

Your Income Assured Plus contract

A quick guide



Cirencester friendly
The income protection people

We aim to be there for you when you need us most and believe that by providing clear and helpful information to you we can be.

This guide is to help you understand your Income Assured Plus contract. It is in straightforward language, as we appreciate Income Protection insurance can be hard to understand!

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ABOUT US

A little about us...

We started life in 1890 meeting the needs of agricultural workers who lived and worked in Gloucestershire. We are a Mutual organisation, which means we are customer owned and do not belong to shareholders.

By taking out your contract, you have become a Member and part owner of the Society. As such you have the right to take part in the running of your Society.

A little about what we do...

We are a single product organisation which means we specialise in only one type of product – income protection insurance. Income protection insurance is intended to replace a proportion of your earnings when illness or accidental injury stops you from working and earning your living. Our contract is different to a lot of other income protection contracts because of its features which include allowing Members to participate in the profits of the Society and so build up a capital sum payable at maturity.

So what is Income Assured Plus?

Income Assured Plus is the name of the income protection contract you hold with us. Income Protection is a relatively new name for this type of contract that was previously known as Permanent Health Insurance. In simple terms in exchange for a monthly premium you can claim a regular benefit if you are unable to work and earn your living because of illness or accidental injury until you get better, reach the end of the contract or die, whichever comes first.

We cover up to 60% of pre-disability earnings which means you can rest assured your essential living costs will be covered. The sick pay benefit you receive is tax free provided the premiums you pay come from taxed income and the benefit being paid is to compensate for lost earnings.

In addition, if you choose the investment option, any lump sum you receive at the end of your contract is also paid tax free*.

*This is based on our understanding of the current law and this could change in the future.

What it's not

There are a lot of misunderstandings about Income Protection insurance. This is because it tends to get lumped together under the general heading of payment protection. Our product, Income Assured Plus, isn't redundancy or unemployment protection, loan payment protection insurance or Mortgage protection insurance, all of which tend to offer relatively short term financial assistance. Nor is it critical illness insurance which provides financial support in the event of diagnosis of a specified critical illness.

It is important that you understand your contract with us and know what cover you have.



We know you made an informed choice when you took out your Income Assured Plus contract with us, but just to remind you all of these features come as standard.

Combined sickness and accidental injury cover

You will have selected a date from which you want your benefit to start to suit your circumstances. It could be one from the first day of incapacity or after you have been incapacitated for 1, 4, 8, 13, 26, or 52 weeks. Where the entitlement to claim benefits does not start on day one, these are referred to as 'deferred' contracts. Whatever your choice you need to ensure it continues to reflect your needs and circumstances.

Choice of incapacity definitions

You will have made your choice based on the level of benefit you will be entitled to claim when you are incapacitated and the basis against which your capacity to work will be measured. There are three choices available. Own, Own/own suited and Houseperson disability definitions. Whatever your choice you need to ensure it continues to reflect your needs and requirements.

Career break

You can take a break of up to 48 months from the payment of premiums. Your sickness and accident cover will be suspended for this period but can be restarted at a later date. Certain conditions apply and if you are thinking of taking this option you need to read our guide to career breaks first.

Rehabilitation and Proportionate benefit

Following illness or accidental injury, you may only be able to return to work on fewer hours than previously and as a result suffer reduced earnings. You may even need to return to a different, possibly lower paid job. In either situation, you can apply for benefit to help you adjust.

Terminal illness cover

No one likes to think about it but life-threatening illness does happen. This option allows you to cancel your contract, without a penalty, and claim up to 6 months benefit plus any lump sum you might have accumulated under the investment option, if selected. Claims under this option must be submitted within one month of learning about your terminal illness.

Index-linking

Inflation reduces the purchasing power of money over time. The index-linking option means that your cover will be reviewed annually and if necessary

increased to ensure the benefit you receive at claim reflects the real cost of living at the time you need it. Your premium will increase accordingly in line with your benefit. This option is automatically included within your contract, unless you have chosen not to have it.

Waiver of premium

This is automatically included within your contract, unless you have chosen not to have it. It means that although you must continue to pay your premiums when in claim, they will be refunded back to you in proportion with your benefit entitlement.



ADDITIONAL OPTIONS

Income Assured Plus is a flexible contract designed to suit your changing circumstances. Here are a few more additional options that you might like to know about.

Protection with Investment option

For just 53p per unit per month extra you can share in the profits of the Society and build up a tax free* capital sum payable to you at the maturity of your contract.

Investment option only

Once you have paid premiums for 2 years you can remove the income protection cover for any reason if you don't need it and continue on an investment only basis. If you pick this option it is important to remember that should you wish to restore income protection cover in the future it will be subject to application and approval by us.

*This is based on our understanding of the current law and this could change in the future.

Day One Accident Protection for deferred contracts

A cost effective option designed to provide benefit from day one in the event of being unable to work because of an accident, whilst cover for illness starts later.

If you wish to add or discuss any of these options we will be happy to provide further information or act on your instructions but we strongly suggest you speak to your Independent Financial Adviser to ensure that any action you take is appropriate to your needs.



How to make a claim

If illness or accidental injury stops you from working and earning your living you need to contact us within certain deadlines so we can start processing your claim and pay you the benefit you are entitled to without delay.

If you are at all unsure of the type of contract you hold our Customer Services Department will be happy to supply details and advise you what deadline applies to you.

1) Contact the Society to get a claim form

Telephone: 0845 603 8085

Email: customerservices@cirencester-friendly.co.uk

Write: Customer Services, Cirencester friendly, 5 Dyer Street, Cirencester, Glos. GL7 2PP.

- If you have a Day One, 1 or 4 week deferred contract, you need to tell us within 7 days of the start of your illness or accidental injury and return your completed claim form and supporting papers no later than 14 days after you became incapacitated.
- If you have an 8, 13, 26 or 52 week deferred contract, you still need to need to tell us within 7 days of the start of your illness or accidental injury but you have until 1 calendar month before the expiry of your deferred period to return your completed claim form and supporting papers.

2) Complete and return your claim form

Make sure you supply original medical and financial documentation to evidence your incapacity and earnings. Our Claims Staff will be happy to advise you what kind of information you need to provide and the date by which you need to let us have your claim form. If you do not provide evidence of your incapacity and earnings we will not be able to pay your claim.

3) What happens next?

Your claim will be passed to one of our experienced claims handlers to deal with. They will contact you if any further information is required to progress your claim successfully.



Make sure the contract continues to meet your needs

If you don't keep your contract up to date with your needs and circumstances you might not get what you think you are entitled to when you come to claim.

- You must regularly review your cover with your Financial Adviser to ensure it reflects your current needs and circumstances
 - Has there been an increase or decrease in your earnings of more than 10%?
 - Have there been any changes in the benefit you get from work if you are off due to sickness or accidental injury?
 - Has your job changed or have you become unemployed?
 - Have you retired early or moved abroad?
 - Have you taken out any other insurances that pay you benefit when you are off work through illness or accidental injury?
- Make sure you have enough cover for your needs. If your salary increases and your living expenses also, review your benefit to make sure it will still meet your requirements.
- If your earnings fall, check your cover to make sure the benefits you receive are what you expect...remember we pay up to 60% of pre-disability earnings so if your earnings have fallen, your cover may need to be reduced.
- If you get paid from work or have other insurances we will take them into account when calculating your benefit, so make sure we know about them because you don't want to pay for cover that you will not benefit from if you find you are over-insured.
- It is very important to keep up to date with your monthly premium payments. Falling into arrears could lead to your benefit being affected when you need to claim. If you are concerned about being unable to meet your monthly premiums please contact us to find out what options are available to you.

Towards the end of your contract

If you intend working beyond your contract end date you can apply to extend your contract term as long as you have at least 5 contract years remaining until your new selected retirement age.

When your contract matures, if you have selected the investment option, you may have accumulated a lump sum. You have two options. You can withdraw this or leave it with us to continue earning interest which is credited gross and must be declared by you for tax purposes. For further information about these options please feel free to contact us.



We are not authorised by the Financial Services Authority to give financial advice. We can act on your instructions if you need to add any options to your contract, or amend it in any way but strongly suggest you contact your Independent Financial Adviser to ensure you are clear about the consequences of any action you take. If you do not have an Independent Financial Adviser, go to www.unbiased.co.uk to find one near you.

This guide is not intended to replace the Rules that apply to the Income Assured Plus Contract. If in doubt please refer to the Rules.

Contact us

If you have any questions or queries about your contract, contact us at:

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Cirencester Friendly Society Limited
5 Dyer Street
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Gloucestershire
GL7 2PP

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Fax: 01285 641246

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Authorised and regulated by the Financial Services Authority.

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