

This leaflet sets out the main points about our Income Protection Plan. Your personal quotation shows what the plan may cost. Please read both carefully and keep them with your plan documents if you go ahead.

Its aim

- To pay you a regular income benefit if you suffer illness or accidental injury and are unable to work leading to a loss of earnings. Your income benefit can replace lost earnings.

Your commitment

- To make monthly or yearly payments for the plan term you've chosen.
- To increase your payments each year where you have chosen increasing cover.
- To select a suitable level of cover and review it regularly to make sure you have enough for your needs but not more than we'll pay.
- To give us all the information we ask for when applying for your plan and when claiming any benefit.
- To tell us if there is a change to your health, family history, occupation or country of residence, or if you take up any hazardous pastimes, before the cover you apply for starts. If you don't, we may not pay a claim.
- To tell us of any claim within 4 weeks of incapacity (within 2 weeks of incapacity if the deferred period is 4 weeks).
- To allow us access to your medical records to consider a claim.

Risk factors

- If you stop your payments your cover will stop. However, you can stop your payments while we're paying income benefit to you.
- The plan has no cash-in value at any time.

- The cover may be less than you need if you don't review it regularly to keep it in line with your earnings. On the other hand if your cover is too high compared with your income, we'll have to reduce the income benefit we can pay. We won't give you back any of the payments you've made if this happens.
- Any benefit we pay may affect your claim to some means-tested State benefits. It won't affect your right to State incapacity benefit. State benefit rules may change.
- The present tax-free treatment of the plan's income benefit may change.
- We may not pay a claim in some cases. *Please see 'What will stop the plan paying out?' on page 4.*
- Any benefit we pay may affect your claim under any income protection policy already held by you or your employer.

Questions and answers

What is the Friends Provident Income Protection Plan?

- It's a plan which pays you a regular income benefit if you suffer illness or accidental injury and are unable to work leading to a loss of earnings.
- You select the features to make sure the cover is right for you.
- You decide:
 - how much income benefit you need
 - how soon it should start
 - how long the cover should last.
- You make monthly or yearly payments to keep the cover going.



- We provide cover until the end of the plan term, no matter how many claims you make.
- You tell us when illness or accidental injury has stopped you working.
- We pay you an income every month for as long as the claim is valid.
- You must be aged 18 or over to take out the plan.

How do I select the plan's features so it meets my needs?

This section deals with the choices you make when setting up your plan.

The amount of income benefit that can be paid

- You choose how much benefit you'll need.
- Remember that tax and national insurance are deducted from your normal earnings but not from the income we pay you.
- The maximum income benefit we'll pay is the weekly equivalent of:
 - 70% of the first £10,000 a year of your 'pre-incapacity earnings', plus
 - 60% of the next £20,000 a year of your 'pre-incapacity earnings', plus
 - 50% of the next £120,000 a year of your 'pre-incapacity earnings', plus
 - 40% of your 'pre-incapacity earnings' over £150,000 a year.
- This is subject to a maximum benefit of £3,000 a week. For certain occupations with a 4 week deferred period the maximum benefit we pay is £600 a week.

Please also see 'Other income which may reduce the benefit we pay' on page 4.

The earnings on which to base your cover

- We base your cover on the 'pre-incapacity earnings' you receive in the 52 weeks immediately before your period of incapacity. We'll use your 'pre-incapacity earnings' in these 52 weeks, even if they are lower or higher than your average earnings over previous years.

- If you're employed, your 'pre-incapacity earnings' are:
 - your pre-tax earnings for PAYE assessment purposes, as shown on HM Revenue & Customs form P60, plus
 - benefits in kind, as shown on HM Revenue & Customs form P11D
 - dividends from a limited company in which you and not more than 3 other shareholders are employed as full-time working directors, and which represent your share in the net trading profit from the company's normal regular business during those 52 weeks.
- If you're self-employed, your 'pre-incapacity earnings' are:
 - your share of pre-tax profit from your trade, profession or vocation (for the purposes of Schedule D Case I and II of the Income and Corporation Taxes Act 1988).
- This is the basis we'll use when assessing your claim. We will need financial information to support your claim.
- We don't take into account income from savings, drawings and investments, except for dividends as above.

Increasing your cover

- You can choose at the start of your plan for your cover to increase automatically by 5% compound each year. Your payments to the plan will also increase by 5% compound each year.
- If you are in good health you can choose, at extra cost, to include the increasable insurance option. This allows you to increase your cover by up to 30% every 3 years without having to provide further evidence of your health, occupation or pastimes. This option is available for up to the first 18 years of your plan term but not within the last 10 years of your plan term. Your payments will increase when your cover increases. *Please see section 11 of the plan conditions for more details.*
- Or you can choose to increase your benefit in line with your earnings by making further applications to us. These will be subject to a fresh reassessment of your health, occupation and pastimes. Your payments will increase when your cover increases.
- Although your cover may increase, your 'pre-incapacity earnings' and continuing income may limit the maximum income benefit we can pay. *Please also see 'The earnings*

on which to base your cover' on page 2 and 'Other income which may reduce the benefit we pay' on page 4.

When income benefit payments start

- There will be a period when you're first unable to work for which we don't pay benefit. We call this the 'deferred period'. You can choose between 4, 13, 26 and 52 weeks. The longer the deferred period, the cheaper your plan will be.
- Your choice should allow for any earnings which you expect to continue after you stop working, such as sick pay, or how long you're prepared to live on your savings.

How long the benefits can be paid

- Until the first of these events:
 - you are no longer incapacitated
 - you are no longer suffering a loss of income
 - the plan term ends
 - you die.

How long the cover should last

- You choose for your plan to end when you think you would no longer need the benefits. This should be no later than your planned retirement date.

Medical and other details we may need

- Your application will include questions about your medical history, finances and other personal circumstances. We may ask you to have a medical examination at our expense.
- We may need access to your medical records to consider a claim.

How flexible is it?

This section deals with choices you can make once your plan has started.

Regular review of your cover

- You should consider how prices and your earnings have changed since you last reviewed your cover.
- Please contact us if you wish to increase your cover to keep up with your earnings. The increase will be subject to a fresh reassessment of your health, occupation and pastimes. Your payments to us will increase.

Suspending your cover

- If you stop full-time employment, our career break option allows you to replace your income protection cover with Houseperson's Benefit without further evidence of health or pastimes. You can keep this going up to the end of the plan term you chose. Or you can restore, within five years, the income protection cover for which we don't ask for further evidence of your health or pastimes. *Please see section 14 of the plan conditions for full details.*

Change of occupation

- You don't need to tell us if you change your occupation after the plan starts.

When will the plan pay out?

When to claim

- If you are unable to work because of illness or accidental injury resulting in a loss of earnings. You should be under regular medical care and supervision suitable to your condition.

The deadline for claiming

- Tell us as soon as possible, but always within 4 weeks of becoming incapacitated (within 2 weeks of incapacity if the deferred period is 4 weeks).

The extent of incapacity

- You must be totally unable because of illness or accidental injury to carry out the main and substantial duties of your occupation or occupations current at the start of incapacity. Main and substantial duties are the essential duties of an occupation that take a significant part of a person's time and that neither they nor an employer can reasonably omit or adjust. When deciding if you're able to perform your occupation, we look at the standard duties for your occupation type rather than the particular duties for your own specific job.

How we assess your claim

- We'll look at the duties of your occupation or occupations, your ability to do them and whether adjustments can be made to help you do them. You'll qualify for the benefit if you're unable to perform the main and substantial duties of your occupation or occupations and are not doing any work.
- Please note availability of work isn't a factor in deciding whether you're able to perform your occupation.

Claiming again after returning to work

- There is no limit to the number of claims you can make. You must restart payments when you return to work to keep your cover going.
- If we've paid your benefit and you claim again from the same cause within 52 weeks of returning to work, the deferred period won't apply.

Returning to part-time or less well-paid work

- As well as the money you earn we may pay you a lower benefit which takes account of your lost earnings, to help you back into the workplace.
- If you're unable to perform your normal occupation, but take up a new, less well-paid occupation, we'll pay a lower benefit.
- In both cases we'll increase your 'pre-incapacity earnings' in line with inflation when calculating the lower benefit we pay. We calculate this by reference to the drop in your income.

How the benefits are paid

- We'll pay the benefit monthly starting one month after the end of the deferred period.

Payments when claiming

- You should carry on your payments until we accept your claim. You can stop your payments while we're paying benefits, other than hospitalisation benefit.

Other income which may reduce the benefit we pay

- We'll reduce your income benefit if any of the following, net of any income tax, take you over the maximum benefit allowed:
 - continuing payments from any employment, such as sick pay or self-employment
 - pension payments, unless you were receiving them before you took out your plan
 - other insurance payments, if they arise because of your incapacity and either result in regular payments to you or make regular payments normally due from you, such as insurance and mortgage payments or credit repayments
 - State benefits arising from incapacity, including incapacity benefit, income support or other means-tested benefits. We'll ignore any amounts relating to dependants and disability living allowance.

If we reduce your benefit, we won't refund any of your payments to us.

We explain the term 'maximum benefit allowed' in 'The earnings on which to base your cover' on page 2.

- We won't reduce your benefit because you receive investment income (except for dividends as described in 'The earnings on which to base your cover' on page 2).

What will stop the plan paying out?

- We may not pay a claim, or may extend the deferred period before we pay a claim, if you don't tell us within 4 weeks of becoming incapacitated (within 2 weeks of incapacity if the deferred period is 4 weeks). We won't pay a claim if you make any untrue statement or withhold information. *Please see section 17 of the plan conditions for more details.*
- We won't pay out if the cause of a claim is one we exclude by applying special terms to your plan when we accept your application. We will show any special terms in the schedule we issue with your plan documents.
- We will limit the period for which we pay benefit if, when you claim, you are not living in the UK or any of the following places:

Andorra, Australia, Austria, Belgium, Canada, Channel Islands, Cyprus, Denmark, Finland, France, Germany, Gibraltar, Greece, Iceland, Isle of Man, Italy, Liechtenstein, Luxembourg, Malta, Monaco, Netherlands, New Zealand, Norway, Portugal, Republic of Ireland, San Marino, Spain, Sweden, Switzerland, the USA and the Vatican State.

The limit is 26 weeks in any 52 week period with a maximum total of 52 weeks. *Please see section 20 of the plan conditions for more details.*

- You cannot claim just because you become unemployed:
 - if incapacity occurs while you're not in full-time employment we'll pay Houseperson's Benefit if you're unable to carry out certain basic tasks. This benefit will be £300 a week or your income benefit under the plan, whichever is the lower. *Please see sections 4 and 7 of the plan conditions for more details.*
 - if you wish, you can select the career break option. *Please see 'Suspending your cover' on page 3 for more details.*

What other features are there?

- **Hospitalisation benefit.** We include this benefit free of charge. We'll pay it if you're confined to hospital for 8 or more days during the deferred period. We won't pay it if the cause of the claim arises from a mental or some nervous disorders. You must carry on your payments during a claim for this benefit. *Please see section 8 of the plan conditions for full details of when this is payable and how we calculate it.*
- **Career break option.** We include this free of charge. *Please see 'Suspending your cover' on page 3 for more details.*

What will my payments be?

- Your quotation will show the cost of the cover you have chosen.
- Your payments depend on your age, sex, smoker status, occupation, pastimes, medical history, family history and on the level and features of the cover you choose. We'll tell you the amount you'll have to pay once we've assessed your application.
- You can pay monthly by direct debit (minimum £10) or yearly by direct debit or cheque (minimum £112).
- We guarantee we won't change the payments agreed at the start. If you increase your cover then your payments will also change.

What happens to the plan if I die?

- Your plan will end. We won't refund any of your payments.

What are the charges?

- We allow for all charges, including the cost of providing the cover, and all expenses within the payments you make.

What if I stop paying?

- If you stop paying the plan will end and your cover will stop.
- You won't get any money back.

Does the plan have a cash-in value?

- Your plan has no cash-in value at any time.

What about tax?

- Under current tax rules, you don't:
 - get tax relief on your payments to us
 - pay tax or national insurance contributions on your income benefits.
- Tax rules may change.

Can I change my mind?

- You have a right to change your mind. We'll remind you of this right by post when we set up your plan. You can cancel your plan up to 30 days after you get our reminder.
- If you decide you don't want the plan, let us know in writing within the 30 days and we'll give you your money back.
- The easiest way to cancel is to complete the 'Cancellation Form' we send you with the reminder and return it to us. Or you can write to us at Friends Provident, PO Box 1550, Salisbury SP1 2TW but please remember to include your full name and address and state that you wish to cancel your Income Protection Plan.
- If you don't cancel within the 30 days, your plan will continue as set out in these key facts and the terms and conditions.

How to contact us

- Remember your financial adviser will normally be your first point of contact.
- If you have any questions, you can phone us, send a fax or e-mail, or write to us.

☎ Call us on **0870 607 1352** at the following times:
Monday to Friday between 8am and 8pm
Saturday between 9am and 1pm.

We may record calls to improve our service.

☒ Fax us on **0870 531 4151**

✉ e-mail us at
customer.services@friendsprovident.co.uk

☒ Write to us at **Friends Provident, PO Box 1550, Salisbury SP1 2TW**

- To make a claim, please call **0870 607 1352** and ask to speak to our Claims Department. Or write to: **The Claims Department, Friends Provident, PO Box 1550, Salisbury SP1 2TW.** We'll then send you a claim form to complete and return.

Other information

How to complain

- Please write to our Customer Relations Manager at Friends Provident, PO Box 1550, Salisbury SP1 2TW.
- If you're not satisfied with our response you can contact:

Financial Ombudsman Service (FOS)

South Quay Plaza

183 Marsh Wall

London

E14 9SR

Telephone 0845 080 1800

Website: www.financial-ombudsman.org.uk

- Making a complaint won't affect your legal rights.

Terms and conditions

- This leaflet sets out the main points about the Income Protection Plan. It doesn't include all the definitions, exclusions, terms and conditions.
- If you would like a copy of the full terms and conditions, please ask your financial adviser or contact us direct.
- We have the right to change some of the terms and conditions. We'll write and explain if this happens.
- This leaflet complies with the ABI (Association of British Insurers) statement of best practice for income protection cover. You can contact them at:

ABI, 51 Gresham Street, London EC2V 7HQ

Law

- The law of England and Wales will apply unless your plan documents show otherwise.

Language

- Our plan documents and terms and conditions are in English and all our communications with you will be in English.

Compensation

- If a financial adviser recommends this plan, you have a legal right to compensation if the Financial Ombudsman Service decides it wasn't suitable for your needs at the time.
- You may qualify for compensation from the Financial Services Compensation Scheme if we become unable to pay claims against us because of financial difficulties. It'll depend on the nature of the business and the circumstances of the claim. The scheme covers most insurance contracts for 100% of the first £2,000 and 90% of the rest of the claim. You can get further information from the Financial Services Authority or from the Financial Services Compensation Scheme.

About Friends Provident

- Friends Provident Life Assurance Limited's main business is providing life assurance and protection products. It's entered on the FSA Register, number 110413.

Friends Provident Life Assurance Limited

Registered and Head Office: Pixham End, Dorking, Surrey RH4 1QA

Incorporated company limited by shares and registered in England number 782698

Authorised and regulated by the Financial Services Authority

www.friendsprovident.com Telephone 0870 608 3678

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