

Income Protection

Suitability Letter Template

Income Protection offers cover to your clients if they can't work due to an illness or injury.

We've created this template to help make writing a suitability letter for your client quicker and easier. You can simply copy the relevant pre-written wording from the sections below, paste them into your letter then edit it as needed.

Whilst we have taken every care to check and ensure the accuracy of the information provided in this template, we accept no liability resulting from your use of it. This information should not constitute your full understanding of National Deposit Friendly Society Limited or the products it manufactures.

Why National Friendly?

National Friendly is a mutual society based in the centre of Bristol but with a national membership. Being a mutual means it's owned by its members, so it always works with members' best interests in mind. All of the Society's profits are invested in improving member benefits and its service to members, instead of paying dividends to shareholders.

Established in 1868, National Friendly has a long history of looking after people. Throughout its heritage, the Society has adapted to various changes in the world, and its products have evolved to meet the needs of its members.

National Friendly offers a wide range of health, welfare and protection products, to give peace of mind and financial security to those who need it. Backed by years of experience and a commitment to delivering exceptional service, National Friendly will always be there for you when you need them.

Income Protection policyholders are automatically members of National Friendly, have voting rights, and can attend the Annual General Meeting.

Introduction and aims

Income Protection is designed to help protect your income if you can't work due to an illness or injury. You have to be working 16 hours a week or more to take out a policy.

The policy will pay out a monthly benefit of up to 70% of your earnings for a maximum period of 1, 2 or 5 years.

The policy has additional options to add a fracture benefit, accidental death cover and to provide cover whilst you are participating in what is known as hazardous pursuits.

Cover options

When you apply for an Income Protection policy, you'll be asked to make some choices which will help determine how much your payments will be.

Main monthly benefit:

This is how much you want to be covered for, up to 70% of your earnings.

You have chosen this to be £X a month.

Benefit period:

This is the maximum amount of time you'd want to be paid per claim.

You have chosen this to be 1/2/5 years.

Payment option:

This is the amount of money you'll pay for your policy and will depend on which payment option you choose.

- **Level guaranteed** – You have chosen a level guaranteed policy which means that your payments won't change during the life of your policy as long as your cover options stay the same.
- **Age-costed guaranteed** – You have chosen an age-costed guaranteed policy which means that your payments will rise each year as you get older but won't otherwise change as long as your cover options stay the same.
- **Age-costed reviewable** – You have chosen an age-costed reviewable policy which means that your payments will start lower, but will increase each year as you get older, and will further be reviewed every 5 years. The 5 year review will consider the claims experience for all National Friendly Income Protection policies plus any changes in costs. Depending on the findings, your payments could go up or down.

Waiting period:

This is the amount of time you have to be off work after your illness or injury first occurs before you are entitled to receive the benefit from National Friendly.

You have chosen for this period to be 30/60/90/180/365 days.

Retirement age:

This is the age you plan to retire which you'll have to select when you apply for a policy. You can choose any birthday between the age of 50 and 70, but it must be at least 5 years from the date you take out the policy.

You have chosen a retirement age of X.

Increasing cover:

You want your benefit amount to go up each year so you have chosen an increasing benefit. Your benefit amount will go up in line with the Retail Price Index (RPI) published by the government, as long as this is between 0% and 5%. National Friendly won't put up your benefit amount by more than 5% each year and your benefit won't ever go down.

With an increasing benefit, if RPI is above zero your payments will go up each year to reflect your new level of cover.

Product features

Along with the main monthly benefit, there are other product features included as standard that you can make use of.

Friendly GP:

You and your immediate family will have free access to Friendly GP. This is a virtual GP service which can be accessed over the phone or online 24 hours a day, 7 days a week.

This means you always have easy access to a doctor when you need their help.

Friendly GP+:

You will also receive access to Friendly GP+ which gives you access to 6 free counselling sessions a year. You'll also be able to access a wellbeing hub which includes a number of resources to help with your day-to-day life.

Benefit guarantee:

You can protect up to £3,000 per month of your benefit amount and it won't cost you any more. This protects you if your earnings go down between you taking out the policy and making a claim.

All you have to do is send National Friendly proof of your earnings within 6 months of you taking out the policy.

Rehabilitation benefit:

A rehabilitation benefit up to £1,500 in any policy year if you have made a claim. National Friendly will help you get back to work by providing access to private facilities covering:

- Scans and tests to diagnose or support your recovery
- Physical therapy and rehabilitation treatment to aid your recovery
- Therapy to support your mental health
- Consultation fees with a specialist involved in your care

Optional features

There are a few features you can choose to add to your Income Protection policy for an extra cost.

Fracture cover:

Adding fracture cover will mean you're covered for a number of specified bone fractures, classified as Minor, Moderate and Major. You'll be able to claim up to £3,000 for fractures in each policy year.

The policy will pay valid claims as soon as the evidence to do so is received. All claim payments will be as lump sum payments made by direct bank transfer to your chosen account.

Accidental death cover:

This benefit pays out a lump sum if you die from an accident and your death happens within 30 days of the accident. The lump sum amount will depend on what benefit period you've chosen and your monthly benefit.

Hazardous pursuits cover:

Some leisure activities are covered as standard on the policy. National Friendly offer additional cover for accidental injuries sustained whilst doing activities they have on their enhanced hazardous pursuits list.

Payments

You'll have to make your payments right up until the retirement age you choose at the start of your policy. The only time you don't have to make any payments is during a claim.

The payments you make to National Friendly are due monthly on the same date each month. You can pay your direct debit on any day between the 1st and 28th of the month.

If you would like to change your payments from monthly to annually or from annually to monthly, you can ask National Friendly to do this before the policy anniversary.

Financial Services Compensation Scheme protection

National Friendly is covered by the Financial Services Compensation Scheme (FSCS) for added protection for you. This means that if they can't pay your claim, the FSCS can step in to pay compensation. Set up by the government, the FSCS is independent and their service is free to use. You'll keep 100% of the compensation you're owed if you claim directly through them.

Tax and benefits

Under current UK legislation, the benefits you receive from this policy are not subject to income tax, capital gains tax or National Insurance contributions.

Payment of the accidental death benefit on this policy may form part of your estate for inheritance tax purposes.

The benefits you get from this policy could affect your entitlement to some means-tested state benefits.

Receiving payment under this policy may affect your ability to claim under other income replacement insurance policies.

The recommendations I've made are based on my understanding of current legislation and HM Revenue and Customs practice, which can change in the future.



If you need any further information about Income Protection or have any questions, please contact your BDM or:

- Email us: brokersupport@nationalfriendly.co.uk
- Call us: **0333 014 6296** 8am-6pm Monday to Friday excluding bank holidays

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