

JUST THE JOB UNTIL YOU GET BACK TO WORK.

Let one of the UK's leading protection providers pay you a tax-free monthly benefit if you are unable to work through illness or injury.

defaqto

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INCOME PROTECTION

WHY CONSIDER PROTECTING YOUR INCOME?

IT PAYS TO PROTECT YOUR INCOME.

It's not a thought any of us like to dwell on, but if you became ill or were injured and were unable to work for a period of time – how would you manage financially?

Would you be able to help pay the bills, help support your family and help maintain your lifestyle without your regular pay? Who would pay your bills if you couldn't?

You can help protect your income with the UK's No.1 protection provider* and give yourself added peace of mind that, in the event of incapacity caused by illness or injury, you have helped to continue to provide an income.

It is estimated that homeowners need on average **£298.66 per week to survive financially.**[†]

You might think that your employer or the Government will support you if you become ill or are injured. It's true to a degree – but the money you're entitled to may not be as much as you might expect...

[†]Source: Nationwide Building Society Survey 2008

YOUR EMPLOYER

Your employer is legally obliged to support you for the first 28 weeks that you are unable to work. However, there is no obligation to pay you your full salary and the actual amount you receive could be as little as **£79.15 a week**. If you're self-employed, you'll probably have to fund your sick pay yourself, which puts extra strain on your finances just when they are at their most stretched.

THE GOVERNMENT

The Department for Work and Pensions provides a minimum allowance to anybody unable to work through illness or injury called the Employment and Support Allowance (ESA). The maximum ESA is only **£96.85 a week** and, depending on your individual circumstances, ESA benefits can be as little as **£51.85 a week**. Rates correct as of December 2010.

Could you manage financially on income such as this?

Would you be able to pay your bills and help maintain your current lifestyle in the event of incapacity due to injury or illness?

THE FACTS

In February 2010, the number of working age claimants of Employment and Support Allowance (ESA) and incapacity benefits totalled **2.6 million**.

Source: Department for Work and Pensions, October 2010.

1.3 million people who worked during the last year were suffering from an illness they believe to be caused or made worse by their current or past work. Of these, **555,000** were new cases.

Source: Health & Safety Statistics, October 2010.

* 'Swiss Re Term & Health Watch 2010' report, based on new individual protection sales in 2009.

WHAT IS INCOME PROTECTION BENEFIT?



Income protection benefit is an insurance policy that provides simple financial protection for you and your family. It's designed to give you a regular tax-free monthly payment if you are unable to work due to incapacity caused by illness or injury that results in you losing earnings.

HOW DO I PAY AND WHAT COULD I GET BACK?

You pay regular premiums each month (or annually by direct debit) and in return we will pay you a set amount each month if you are unable to work due to illness or injury. Your premiums will stay the same throughout your policy, unless you choose the indexation option or you increase the amount of cover later on.

We will pay you this monthly benefit until you're able to return to work, however long that takes. The benefit we pay may affect your claim to some means tested state benefits. Your entitlement to employment and support allowance won't be affected. However state benefit rules may change. The way the tax laws apply to the benefit your policy pays out may change.

This plan has no cash in value at any time. For examples of how our Income Protection Benefit Plan works, please see the HOW IT WORKS section on page 6.

WHAT CAN I USE MY BENEFIT FOR?

You can spend the benefit any way you like, which might include helping towards:

- Maintaining your (or your family's) standard of living.
- Paying your mortgage repayments.
- Paying your bills or to repay debts.
- Paying for private medical care.
- Paying for retraining if you need a career change.
- Paying school fees.

PROTECTING YOUR LIFESTYLE.

➤ **IT'S EASY TO TAKE EVERYDAY LIFE FOR GRANTED** but that all changes if you fall ill or become injured. If your world changes, our Income Protection Benefit Plan has the flexibility to help provide the financial support you may need to help protect your way of life, whoever you are.

FAMILY LIFE

If you have a family, you'll want to make sure they're protected if anything happens to you. For example, if you fell ill, could your partner bring in a salary, look after the children, do the housekeeping and care for you on their own? Income protection benefit could help pay towards things such as medical bills, childcare and cleaning costs, or even help cover school fees if necessary so you can make what might be a difficult time that little bit easier.

SINGLE LIFE

If you were unable to work due to illness or injury, income protection benefit can help offer reassuring financial assistance to anybody without a partner to rely on for financial support.

SELF-EMPLOYED

If you're self-employed, being unable to work for any length of time can be disastrous, especially if you work alone. A long-term illness or injury could take a big chunk out of your savings and may even threaten your livelihood. Income protection benefit is a smart way to help ensure you'll continue to have money coming in.

BUYING A HOUSE

Buying a house or remortgaging your current one is a big commitment. Income protection benefit offers additional peace of mind that you may be able to meet your repayments even if you're unable to work due to incapacity.

CHANGING JOB

Your new employer may not offer the same support as your previous one, so it's worth taking responsibility for your own finances by helping to protect your income.

WHY CHOOSE US?

Income protection benefit could be just the boost you may need when times are tough and you need to concentrate on recovery rather than money.



A MONTHLY BENEFIT TO HELP MAINTAIN YOUR LIFESTYLE

- Monthly payments of up to 60% of your gross income (for the first £30,000 of your income, plus 50% of any gross income over £30,000 per year).
- You decide your level of cover (up to a certain limit for your salary).
- Cover up to £20,000 if you're a houseperson.
- Cover for earnings up to a maximum of £200,000 a year.

COMPREHENSIVE PROTECTION

- We've been awarded a 5 Star Rating for the quality of our Income Protection Benefit Plan by Defaqto, a leading independent financial research company. This 5 Star Rating makes our Income Protection Benefit Plan one of the most comprehensive policies available in the market.
- Protection against illness and injury, whether sustained at work or not.
- Cover up to the age of 70 to reflect those working beyond retirement age.
- Guaranteed premiums each month – the amount you pay each month won't change unless you increase your cover.
- Cover if you die during your policy – we'll pay out a lump sum equal to your annual premium or 12 times the monthly premium.
- No limit to the number of claims you make (unless our Low Cost Option is selected).

FLEXIBLE COVER

- Choose when you want your benefit to be paid – for example if you are entitled to six months sick pay from your employer then the benefit from your policy can start after this time. This is called the deferred period and your monthly benefit will be paid one month after this and in arrears.
- Control your premium by adjusting your cover and adding features such as our Low Cost Option, which can help reduce the amount you pay each month.
- Continuous cover is available if you take a career break or go on statutory maternity or paternity leave.
- Increase your cover without taking a new medical if your circumstances change. For example, if you take on a bigger mortgage or receive a promotion at work. We also give you the option to increase your cover every 3rd policy anniversary.

FRIENDLY PERSONAL SUPPORT

- A dedicated claims adviser handles your claim from start to finish.
- Practical and personal support from trained counsellors – available 24 hours a day, seven days a week.

HOW IT WORKS.

➤ **TO GIVE YOU AN IDEA** of how our Income Protection Benefit Plan works, here are three fictitious examples of how a policy could help different types of people.

EXAMPLE 1

Lisa is 28 and a legal secretary. She lives with her husband and has a two-year-old son. Earning £30,000 a year she is entitled to six months sick pay from her employer and does not have any existing income protection policies, other earnings or receive any other payments. Lisa is in good health with no long-term medical issues.

Lisa opts for a 26 week deferred period to take into account the six months sick pay she'd receive from her employer. The maximum potential benefit she can apply for is 60% of her salary – £18,000 a year. This gives her an Income Protection Benefit of £1,500 a month. The premium she pays will depend on her exact circumstances but Lisa can expect to pay around **£31 a month**.

If Lisa fell ill or became injured and was unable to work, her tax-free monthly benefit of £1,500 would start one month after her 26 week deferred period. This monthly benefit would be paid monthly in arrears and she would continue to receive this until she was fit enough to return to her job. This money would help cover her family's monthly expenses so they could continue to live life as normally as possible while she recovered.

EXAMPLE 2

Michael is 40 and a factory worker. He earns £23,000 a year, is divorced and has some debt, he does not have any existing income protection policies, other earnings or receive any other payments. Michael is in good health with no long-term medical issues.

The maximum monthly benefit he can apply for is 60% of his salary – £13,800 a year. This gives him an income protection benefit of £1,150 a month. Michael decides to choose a 52 week deferred period and due to affordability he decides to take out the Low Cost Option. This gives him a cheaper premium and reduces the amount he pays each month. With this option there is a five year restriction on the amount of time it will payout across all claim periods. The premium he pays will depend on his exact circumstances but Michael can expect to pay around **£24 a month**.

If Michael fell ill or became injured, he would receive his tax-free monthly income protection benefit of £1,150 a month until he was fit enough to return to work. He would start to receive his benefit one month after his 52 week deferred period and it would be paid monthly in arrears. This would be paid up to a maximum total period of five years. After five years the plan would end.

This is because the Low Cost Option policy only pays for a total of five years.

Your financial adviser will be able to explain how the Low Cost Option could work for you.

EXAMPLE 3

Emma is 20 and married to her husband Richard, with whom she has an eight-month-old son, Matthew. Emma is classified as a houseperson. She works part time for an average of 12 hours a week and spends the rest of her week taking care of Matthew and the house.

As a houseperson working less than 16 hours a week, Emma can choose a level of benefit up to a maximum of £20,000 a year, which works out as £1,667 a month. She opts for a 13 week deferred period. The premium she pays will depend on her exact circumstances but Emma can expect to pay around **£29 a month**.

If Emma fell ill or became injured, she would receive her tax-free monthly benefit of £1,667 one month after her 13 week deferred period. This monthly benefit would be paid monthly in arrears and she would continue to receive this until she could start earning again. She could put this money towards childcare and housekeeping costs if her illness or injury meant she was unable to take care of Matthew and the house while she recuperated.

Your actual premiums will depend on your individual circumstances. As with all insurance policies there are exclusions and limitations. Your financial adviser will be able to discuss these with you. A copy of the Key Features Document is available on request.

YOUR QUESTIONS ANSWERED.



HERE YOU'LL FIND ANSWERS to some of the most frequently asked questions about our Income Protection Benefit Plan. If your question is not answered below, please ask your financial adviser who will be able to help.

HOW MUCH WILL IT COST ME?

Factors such as your age, occupation and health will affect how much you pay. Your financial adviser will explain our criteria to you before you apply.

You can manage the amount you pay each month by choosing how much cover you want and when you want your monthly benefit to start after you become ill or injured.

Our Low Cost Option can help you reduce the amount you pay each month. However this reduces the length of time you are covered for and how often you claim.

HOW DO I WORK OUT WHAT I NEED?

Think about your monthly outgoings. Mortgage or rent, plus bills, general living expenses and extras like school fees all add up. Your cover will also depend on what other protection policies you have, and whether there's anything in your employment contract that says what you're entitled to.

Once you know what you spend, and what benefits you might receive if you're unable to work, you can talk to your financial adviser and they'll be able to help you decide what cover to choose.

WILL I PAY TAX ON THE MONEY I CLAIM?

No, you won't have to pay National Insurance contributions or tax on the benefits you receive.

HOW IS INCOME PROTECTION BENEFIT DIFFERENT TO CRITICAL ILLNESS COVER?

Income protection benefit covers non-life threatening conditions that prevent you from working, such as severe back pain and mental illness, which Critical Illness Cover does not. Income protection benefit also provides a monthly benefit, whereas our Critical Illness Cover pays out a one-off lump sum.

Income protection benefit and Critical Illness Cover can work well together because they can protect you against a broad range of possibilities.



FIND OUT MORE.

To find out more about the terms and conditions of our Income Protection Benefit Plan, please refer to the Key Features Document or speak to your financial adviser today. They will be happy to talk you through your options and help you decide if income protection is right for you.



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We are authorised and regulated by the Financial Services Authority.
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