

GROUP INCOME PROTECTION

WORKPLACE RECOVERY

OPTIONS

FOR THOSE TOO ILL TO WORK



Employee benefits made easier by Legal & General



Workplace Recovery provides support and income when staff are unable to work due to ill health.

In recent years, increased running costs, improved longevity and changes in the regulatory environment have prompted many employers to close their final salary pension schemes and replace them with money purchase alternatives. This has been compounded even further in recent months with the turbulent economic climate causing dramatic falls in pensions fund investments.

As companies move from defined benefit to defined contribution pension schemes, more employers are beginning to realise that their staff are missing out on the ill health early retirement benefits that were available under their final salary scheme.

Our Group Income Protection solution, Workplace Recovery can help fill the gap:

- **Payments of to 75% of salary for a limited term or up to normal retirement age.**
- **Paid to the employer or direct to the individual.**
- **Optionally index linked.**
- **Capital lump sum options available.**
- **Continuation of employee and employer pension contributions.**
- **National Insurance contributions cover.**
- **Continuation of life cover where we also insure the life assurance benefit.**
- **Independent medical assessments.**

Did you know?

1.4 million people aged between 50 and state pensionable age are currently claiming long-term incapacity benefit.

Source: Department of Work and Pensions October 2008

For more information, download our Workplace Recovery brochure from www.legalandgeneral.com/groupprotection, call your usual Group Protection contact, or phone **0845 0720750**.

We may record and monitor calls. Call charges will vary.

The issue – staff missing out on early retirement benefits

Most members of a final salary scheme that need to retire early due to ill health, can do so with a pension that's based on their salary and actual service, plus all or part of their potential service.

Employers may not realise that their staff in a money purchase scheme are not going to receive this same benefit and could be significantly disadvantaged as a result.

The following example illustrates this point. It compares someone joining a pension scheme at age 30, and retiring early due to ill health at age 50 on a final salary of £40,000.

The person in a final salary scheme may receive benefit based on their potential service, which could be up to 35/60ths. The person in a money purchase scheme could use their pension fund to buy an annuity but they're unlikely to have built up sufficient value to provide a comparable income.

	Final Salary	Money purchase
Assumptions	35/60ths	Estimated level annuity from £80,000 fund
Annual Income	£23,333	£4,836

The solution – using Group Income Protection to fill the gap

Our Group Income Protection solution, Workplace Recovery, can provide employee benefits that include:

- Up to 75% of salary either up to normal retirement age, or for a limited term with or without a lump sum.
- The option for them to maintain their pension fund, which can be topped up with employer and employee contributions right up until normal retirement age.
- Ongoing payment of employer National Insurance contributions.
- Continued life cover, where we also insure the life assurance benefit.

How does it work?

The trustees or the employer generally allow early retirement due to ill health, if the individual is unable to return to work in any capacity or if they have a limited life expectancy.

Group Income Protection isn't designed to replace this but it does go a long way towards it.

Our Activities of Daily Working (ADW) definition means that we'll provide benefit for the most severely disabled, and so for many employers, this will provide an appropriate alternative.

As soon as we receive notification, we'll assess to make sure they meet our ADW definition. If we need any additional medical evidence, tests or examinations, we'll organise and pay for these.

Providing they meet our definition, we'll start paying the benefit from the end of the deferred period, which could be as early as week 13.

As long as they continue to meet our definition of disability, we'll pay benefit up until the benefit termination date.

Other options

For those employers that would prefer more support and flexibility, we can tailor solutions for appropriate groups of staff.

These can be based on helping staff to return to their own occupation or to another suitable occupation, and if we're not successful, we'll pay a proportion of their salary or a lump sum capital benefit.

Contact your usual Group Protection contact to find out more.

Telephone **0845 0720750** We may record and monitor calls. Call charges will vary.
Email **group.protection@landg.com**
Visit www.legalandgeneral.com/groupprotection
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Why choose us

- Third largest provider of Group Income Protection
- In 2007, we paid out almost £29 million in claims.
- Winner of the Best Service in the 2008 Cover Excellence Awards.
- Rated in the top tier for claims handling, claims management and rehabilitation services (ORC Group Risk Monitor February 2008).

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