Shepherds Friendly

Income Protection

(Simplified Application)

Key Features Document



Income Protection
(Simplified Application)

What is the purpose of this document?

The Financial Conduct Authority is the independent financial services regulator. It requires us, The Shepherds Friendly Society Ltd, to give you this important information to help you to decide whether our Income Protection (Simplified Application) plan is right for you. You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

Its aims

The plan aims to provide:

- A regular income for one or two years when you are not able to work (incapacitated) due to illness or injury, no matter how many times you make a claim as long as you are in employment at the date the incapacity starts. (If you are not working when incapacity starts see House Persons Benefit below).
- A choice of when Benefits will commence based on the length of your chosen Waiting Period. This can be 1 week, 4 weeks, 8 weeks, 13 weeks, 26 weeks, or 52 weeks. If you choose the One-Year Limited Benefit option, the maximum Waiting Period available is 13 Weeks. If you choose the Level Guaranteed premium type, 1 week Waiting Period is not available. Your Waiting Period can be found within your Welcome Pack.
- For all Waiting Periods Benefit is paid if you are totally unable to perform all the essential duties of the job you were in at the date your incapacity started.
- If you become unemployed after the start of the plan and as a result of an incapacity, you are unable to perform, without the help of another person, three of the Activities of Daily Living we will pay House Persons Benefit for a maximum of 12 months (see our Terms and Conditions for full details and all requirements).

Your commitment

- To pay your initial and future increased regular monthly premiums for a specified number of years or until the plan ends.
- To give us accurate and honest answers to questions we ask about your health and lifestyle at application and at claim.
- To ensure you do not exceed the permitted benefit level of 70% of income from all sources.
- To review your level of benefit if your income increases or decreases or if you become unemployed.

Risks

- If you stop paying premiums under this plan, your benefit will cease.
- If your income increases and you do not review your benefit level, you may not have sufficient benefit to meet your needs when you make a claim.
- If your income decreases and you do not review your benefit level, you may not be able to claim the full amount of benefit you applied for when the plan started, or you may only be entitled to House Persons Benefit if you are unemployed at the date of incapacity.
- If you cancel your plan, you will not receive any money back.
- Benefits received from this plan may affect your entitlement to any other benefit.
- If you do not give us accurate and honest answers about your health and lifestyle, we may not pay the benefit in the event of a claim.

Questions & Answers

What is Income Protection (Simplified Application)?

Shepherds Friendly Income Protection (Simplified Application) is primarily designed to provide a short-term monthly benefit to the self-employed and for anyone who does not receive an income or only a limited income from their employer in the event they are unable to work due to illness or injury.

The aim of the plan is to replace up to 70% of your pre-incapacity income in the event you become unable to work because of an illness or injury.

Please note: If you are unsure of how much of your income you can cover then please speak to your financial advisor for further help before applying.

Who can have a Shepherds Friendly Income Protection (Simplified Application) plan?

To be eligible to apply for a plan you must be between 16 and 60 years of age and employed or self-employed.

The maximum term of the Income Protection (Simplified Application) plan is up to your 70th birthday. The minimum term of the plan is five years.

You must be subject to UK taxation and hold a UK Bank or Building Society account.

You must be resident and have been resident in the UK for at least 36 months prior to the date of signing the application.

You must be registered and have been registered with a UK Medical Practice for at least 36 months prior to the date of signing the application.

United Kingdom - For the purposes of the plan the United Kingdom includes the Isle of Man. Please note different tax rules may apply if you are a resident of the Isle of Man.

What are the benefits of this Income Protection (Simplified Application) plan?

We will pay benefits up to the maximum level of the lower of 70% of your annual income or £33,600. The minimum level of benefits is determined by the requirement to have a minimum monthly premium of £5.

If self-employed your income is based on the average of the last three years' annual net profit.

One or Two-Year Benefit option - At the start of the plan (but not subsequently), you have the option to set the period in which benefits are payable to a maximum of one or two years for each claim.

Guaranteed Insurability Option - With the Guaranteed Insurability Option, provided you remain within the maximum levels of benefits, you can increase your benefit amount should certain 'life events' such as a mortgage increase, marriage, birth of a child or divorce take place, without you having to complete another full application form.

What if I have pre-existing medical conditions?

We will not pay any benefits under this plan if your inability to work is related to a pre-existing medical condition. This is:

- Any condition, illness, disease, sickness whether specifically diagnosed or not, which you have had in the three years immediately before applying for the plan.

This will apply until:

- You have been clear for two years from the start date of your plan of this condition and had no symptoms, consultations or treatment relating to it.

How long do I have to wait before I receive any benefit?

The benefit will be paid after the expiry of your chosen Waiting Period and once your claim has been accepted. The Waiting Period is the length of time from when you become unfit for work and totally unable to carry out your Own Occupation to the date when we start to pay sickness benefit.

What will cause my benefit payments to stop?

We will stop making sickness benefit payments on the first of any of the following:

1. Your doctor declares that you are able to perform all the essential duties of your Own Occupation.
2. You no longer have any loss of income.
3. The House Persons Benefit term ends.
4. After 26 weeks, if you become Incapacitated in Europe, United States of America or Australia. Or, after 13 weeks, if you become Incapacitated in any other country (outside Europe, United States of America or Australia).
5. If you leave the United Kingdom for continuous periods in excess of 30 days, or for more than 90 days cumulatively in each 12 month period, commencing with the first day Benefits are paid.
6. One year from the start date of your benefit payments if you have selected the One-Year Benefit option, and two years from the start of your benefit payments if you have selected the Two-Year Benefit option.
7. You fail to meet the Terms and Conditions of Income Protection (Simplified Application).
8. Your plan end date is reached, or your plan ends.

How are the payment of premiums made?

The premium is payable monthly in advance by Direct Debit.

The way your premium changes over time depends on the premium type selected for your plan.

If your premium type is Age-Costed Reviewable, your premium will increase as you get older and may also be reviewed from time to time to reflect changes in claims experience or the cost of providing cover. Any changes would apply to groups of similar policies and would not be based on your individual circumstances.

If your premium type is Level Guaranteed, your premium is fixed at the start of your plan and will not change throughout the term, unless you make changes to your cover.

If you select indexation, your premium and benefit will increase each year in line with the chosen index, regardless of premium type throughout the term, unless you make changes to your cover.

Is waiver of premium included?

Waiver of premium is included in the plan. Once we have accepted your claim, we will not collect any premiums for the period commencing 4 weeks after the expiry of the Waiting Period until your claim ends.

What is the Indexation Option?

With this option, the benefits and premiums will automatically increase in line with the Retail Price Index (RPI) annually. Indexation will be applied annually once the plan has been running for at least a year. We will remind you of the increase before it comes into force. The increase will apply to the whole premium, including all options and benefits. Indexation can only be applied for at the beginning of the plan.

What if my circumstances change?

You should review your cover against your income on a regular basis to ensure that the plan still meets your needs.

If your circumstances change, you must tell us. For example; if your earnings reduce or increase, you become unemployed, if you change employment, or change how you work (e.g. employed to self-employed), you must let us know by contacting our Member Services team.

What is the House Persons Benefit?

If you become unemployed, you will only be entitled to House Persons Benefit (subject to meeting the criteria), which is restricted up to a maximum benefit level of £1,400 per month payable for a maximum period of 12 months. This is a reduced benefit for a reduced payment term. (See our Terms and Conditions for details).

Can I apply for a Career Break?

You may apply to suspend cover and premium payments under your plan for a minimum continuous period of three months and up to a maximum continuous period of 24 months. This is known as a 'Career Break'. You will not be able to make a claim or request any changes to your plan during a Career Break. (See our Terms and Conditions for details).

What happens if I stop paying my premiums?

Please be aware that you are responsible for making sure that you keep your payments up to date.

If you do not pay your premiums:

- We will not pay the benefit when you make a claim.
- Your plan and your cover will end automatically and with immediate effect after failure to make a premium payment on the third consecutive due date.

The plan has no cash in value.

Once I have applied what if I change my mind?

Once we have received and processed your application we will send you the plan documents. Included with these will be a "right to cancel" notice.

If you are not happy that you have done the right thing then just return this notice to us within 30 days and we will then refund any premiums paid, unless you have been paid Benefits during this period.

You can cancel any time after the first 30 days, but you will not be refunded any premiums you have paid.

If you wish to cancel the plan, please send our Member Services team an email on members@shepherdsfriendly.co.uk.

What are Exclusions?

There are certain circumstances where we will not pay out on a claim. For example, we will not pay benefit for an injury or illness caused by War, an invasion, hostilities, cosmetic surgery for non-medical reasons, or by taking part in a dangerous activity and failing to use the correct equipment or undertaking and utilising appropriate training.

For a full list, please see our Terms and Conditions.

What about Tax?

Under current legislation and HMRC practice, benefits payable under this plan are normally free from Income Tax and Capital Gains Tax for UK residents. The tax treatment of the plan may change in the future.

Please note: Different tax rules may apply if you are resident in the Isle of Man.

How can I make a claim?

As soon as you think you may need to make a claim please contact us by phone on 0800 526 249. The Claims team will explain the claims process and send you a claim form or, alternatively, you can visit our website at shepherdsfreindly.co.uk. By completing the claim form online you can upload the necessary information for our Claims team to assess your claim. At this point we may ask for evidence of your earnings and your health.

Please notify us as soon as possible if you have an illness or injury which you think might lead to a claim in due course.

If you are late in submitting a claim we will make the first payment as soon as we can, but we will not backdate it to the start of the illness. However, we will not apply this condition if your incapacity has physically prevented you from meeting it or if you have been confined in hospital.

Please also remember that the waiting period commences from the first date of your illness/incapacity and not from the date we receive your claim form.

How much will any advice cost?

Your financial adviser (if you have one) will give you details about the cost of advice. The amount will depend on how much you are paying each month and the length of your Income Protection (Simplified Application).

Where can I find out more?

When your Income Protection (Simplified Application) plan starts we will send you the full Terms and Conditions; these explain how Income Protection (Simplified Application) works. If you would like to see these Terms and Conditions before you apply please contact us:

Phone: 0800 526 249

Help & Support form: shepherdsfriendly.co.uk/help-and-support/.

Web: shepherdsfriendly.co.uk

More information

Claims - to make a claim please contact us by phone on 0800 526 249 and ask for the Claims department. They will explain the claims process and send out a claim form.

Cancellation Rights - after we accept your application, we will send you a notice of your right to cancel. You will then have 30 days to change your mind and leave the plan.

Complaints - if you want to make a complaint; please contact:

Compliance Officer, Shepherds Friendly, Haw Bank House, High Street, Cheadle, Cheshire SK8 1AL. Phone: 0800 526 249.

Email: complaints@shepherdsfriendly.co.uk

If we don't deal with your complaint to your satisfaction you can complain to the: Financial Ombudsman Service, Exchange Tower, London, E14 9SR.
Phone: 0800 023 4567.

Making a complaint will not affect your right to take legal action.

Financial Services Compensation Scheme (FSCS) - we are covered by the FSCS, which means you may be entitled to compensation under the terms of the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.

For long term plans such as this the scheme covers 100% of the claim with no upper limit. Further information about the scheme is available from the FSCS - Visit: www.fscs.org.uk or call: 0800 678 1100.

Financial crime - we will take measures to protect members against financial crime. We may need proof of identification on application or claim and if required we may gather this proof by electronic means, for example checking Electoral Registers.

Tax - information that we provide in this leaflet about taxes in the UK is based on our understanding of current laws and HM Revenue and Customs practice which may change in the future.

The Data Protection Act - you have the right to ask to see any personal information which we may hold about you and to have any mistakes in this information corrected. You can do this by writing to the data protection officer at our head office. There may be a charge for this.

Law - the plan is governed by the laws of England and Wales.

Shepherds Friendly is a trading name of the Shepherds Friendly Society Limited which is an incorporated Friendly Society under the Friendly Societies Act. Registered No 240F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No 109997. The Head office and Registered office of The Shepherds Friendly Society is based in the United Kingdom.