**MY EARNINGS PROTECTED**

**SUITABILITY LETTER**

For Financial Adviser use only

Introduction

You recently expressed an interest in Cirencester Friendly’s income protection contract, My Earning Protected.

My Earnings Protected is an individual income protection contract that allows you to insure up to 65% of your gross taxable earnings. If you are unable to work because of illness or injury and as a result your earnings go down or stop, you will be able to claim benefit to help you to meet essential costs, subject to the claim criteria. My Earnings Protected will give you and those who rely on you peace of mind when you need it.

Eligibility

To apply for an income protection contract with Cirencester Friendly, certain eligibility criteria must be met. You confirmed that you are a resident in the UK and you are registered with a UK Doctor, who can supply up to date three years medical history. You also confirmed that you’re employed/self-employed, earning at least £6,400 per year and working 16 hours or more per week.

Why Cirencester Friendly

Cirencester Friendly is a mutual Friendly Society, that provides income protection to over 44,000 Members. They’re committed to being there when you need them most, with an impressive 95.8% claims paid in 2023, maintaining their 10-year average of paying over 94% of claims.

Being a mutual means Cirencester Friendly are a member-owned business and have no shareholders to pay, so every decision is made for their Members. Adding value to your income protection contract is what matters most to them. With no shareholders to pay, they can reinvest back into the business to improve their products and services.

Current Provision

**We discussed the other options available to you including employment sick pay, savings and other insurances to ensure that you could continue to meet your essential needs if you were unable to work through illness or injury.**

You have indicated that you would receive a continuing income of XX for XX weeks/months from your employment, have other insurances that provide benefit of XX for XX weeks/months (and have savings of XX to rely on).

Features of the Contract

**Claim Periods**

My Earnings Protected offers you a choice of two claim periods to allow more flexibility:

* Long-term – payment of benefit is until your contract ends
* Short-term – payment of benefit is limited to two years per claim

Following our discussion, we concluded that a Long-term/Short-term claim period would be more suitable for you.

**Deferred Periods**

The period before benefit payments start to be made is called a deferred period. Your deferred period will start on the first day you are signed off as unfit to work due to illness or injury by your Doctor. You need to wait until your deferred period is finished before a claim can be accepted.

You can choose from the following:

*1, 4, 8, 13, 26 or 52 weeks*

Split deferred periods are also available if required. You can combine any two of those above, so that your benefit payments have different start times.

Following our discussion, based on the amount of savings you have, and/or income from other sources, such as your employer/other insurances, I recommend that you have a deferred period of XX weeks.

**Severy Injury Cover**

If you have chosen a 1, 4, 8, 13, 26 or 52 week deferred period, you can add Severe Injury Cover for a small additional premium. This means that if you have to stop working as a result of one of the listed injuries and your earnings go down, you can claim Injury Benefit that will be paid from the first day you are unable to work, subject to at least four consecutive days off work.

**Expiry Date**

There are two expiry dates available on My Earnings Protected:

* At the age of 70; or
* The given retirement age set by Cirencester Friendly for your occupation.

Some occupations have a set occupational retirement age, where cover under the Own Occupation definition will end and claim thereafter will be assessed using the Suited Occupation Incapacity definition.

**Terminal Illness Benefit**

Terminal Illness Benefit is included in the contract at no extra charge. If you are diagnosed with a terminal illness which could result in death within 12 months, you can claim up to 6 months benefit as a lump sum. You will also continue to receive benefit in the normal way. Terminal Illness Benefit can only be claimed once and you must notify Cirencester Friendly within eight weeks of your diagnosis.

**Temporary Suspension of Cover**

Any occupational absence can also be accommodated subject to prior approval by Cirencester Friendly. If you arrange to be absent from your occupation, cover can be suspended for up to 12 months. Entitlements to claim benefit ceases during any period of occupational absence.

**Refund of Premium**

When you are being paid benefit, you must continue to pay your premiums. However, your premiums will be refunded with benefit payments. You will be entitled to Refund of Premium from the 29th day of your illness or injury or the end of your deferred period, whichever comes last.

**Recovery Benefit**

If you are able to return to work in a restricted capacity, or to an alternative occupation and your earnings go down, you may be eligible to apply for Recovery Benefit. Recovery Benefit is calculated based on your new earnings. Recovery Benefit is subject to qualification but in all cases there will be a maximum period of 18 months when it will be paid.

**Guaranteed Insurability Options**

This valuable facility allows you to increase your benefit by up to 10% 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 you or your partner, increase of earnings and an increase in your mortgage. In addition, you can also increase your cover every fifth anniversary of the start date of your contract.

Cost

**Premium Type**

There are two choices in the type of monthly premiums you can pay, and both are guaranteed rates. This means that they will not differ from those listed in your illustration, unless you make certain amendments, or have indexation selected. The two premium types are:

* A Guaranteed Level Premium based on your age at entry, which will remain the same throughout your contract\*, or;
* A Guaranteed Annual Escalating Premium based on the age you attain in the year of joining, and then rises annually following your birthday each year\*.

*\*Subject to age band increases, indexation and contract changes.*

**Indexation**

To help maintain the value of your benefits, you have selected the index-linking option.

If you add the indexation option, your cover will automatically be reviewed annually on the anniversary of your contract or the anniversary of the date you added indexation, against the Office of National Statistics Consumer Price Index (CPI).

Additional Benefits

**My Extra Benefits**

My Extra Benefits provides a choice of additional benefits to enhance your income protection contract. For a small additional premium there is a choice of cover available which includes

Fracture & Hospitalisation Benefit (£6 per month) and Immediate Death Benefit (£5 per month).

**Added-value Benefits**

Your membership with Cirencester Friendly isn’t just a contractual pay-out, you also have access to their discretionary Added-value Member Benefits – which focus on support & wellbeing and perks & lifestyle – at any time and at no extra cost. These include Children’s Critical Illness Support, Member Perks savings and discounts, Friendly Voice, The 125 Foundation, GP24 and YourHalo.

Your Cover

Based on our discussion regarding your earnings and the maximum level of cover you are permitted, I recommend you take out cover of £XX per week at the cost of £XX per month on the Guaranteed Level/Annual Escalating Premium option. Subject to satisfactory evidence of incapacity and earnings at the point of claim, this would provide £XX amount of benefit per week, which equates to XX% of your current earnings.

Important Information

**Commencement of Contract**After your application is accepted, you will have 30 days in which you can change your mind if you want to. In such an event, any premiums received by Cirencester Friendly will be refunded in full.

**Your Risks**You will not be covered for income protection if you stop paying your premiums.

Your personal circumstances could change before you reach the end of your contract and you might need to reduce or suspend premium payments, or even cancel your contract. If this happens, your entitlement to benefit could change.

Benefit is free from tax provided it is being used to replace lost earnings and the premiums you pay come from taxed income. This is based on the Cirencester Friendly’s understanding of the current law and this could change in the future.

**Flexibility and Regular Reviews**It is very important that you review your contract on a regular basis, to ensure it continues to meet your needs. By reviewing your circumstances, you can minimise the risk of paying for something that you will not get benefit from.

**-Ends-**