

Helping clients with expert advice

Income protection - adviser guide



For adviser use only



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“Only 1 in 10 of adults has an income protection product”

Mintel Income Protection Report 2017

Helping your clients understand the benefits of income protection

People are not always aware of what could happen if they were unable to work, and many have no financial back up plans to protect them. This is where Income Protection can help your clients. This brochure will support you in taking your clients through the basics - showing them what is and is not covered.

THE PLAN IN A NUTSHELL

It provides a monthly benefit for your clients should they be unable to work due to incapacity caused by illness or injury, which results in a loss of earnings. The monthly benefit is paid until they recover and are no longer incapacitated, their policy ends or they die - whichever happens first.

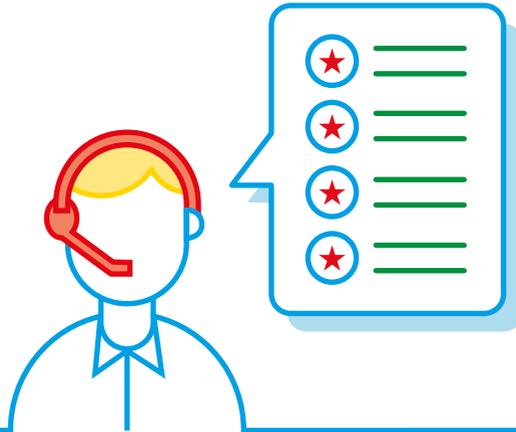
Your clients can use this monthly benefit in a number of ways:

- Helping towards their mortgage or rent payments
- Household bills
- For medical care
- To help maintain their lifestyle.

However, the benefit calculations and different options available can often confuse clients. This is where you can best help them to understand that this product could be the right one for them.

OUR ONLINE BENEFITS TOOL

To help you with the monthly benefit calculations we have a maximum benefit and stepped benefit calculator, this can be found within the 'sales support' section of Income Protection on our Adviser website.



Selling income protection

The first step is recognising which clients are right for income protection. Are they:

- Someone who works?
- Someone who manages a household?

If so, ask them how they would cope financially if they were unable to work due to illness or injury? Then, once you know their circumstances, you can highlight the clear advantages from the list opposite. You'll find many will agree it's the right solution for them.

FAMILY LIFE

The monthly benefit of our plan can offer relief by helping to pay medical bills, childcare costs and even school fees. It can also help with paying monthly outgoings such as mortgage, utilities and credit card bills.

Any client with a family, including single parents, want to know their partner and/or children are financially protected. Earning a salary, looking after children and housekeeping are demanding enough, but if they or their partner falls ill, or suffers an injury, who takes on the family responsibilities?

SINGLE LIFE

Our plan's monthly benefit can help give them the security they may need to help cover any lost income.

It may seem that single people are free of many of life's responsibilities. It's more than likely they have a mortgage or rent to pay as well as household bills. What happens if they're unable to earn an income if they become ill or injured?

In 2017, the average rent for a 2 bedroom property in England was £650 per month, in London it was £1,473.

The Money Charity, June 2018

CHANGING JOBS

If your client is promoted or changes employers, this is a good time to review their protection needs.

They could be entitled to a different level of company sick pay or be earning significantly more or less than previously. Are they still sufficiently covered?

SELF-EMPLOYED

The benefits of our plan can help offer a valuable safety net to help protect your self-employed clients.

If your self-employed clients find themselves unable to work, it could be financially disastrous for them. Without sick pay, their whole livelihood could be at risk. Many turn to their savings to support themselves and their businesses, but this is usually only a short-term solution.

BUYING A HOUSE

Taking out a mortgage is a big commitment, our plan helps provide peace of mind.

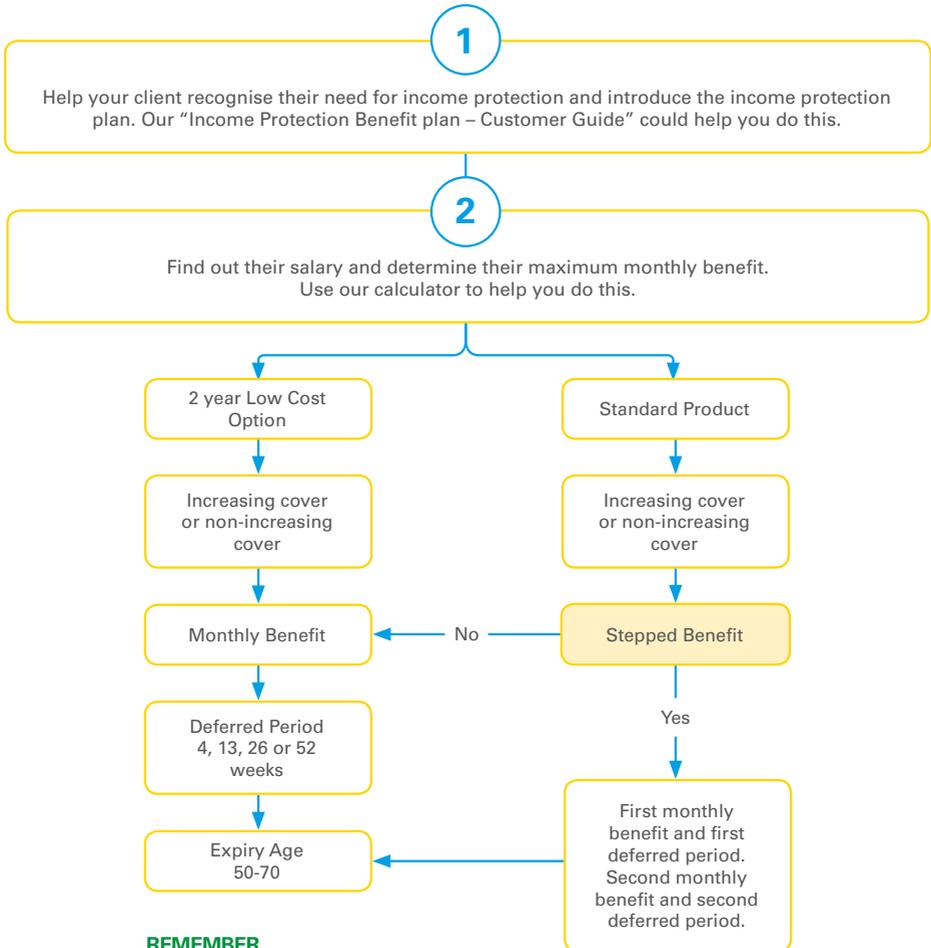
If affordability is an issue, your client could use our plan to simply cover their mortgage repayments should they be unable to work.

RENTING A HOME

Renting a property in the UK is expensive, and our plan can assist in making these payments so they can continue to stay in their chosen property and location.

Making the sales process as simple as possible

Every client is different and so are their budgets. That's why we have built in options to our plan to make it flexible enough to suit a wide range of clients - whatever their income and budget.



REMEMBER

It's always important to contact your existing clients for financial reviews.

Helping to keep clients financially protected

Taking an overall look at protection products can often reveal solutions for your clients.

Why clients overlook income protection

Some clients believe the state will look after them or rely on their savings, but have they considered what benefits they might get or how long their savings would last? Maybe they think that their employer will protect them. However, it may be risky to rely on these alone.



The average UK employee has enough savings to last just 32 days if their income stopped.¹



A third of non-product holders say they can't afford and don't need income protection.²

Filling the gaps of critical illness cover

Our income protection plan is a good supplement to critical illness cover. In fact, both can work well together to help protect your client's quality of life.

- Income protection will pay the benefit regardless of the illness or injury, as long as your client is unable to work due to incapacity and suffers a loss of income, whereas critical illness cover only pays out for specific conditions
- Critical illness cover pays out as a one-off lump sum, whereas our Income Protection Benefit plan is paid monthly.

THE FACTS ON HOW ILLNESS AND INJURY CAN IMPACT ON YOUR ABILITY TO WORK

- 30% of employees in the UK don't have any financial back-up plans, if they were affected by long-term illness, disability or loss of salary.¹
- The most common causes of long-term work absence are stress, acute medical conditions, mental health and musculoskeletal injuries.³
- Musculoskeletal injuries are particularly common for manual workers, while stress is more common for non-manual workers.³

Do your clients really know what benefits their employer will pay them? Why not use our Employee benefits checklist to make sure they know.

¹ Legal & General Deadline to Breadline 2017

² Mintel Income Protection Report 2017

³ CIPD Absence Management survey report 2016

Why Legal & General?

We're here to help your clients get back on track. In 2017 alone, we paid £1.2 million in income protection claims to our customers.

So you can be reassured that your clients are in good hands when it counts.

Income protection claims



£778

The average monthly payout on our Income Protection Benefit Plan.



94.8%

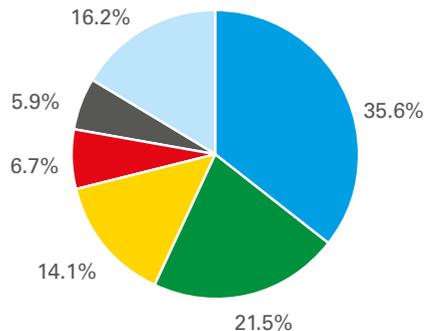
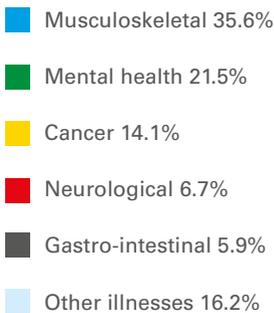
of claims paid out



42

average age of claimants

The top five conditions we paid out claims for in 2017¹



¹ Legal & General Claims Department

How it works

Helping your client understand our Income Protection Benefit plan, including what it does and doesn't do*

THE PREMIUM

The premium your client pays each month depends on their individual circumstances.

THE MAXIMUM MONTHLY BENEFIT

If your client is in work, the maximum benefit our plan offers is £20,000 per month (up to a maximum of £240,000 per year), if they choose an increasing policy it's £14,000 (up to a maximum of £168,000 per year).

If your client is a houseperson, the maximum they can receive is £1,666.67 per month (up to a maximum of £20,000 per year). The maximum monthly benefit for people who are self-employed for less than 12 months is 35% of their gross earnings (up to £240,000 per year).

STATE BENEFITS

We won't deduct any employment related non-means tested state benefits (such as contributory Employment and Support Allowance (ESA) and Statutory Sick Pay) from the monthly benefit or guaranteed benefit amount. However, the benefit we pay may affect your client's ability to claim to some means tested state benefits.

THE DEFERRED PERIOD

Your client can choose 4, 13, 26 or 52 weeks, but they'll need to do this at the start of the plan. We'll pay their benefit one month after the deferred period ends, then monthly in arrears.

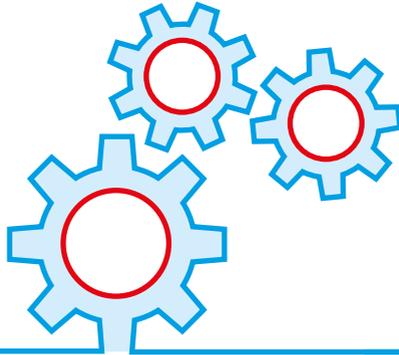
60% of the first £60,000 gross annual income

+

50% of gross annual income over £60,000

**Maximum
monthly benefit**

*These are simplified descriptions of the features. For a detailed explanation of the product and its features, please refer to the Policy Booklet. Terms and conditions apply.



Optional features

LOW COST OPTION

This will reduce the premium of the plan, however the benefit is only paid out for a maximum of two years for each individual claim. Multiple claims can be made.

If the client is a houseperson, after the monthly benefit has been paid for 24 months (which does not need to be consecutive) the policy will end.

STEPPED BENEFIT

Allows your client to choose two deferred periods, and two different monthly benefits, all within one plan. Sometimes an employer reduces an absent employee's income after an initial period of incapacity. This means they may only need a small amount of benefit at the start of a claim, as they are still receiving some income. After

their income is reduced, they can receive a higher amount of benefit. (Stepped Benefit is not available on the Low Cost Option.)

INCREASING COVER

The Increasing Income Protection Benefit plan helps protect the monthly benefit against inflation.

WORK IT OUT INSTANTLY, ONLINE

Starting with their income, you can use our online calculator tool as a guide to help work out what's right for your client, including:

- Maximum monthly benefit
- Stepped Benefit amounts

Eligibility criteria and restrictions apply. Please refer to the Policy Booklet for details of what is and is not included.

Automatically included features

OWN OCCUPATION

This means we'll pay your client if their illness or injury stops them from doing the essential duties of their occupation. Occupation classes 1 to 4 will have the Own Occupation definition of incapacity for their entire claim.

LINKED CLAIMS

This feature covers your client when they return to work after a claim. If they're then unable to work again within 12 months – for the same or related cause as their previous claim – the payment of their benefit will start immediately.

If your client has the Low Cost Option, a linked claim will only be possible if their most recent claim did not reach 24 monthly benefit payments.

PROPORTIONATE BENEFIT

If your client returns to work in a different job or a lower income, as a direct result of the illness or incapacity, an appropriately reduced monthly benefit will be payable.

CONTINUOUS COVER

If your client is on maternity, paternity or adoption leave, is unemployed or goes on a career break, at the time of becoming incapacitated, they'll still be able to make a claim.

MAKING CHANGES

The Guaranteed Insurability Option lets your client increase their monthly benefit when certain key life events happen. They can also change their deferred period, change the plan term and decrease the monthly benefit.

WAIVER OF PREMIUM

If your client is making a claim on their plan, they won't have to pay their premiums while we're paying the monthly benefit.

HOSPITALISATION BENEFIT

A stay in hospital can be expensive. This additional benefit can help by paying 1/30th of the monthly benefit (up to a maximum of £150 per night) for each night's stay, if your client is spending more than seven consecutive nights in hospital during the deferred period.

LIFE COVER

If your client dies during the length of the plan we will pay an amount equal to their annual premium or 12 times the monthly premium.

SOME OTHER IMPORTANT POINTS

- If your client doesn't review their plan regularly, there could come a time when their cover is not enough to meet their needs.
- The monthly benefit we pay out under your client's plan may affect their claim to benefits paid out under other income protection plans.
- Tax laws may change which could affect the monthly benefit your client's plan pays out.
- This product does not include unemployment cover and therefore will not pay out if your client becomes unemployed.

Income guarantee

To help protect your client's chosen monthly benefit, we have the Income Guarantee. This means that if your client needs to make a claim, and their salary is lower than it was when they bought the plan, the monthly benefit we pay will be based on the lower of £1,500 per month or the monthly benefit on their plan. This could be made up of a combination of continuing income alongside the monthly benefit.

NHS sick pay protection

If your client is employed by the NHS, as a doctor, nurse or surgeon you can set up a stepped benefit plan with a 26 and 52 week deferred period split. This matches their sick pay structure after 5 completed years' of service.

We can provide special terms for these individuals in order to match their sick pay structure should they come to claim within their first 5 years of employment with the NHS.

Should your client need to make a claim before completing 5 years' service, we will

be able to match the situation at the time and start paying the monthly benefit when their NHS sick pay reduces or stops.

We can only provide this offering if the policy has been set up with a stepped benefit of 26 and 52 weeks. Restrictions and limits relating to the maximum allowable benefit still apply.

Income Guarantee for NHS doctors, nurses and surgeons. We will base the Income Guarantee on the lower of £3,000 per month or the monthly benefit chosen at the start of the policy.

Current NHS sick pay structure

1st year of service	1 month full pay and 2 months half pay
2nd year of service	2 months full pay and 2 months half pay
3rd year of service	4 months full pay and 4 months half pay
4th and 5th years of service	5 months full pay and 5 months half pay
After completing 5 years of service	6 months full pay and 6 months half pay

This option should only be used to cover their earnings through the NHS for that specific employment and will not cover any additional earnings received from a private medical practice.



Rehabilitation Support Service

Clients will already be feeling the pressure when they're faced with illness and feel unable to work. Our rehabilitation support service offers health assessments, rehabilitation support and advice, to help guide your clients back to good health.

What is this service?

Our Rehabilitation Support Service – available at no extra cost to your client – offers qualifying claimants access to a specialist rehabilitation team who will build a structured return to work programme.

Following an initial assessment, your client will be provided with the appropriate early intervention treatments, as well as support and guidance from our healthcare professionals.

The intention is to improve the overall service provided to your client, at a time when they need us most.

Understanding the benefits

Your client will benefit from a dedicated team of healthcare professionals, including trained nurses, physiotherapists and occupational therapists. The team will provide specialist advice and support, to facilitate the return to work.

We know from our experience within our group protection plan, that early intervention and rehabilitation treatment plus support can be highly successful and beneficial.

There is no guarantee that the rehabilitation service will enable your client to return to work before their deferred period ends – of 4, 13, 26 or 52 weeks – when they will then start to receive monthly benefit payments.

If early treatment is successful, they may be able to return to work earlier. However, should the treatment prove unsuccessful we will also be on hand to support them financially with monthly payments.

The services we provide:

Triage service – to assess your client’s needs if they’ve been absent in the early stages of the claim, due to psychological, musculoskeletal problems or cancer.

Full rehab assessments - more in-depth than a triage and typically done over the phone. If necessary, these assessments can be done face-to-face where appropriate.

Ongoing reviews - helps to support your client’s claim and understand what treatments and/or self-help measures are available.

File reviews – provide direction in the management of your client’s claim as well as monitoring new medical information.



Making a claim

Our Income Protection Benefit plan offers more than just financial assistance.

Our dedicated Claims Service team is on hand to offer practical and emotional support to your clients throughout a claim.

When your client makes a claim, they'll be assigned a claims assessor, trained by the Samaritans. They have the expertise to manage each individual claim compassionately and treat every claimant with respect and empathy. As well as use effective tools and techniques to handle emotional situations.

The intention is to improve the overall service provided to your client, at a time when they need us most.

To make a claim under the policy your client must notify us

- Within two weeks of the start of incapacity if they choose a four week deferred period.
- Within four weeks of the start of the incapacity if they choose any other deferred period.

Your client must not be working in any occupation during the deferred period and whilst the monthly benefit is being paid.

YOUR CLIENTS CAN MAKE A CLAIM ONLINE

legalandgeneral.com/ipbclaim

OR BY CALLING OUR CLAIMS DEPARTMENT

0800 027 9830

Monday to Friday 9am to 5.30pm. We may record and monitor calls.

We'll then send them a claim form to complete and return to us.

Legal & General Partnership Services Limited

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Legal & General Assurance Society Limited

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