial Adviser to ensure you are clear about the consequences of any action you take. If you do not have a Financial Adviser, go to www.unbiased.co.uk to find one near you.

8. Contact us

If you have any questions or queries about your contract, contact us at:

Customer Care Team, Cirencester Friendly, 5 Dyer Street, Cirencester, Gloucestershire GL7 2PP

Tel: 0800 587 5098 option 1 Email: customercare@cirencester-friendly.co.uk Website: www.cirencester-friendly.co.uk



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