**INCOME ASSURED ENHANCED**

**SUITABILITY LETTER**

For Financial Adviser use only

Introduction

You recently expressed an interest in Cirencester Friendly’s income protection contract, Income Assured Enhanced.

Income Assured Enhanced is an individual income protection contract that allows you to insure up to 60% 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 meet essential costs, subject to the claim criteria. This particular contract also has an investment option which allows you to build up a capital sum payable at the end of the contract. Income Assured Enhanced 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 £4,550 per year.

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

**Cover**

The amount of benefit that can be paid is based on units of cover. Each unit of cover equates to a weekly benefit of £10.50.

**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*

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.

**Day One Accident Protection**

If you have selected cover to begin after 1, 4, 8, 13, 26 or 52 weeks and you do not have any other forms of income to cover you before your selected deferred period, you might like to consider the Day One Accident Protection Option. For an additional premium, you can protect yourself against lost earnings as a result of an accident from Day One, even though your benefit payments for illness would start from your chosen deferred period.

**Expiry Date**

You can select any retirement age to suit your circumstances from 50 to a maximum of 70 or state retirement age whichever is higher, subject to a minimum contract term of five years.

**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.

**Career Break**

You can apply to take a break from paying premiums for up to 12 months, without the need for further underwriting when you decide to resume cover. You may apply to suspend premiums for up to 24 months in total during the life of your contract. Any application to exceed this period is subject to the approval of the Society.

**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.

**Rehabilitation/Proportionate Benefit**

Following a period of claim, if your incapacity means that you cannot return to work on a full-time basis or you find you cannot perform your old job any more, you can be paid a reduced benefit in the form of Rehabilitation or Proportionate Benefit at the discretion of the Society.

**Guaranteed Insurability Option**

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.

**Investment**

For a fixed addition premium, the contract offers an option which allows you to participate in the Society’s bonuses and to build up a lump sum which, under current legislation, is payable to you tax-free when you reach the natural end of your contract.

**Incapacity Definitions**

Own Occupation – To qualify for benefit under this option you must, as a result of illness or injury, be totally unable to perform your own occupation and must not be doing any other type of work whatsoever.

Houseperson – If you select this option, you must not be working, but perform a vital role in maintaining the home and looking after the family to enable a partner to go out to work. In the event of illness or injury, you must be confined to home or hospital and totally unable to perform the functions of a bona fide Houseperson. Regular benefit is limited to a maximum of £2,730 per annum.

Cost

**Premium Type**

Premiums are not level and will increase as you get older in accordance with your illustration. Premium rates are guaranteed, which means that they will not differ from those listed in your illustration, unless you make certain amendments, or have indexation selected. The premium type is 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 be automatically reviewed annually on 1st January each year against the Office of National Statistics Consumer Price Index (CPI). Benefit on units added will commence after the relevant deferred period.

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 of cover of XX units at the cost of £XX per month. 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. With the added investment option, this equates to a cost of £XX per month (optional).

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 and, if you have selected the investment option, early closure will result in a penalty (maximum 10%) being applied to any accumulated cash sum due to you.

There are two incapacity definitions available: Own Occupation and Houseperson. You must ensure you have picked the right one to suit your needs as entitlement to benefit differs for each.

If you have selected the investment option you will be entitled to participate in the profits of the Society. Profits are not guaranteed and will depend upon overall claims experience and performance of the Society. Withdrawals are not permitted from accumulated profits during the term of your contract.

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-**