

www.pgmutil.co.uk

THE
Key features
of the Income
Protection Plus Plan

keyfacts®

The Financial Conduct Authority is the independent financial services regulator. It requires us, PG Mutual, to give you this important information to help you decide whether our 'Holloway' Income Protection Plus 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.

Key Features

Aims

The purpose of this Plan is two-fold:

- Should you suffer an Incapacitating disease, illness or injury that diminishes your normal income, it can provide you with a supporting income until you either sufficiently recover, or reach your Retirement Date, whichever comes first; and
- An investment element that accumulates during your Membership with apportionments from any surplus made by the Society, with a view to paying you a lump sum upon the termination of the Plan in your retirement years.

Your Commitment

You need to:

- Ensure that the level of Income Benefit you select is appropriate for your needs before the Plan commences
- Ensure that the level of Income Benefit you request along with the Claim Deferment Period and any other income you receive if you are incapacitated, does not exceed the maximum proportion of your normal earnings you can insure
- Review your Insurance Cover on an annual basis to ensure it remains appropriate for your needs. Please see 'Your Questions Answered' section with regards to applying for increased Income Benefit (Q.9)
- You have a duty of care when asked for information by the Society not to mislead or fail to disclose information when responding to this request. If you have any doubts about whether something is relevant or not, you should disclose it in full detail
- Comply with the Society's Memorandum, Rules and Policy Terms throughout your membership
- Tell us about any changes in your residential or occupational circumstances as soon as possible. If you are unsure as to whether a change is relevant to your Plan, please contact us
- Understand the exclusions and restrictions that apply to the cover
- Keep your membership contributions up-to-date throughout your membership
- Tell us within the specified time period when you want to make a claim
- Please refer to the Policy Terms.

Risks

- Your membership contributions may typically increase annually with age and are not guaranteed. We reserve the right to change our membership contribution rates if necessary on an annual basis

- Not all causes of claim are covered. Please read the Exclusions section in the Policy Terms carefully
- Income Benefit Payments may affect any means-tested state benefit
- The Government's State Benefit and taxation legislation and practice may change
- Your Income Protection Plus Policy may affect any other income protection policies you may hold
- If your membership contributions are not maintained, cover will be withdrawn
- Your cover may be less than you require if you do not regularly review the level of your Income Benefit in the light of any change in your circumstances
- On the other hand, if your income is less than the level of Income Benefit in force at the time you claim, the claim will be reduced accordingly and there will be no return of Subscription
- If you continue to receive an income during a claim, your Income Benefit payments may be reduced
- If you are unable to demonstrate loss of earnings, or alternatively any direct costs in order to maintain your earnings, Income Benefit may not be payable
- If you are convicted of any crime, or your Membership in our opinion is likely to bring us into disrepute, you may be expelled from the Society
- As a long-term investment fund, the Society does not guarantee the balance of your Individual Capital Account, nor can it give assurances about its performance over the life of the contract
- The balance of your Individual Capital Account may be proportionately reduced if at the time you seek to withdraw your accumulated funds if the Society would potentially be forced to realise losses on its invested funds
- Inflation may mean that the value of any Benefits (Income Benefit or Individual Capital Account) may be less than seems apparent today
- If you cancel your Membership, or fall into arrears with your Subscriptions before your 60th birthday, your Individual Capital Account will be subject to a deduction of the sum of the previous two years' Income Bonuses (Apportionment and Interest) to your Fund.
- If you cancel your Membership after less than two years' Membership, fall into arrears with your Subscriptions during this time, or if you are expelled from the Society at any time, you will forfeit the balance of your Individual Capital Account
- If you provide false or fraudulent information to us, you may be expelled from the Society and be required to forfeit the balance of your Individual Capital Account.



Your questions answered

Q1: What options are available to me when I apply?

There are a number of different options available to you:

Benefit Level

You can agree a level of weekly Income Benefit with us. There are limits, however, depending upon how much you earn, what sickness benefit you may be entitled to from other sources and, in any event, no more than the Society's underwriting limit. The value of the Benefit Level we have agreed with you is made up of both Shares and Units. Each Share or Unit is worth £0.60p of Income Benefit per week. So, for example, if you require £600 per week in Benefit, you would need to purchase 1,000 Shares and Units in total ($600/0.6 = 1,000$). Shares are more expensive as they form part of the investment element of your membership.

Claim Deferment Period

Subject to the approval of our underwriters, You can request to have your Income Benefit payable from the first day of any Incapacity, or after a certain period of time has elapsed from the range of Claim Deferment options available.

There are two main things you should consider when selecting which of these options you wish to apply to your cover.

Firstly, if you are employed, you should review your employment contract to see how long your salary will be paid in the event of you being incapacitated. You should select the Claim Deferment Period which matches or exceeds the time your employer will pay you.

Secondly, the longer the Claim Deferment Period you choose, the less we will charge you for the Benefit you have selected. So, whether you are employed or not, you may choose to have a longer Claim Deferment Period if you feel comfortable that you can accommodate a period of time where you will not be paid whilst incapacitated.

Long-Term Benefit Level

You can choose between Premium Benefit and Standard Benefit. Premium Benefit means that we will pay your full Income Benefit to you throughout any period of Incapacity.

Standard Benefit is a less expensive option that will pay out at 100% of your Income Benefit for the first two years of a claim, but then reduces to 50% in year three, and then to 30% for the remainder of your Incapacity or until your policy Retirement Date.

The two-year period starts afresh with every new claim, subject to PG Mutual's terms and conditions.

For example, if you had £600 per week Benefit, the three months Claim Deferment and Standard Benefit options and were incapacitated for five years, we would pay you:

- Nothing for the first three months (your Claim Deferment Period)
- 100% Benefits (£600 per week) for the next 21 months
- 50% Benefits (£300 per week) for the third year of your Incapacity
- 30% Benefits (£180 per week) to the end of your Period of Incapacity or your policy Retirement Date, whichever comes first.

Claims

Q2: How long can I claim for?

- Income Benefit Payments will be maintained for your Period of Incapacity in accordance with your policy. Normally this would be until you recover sufficiently but if you were permanently incapacitated, we would pay until your Retirement Date, commute your Membership, terminate your Membership or cease, for whatever reason, to be a Member of the Society, whichever is the soonest.

Q3: Are there any exclusions?

- There are some standard policy exclusions that apply. Please refer to the Policy Terms for further details. It is very important you read these carefully. We may also exclude some existing medical conditions.

Q4: Do I carry on paying my Subscriptions if I am incapacitated?

- Yes – this is a condition of continuing Membership, which must be maintained throughout the period of any claim.

Q5: How does the Individual Capital Account work?

- Any profits we derive after the deduction of claims and operating expenses, and transfers to the Reserve Fund are utilised as follows:
 1. As a Bonus which is Apportioned to Members' Individual Capital Accounts, pro rata to the number of Shares they hold; and
 2. To assign annual interest on the accumulated balance of such Bonuses (Apportionments) in each Member's Individual Capital Account.
- The balance of your Individual Capital Account can be withdrawn without penalty if you terminate your Membership after your 60th birthday. It will be paid intact, irrespective of the number and value of any claims you have made personally for Incapacity.



Q6: Will my Contributions ever change?

- Your quoted Contribution reflects the information you gave us at the time of the quote. Changes to your selected options or Benefit Level will change the Subscriptions. Please note that under our current rules, the cost of Shares and Units increases in any case with your age.

Q7: Will my Plan work out exactly as in the details shown on my Illustration?

- The amount of the Individual Capital Account shown in your Illustration is not guaranteed. It depends upon variable factors, including, but not limited to, our claims and operating expenses, our investment returns during the course of your Membership, the date from which you become a Member, the date upon which you cease your Membership of the Society, and whether at the time you seek to withdraw your funds the Society could be forced to incur a loss from realizing an investment.

Q8: What happens if I stop paying my Contributions?

- Membership is lapsed if your contributions are four months in arrears. Lapsed Members will be paid the balance of their Individual Capital Account less outstanding contributions and subject to appropriate forfeiture as explained in the Policy Terms.
- If you are less than 14 days in arrears at the time of a claim for Income Benefit, your arrears will be deducted from your first Income Benefit payment.
- If your arrears exceed 14 days, no Income Benefit will be paid.

Q9: Can I increase or decrease my cover?

- If you wish to increase your Income Benefit level, you may apply to us for such an increase to a maximum determined by us. Please note, however, that there is no guarantee that such an application would be accepted – it will be treated as if it were a new application for Membership. Acceptance will depend upon the terms and conditions of our Memorandum and Rules and any applicable Policy Terms, and approval by our underwriters. In any event, you cannot increase your Income Benefit level if you are claiming or have claimed in the preceding six months.
- You are entitled to apply for a reduction in your level of insurance cover. However, should you wish to increase your level of cover again in the future, you will be subject to the same conditions as described in the previous paragraph.

Q10: What is Commuted Membership?

- Commuted Membership of the Society allows you to continue to receive Bonuses and interest to your Individual Capital Account in the event that your circumstances change and you no longer require, or cease to be eligible for, Income Benefit, e.g. retirement.
- The contribution rates for Commuted Shares are reduced as NO Income Benefit is provided.

Q11: Can I take my money out before my Retirement Date?

- Yes, but if you decide to cancel your Membership prior to your 60th birthday you will forfeit your last two years' Income Bonuses and potentially a deduction if at the time the Society may be forced to realise a loss on its investments. Also, if you terminate your Membership within two years of joining, there will be no return of funds.
- We may authorise withdrawals of no more than £500 for specified purposes such as:
 1. Special treatment of a medical condition suffered by you or a member of your immediate family
 2. The death of your spouse or other close relative
 3. To assist if you are in financial difficulty through distressed circumstances.

Q12: What happens if I die during my Membership?

- In the event of your death, your Membership will Terminate and the finalised balance of your Individual Capital Account will form part of your estate, but none of the Early Termination Penalties will apply.

Q13: How can I pay my Contributions?

- Contributions are to be paid by Direct Debit from a UK bank or building society account on either a monthly or annual basis.

Q14: How long does my Membership of PG Mutual last for?

- Your Membership of the Society can continue for as long as you maintain your Contributions. However, your eligibility for Income Benefit will cease with effect from in your policy Retirement Date. From this date, you will only be able to continue contributing for the investment element as a Commuted Member.
- You may cancel your Membership at any time you please, though you must inform the Society in the appropriate form of this intention. Membership cancellations are processed at the end of the month in which the Society receives your written cancellation request.



Q15: What is the taxation treatment of the Plan?

- Provided that you are paying your contributions from taxed income, the Benefit we pay, both for Incapacity and your Individual Capital Account, are normally free of Income and/or Capital Gains Tax, subject to your individual circumstances.
- The Society does not provide taxation advice and you should therefore seek specialist tax advice if you are in any doubt about how your individual circumstances may affect the taxation treatment of this Plan.

Further Information

Cooling-Off Period

Right to change your mind

- After your application is accepted you will receive a notice of your right to cancel. You will then have 30 days in which to change your mind. Should you do so, we will return any contributions you have paid to us, provided you have not made any claim.

Income Bonuses

Investment Element

- Where the financial performance of the Society permits, we will set, on an annual basis, a level of Income Bonus per Share to be Apportioned to Members.
- These annual bonuses are based upon the advice of our appointed Actuarial Function Holder and are not guaranteed.

Charges

- Contributions include the cost of administration and commissions and could vary in the future.

Compensation

- We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim.
- Further information about compensation scheme arrangements is available from the FSCS.

Data Protection

- Any information you give to us will be held in accordance with the relevant data protection legislation:
 1. We, or other companies authorised by us, reserve the right to discuss any relevant aspects of your medical treatment or examination with the provider of that treatment or examination.

2. We may give out the information to detect and prevent fraud or improper claims, to process claims that are also covered by another insurer and to enable us to develop services that we think may be in your interests.
3. We and other companies approved by us (which may include host mailings on their behalf) may advise you by letter, electronic mail or otherwise of services or products which we believe you may be interested in. This may involve an analysis of any information that you have provided. You should let us know if you prefer not to receive such information by ticking the appropriate box on your Application Form.

- You have the right to see the information we hold on you.

Law

- Our Registered Office is situated in England, at 11 Parkway, Porters Wood, St Albans, Herts AL3 6PA. In any legal disputes, the law of England and Wales applies. All correspondence in relation to this Plan must be carried out in English.

The Society (PG Mutual)

- Pharmaceutical & General Provident Society Ltd, trading as PG Mutual, is a registered Friendly Society, incorporated under the Friendly Societies Act 1992, registered number 462F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority, Firm Reference Number 110023.

PG Mutual's Memorandum & Rules

- This Key Features Document is a brief guide to how the Plan operates. The terms and conditions of your Membership are contained in our Memorandum and Rules, and any relevant Policy Terms derived from those Rules, all of which will form the basis of your contract with PG Mutual.
- If you have any further questions concerning these documents, please contact us.



Complaints

- PG Mutual wants you to be entirely satisfied with your Income Protection Plan. Our aim is to provide a first-class level of service to our Members and to do everything that we can to resolve any queries or complaints.

If you do have any queries or complaints, in the first instance, contact PG Mutual.

Please write to:

The Secretary
PG Mutual
11 Parkway
Porters Wood
St Albans
Herts AL3 6PA

In the unlikely event that your complaint is not dealt with to your satisfaction, you can then write to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR

Tel: **0845 080 1800**

Website: **www.financial-ombudsman.org.uk**

Making a complaint will not affect your legal rights.

Glossary

Definitions

It is important that you read this section and refer to it when reading this Key Features document.

- **You, Your** means the person named upon the Policy Schedule issued with this Policy.
- **PG Mutual, We, Us, Our, The Society** means Pharmaceutical & General Provident Society Ltd.
- **Accident** is classified by us as an event without apparent cause or an unexpected event or unintentional act causing physical harm.
- **Apportionment** means a provisional amount per Share attributed to your Individual Capital Account and used as a basis for us to calculate what will be due to you when you leave the Society.
- **Claim Deferral Period** means the period of time agreed at the start of your policy between you and the Society from when your Incapacity starts to when we start to pay Income Benefit.
- **Commutated Membership** means Membership which only contributes to your Individual Capital Account. A Commuted Member will hold only Shares (since Units have no Individual Capital Account contributions) and these Shares are at a reduced price as they have no Income Benefit attaching to them. A Member may elect to become Commuted if their circumstances dictate that they no longer require, or are no longer eligible for, Income Benefit (e.g. they have retired).
- **Incapacity** means suffering a disease, illness or injury preventing You from working. 'Own Occupation' means you must be totally unable to perform the essential duties of your occupation. 'Any Suitable Occupation' means You must be totally unable to perform the essential duties of your occupation and the duties of such other occupations that Your skills, training and qualifications would make You suitable for.
- **Income Benefit** means Benefit we will pay to Members who are Incapacitated in accordance with the Rules of the Society.
- **Individual Capital Account** is a summary of the Apportionments made on your behalf from any Surplus the Society makes each year based upon the number of Shares you hold. Each year, the Society calculates an Apportionment per Share which takes into account the Society's Surplus. Your Fund is then notionally credited with the Apportionment multiplied by the number of Shares you hold at that time.
- **Long-Term Benefit Level** means the proportion of Incapacity Benefit we will pay on long-term claims. There are two options: **Premium Benefits** which do not reduce over the length of the claim; and **Standard Benefits** which reduce over time and are described on page 3 of this document under Question 1.
- **Member/Membership** means Membership of Pharmaceutical & General Provident Society Ltd.
- **Period of Incapacity** means from the time you were unable to work due to Incapacity until you recover, reach your Retirement Date, Commute your Membership, Terminate your Membership or for any other reason, cease to be a Member of the Society, whichever is the soonest.
- **Plan** means PG Mutual's 'Holloway' Income Protection Plan.
- **Share** means an element of Income Benefit worth £0.60p per week that includes an investment element which is an entitlement to a notional share in any Surplus the Society makes, which gets credited to your Individual Capital Account.
- **Unit** means an element of Income Benefit worth £0.60p per week which has no investment element entitlement attached to it. Units are consequently cheaper than the equivalent Share when all other pricing parameters have been taken into account.
- **Retirement Date** means Your 65th birthday unless We specify otherwise, and this is shown on Your Policy Schedule. From this date, You will no longer be eligible for Income Benefit although You will have the option to take up Commuted Membership.

The Key features of the Income Protection Plan

Tel: **01727 840095** Fax: **01727 832710** Email: **info@pgmutual.co.uk**

PG Mutual is the trading name of Pharmaceutical and General Provident Society Ltd.

Registered office: 11 Parkway, Porters Wood, St Albans, Hertfordshire AL3 6PA.

Incorporated in the United Kingdom under the Friendly Societies Act 1992,

Registered Number 462F. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Firm Reference Number 110023.

January 2017 THE KEY FEATURES OF THE INCOME PROTECTION PLUS PLAN

