

# Income Protection

## Key Features

### "Why should I read this document?"

The Financial Conduct Authority is a financial services regulator. It requires us, the Metropolitan Police Friendly Society(MPFS), to give you this important information to help you decide if the Income Protection 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.

We want you to be comfortable that you understand the 'Key Features' of this product before you decide to proceed. If you do not understand something in this document, please feel free to contact us.

# Key Features

These are the 'Key Features' of our Income Protection Plan

## Its aims

- To give you a regular monthly benefit if you are unable to work due to incapacity or if you are medically retired (on physical grounds), resulting in a loss of earnings.
- To give you lump sum benefits when you gain alternative employment during medical retirement.
- To give you a lump sum benefit if you are diagnosed with a defined critical illness (see 'When WILL my Income Protection Plan pay out?').

## Your Commitment

- You must give us all medical and other information we ask for when applying for your plan and advise us of any material changes occurring after you complete your application form but before cover starts (see 'How do I apply?').
- You must advise us if you no longer qualify for non-smoker rates.
- You must make all the regular premium payments needed for the length of the plan.
- You must supply documentation to support a claim including authority to seek medical evidence.

## Risks

- Certain causes of claim will not be covered (see 'When will my plan NOT pay out?').
- In particular, the plans do not cover medical retirement if this relates to mental or nervous conditions.
- You will not be covered if you stop paying premiums (see 'What if I stop paying premiums?').
- We may alter the premium rate and/or review the benefits.
- Monthly benefit for this plan is not index-linked, therefore the value of any benefit paid during a claim will be adversely affected by inflation over the years.

# Questions and Answers

## What is the Income Protection Plan?

It is a tailored income replacement plan designed specifically to protect police officers and police staff against loss of earnings occurring as a result of illness or injury (at home or work). It will also pay a lump sum benefit on diagnosis of a defined critical illness before medical retirement (see 'When WILL my Income Protection plan pay out?').

## Who can take out an Income Protection plan?

Anyone aged under 50 who works for the police service in England or Wales

## How long does cover continue?

Cover under the plan will continue until age 60, unless you leave the police service for any reason (including a career break) other than medical retirement. Cover ceases on death.

## How does the plan work?

### Summary of Benefits

The following is a brief summary of how the Income Protection benefits are calculated in different circumstances. Full details of the benefits are contained in the policy document.

- **On reduction to half pensionable pay** - you will receive **40% TAX FREE OF YOUR INSURED EARNINGS** (less any other insured benefits to which you are entitled).
- **On reduction to no pensionable pay or Pension Rate** - you will receive **60% TAX FREE OF YOUR INSURED EARNINGS** (less any other insured benefits to which you are entitled).
- **On Return to Police work** - If you return to Police work, and we had reduced your Monthly Benefit because you were also receiving insured benefits under the Police Federation's Regulation 28 Policy, we will give you back the accumulated reduction as a lump sum.
- **On Medical Retirement** - (NOT due to mental or nervous conditions)
  - **Prior to obtaining employment** - you will receive **50% OF YOUR ADJUSTED INSURED EARNINGS** (we will deduct any Ill Health Pension Entitlement and any other insured benefits from your insured earnings and pay you 50% of the balance as a monthly benefit).
  - **On obtaining employment** - you will receive **TWO MONTHS' INSURED EARNINGS** (or up to six months' insured earnings if your monthly benefits are only paid for a short period).
- **On Diagnosis of a specified Critical Illness** - (only whilst serving) - you will receive **6 MONTHS' TAX FREE OF YOUR INSURED EARNINGS**.

The rate of pensionable pay we use (insured earnings) is that on which your premiums are based (or your actual pensionable pay at the time of claim if lower) and will be advised to you each spring. You should tell us if the figure we are using is incorrect. Remember that tax and national insurance are deducted from your normal earnings **but the benefits we pay you are tax free** (see 'What about tax?').

## How much does the plan cost?

The level of premium is based on your pensionable pay, smoking status, health, family history and lifestyle. The table below gives you a few examples, assuming that you are in good health at the time of commencement and are accepted at standard rates.

Pensionable Pay (Insured Earnings)	Monthly Premium	
	Non-Smoker	Smoker
£20,370	£13.81	£18.40
£23,586	£15.75	£21.00
£25,728	£17.05	£22.73
£28,947	£19.00	£25.32
£39,150	£25.17	£33.55
£40,488	£25.97	£34.63
£52,536	£33.15	£44.21
£57,732	£36.41	£48.54

Premiums will increase/decrease in line with your pensionable salary and smoking status, so you must tell us of any change in your circumstances, e.g. promotion, part-time working or smoking status. Failure to do so will affect the level of benefit you may receive in the event of a claim.

We regularly review the premium rate for this plan and apply any change to members already covered by this plan, but we will tell you beforehand if we are going to do this.

## What are the charges?

The premium includes all costs for administration, underwriting, claims and the fees payable for any medical examinations which we may ask you to attend.

## When WILL my Income Protection plan pay out?

### We will pay the specified benefits if:

Your premiums are up to date, your illness or injury is not excluded, you meet the qualifying conditions, and one or more of the following events occur:

- You are unable to work, due to incapacity (as defined below), resulting in a loss of earnings,
- You are medically retired, except where due to a mental or nervous condition, or
- You are diagnosed whilst serving with any of the critical illnesses (see below), you survive the initial diagnosis by 28 days and you meet the other policy conditions for that illness.

### Our definition of incapacity under the Income Protection plan is:

You are, as a result of bodily injury occurring or sickness first manifesting itself whilst this Policy is in force;

- Totally unable to perform your occupation as a serving police officer or as a member of police staff; or
- Once medically retired, unable to perform any other occupation for which you are reasonably fitted by training, education or experience subject to any physical limitations imposed by the condition causing medical retirement.

## The critical illnesses which we cover are:

<b>Cancer</b>	excluding less advanced cases
<b>Coronary artery by-pass grafts</b>	with surgery to divide the breastbone
<b>Heart attack</b>	of specified severity
<b>HIV infection</b>	caught from a blood transfusion, a physical assault or in the execution of your duty
<b>Kidney failure</b>	requiring dialysis
<b>Major organ transplant</b>	
<b>Stroke</b>	resulting in permanent symptoms
<b>Terminal illness</b>	with death expected within 12 months
<b>Third degree burns</b>	covering 20% of the body's surface area

These headings are only a guide to what is covered. The full definitions of the illnesses covered and the circumstances in which you can claim are given in the policy document.

The policy definitions typically use medical terms to describe the illnesses and in some cases the cover may be limited. For example, some types of cancer are not covered; and, to make a claim for some illnesses, you need to have permanent symptoms.

## When will the plan NOT pay out?

We will **not** pay benefits under the plans if your incapacity, critical illness or medical retirement is caused by any of the following:

- Any exclusion we advise to you at the time of your application
- Exclusions defined in the policy document covering:
- War and civil commotion\*
- Hazardous sports and pastimes\*
- Flying, other than on commercial flights\*
- CBRN contamination\*
- Danger - deliberate exposure\* (except in an attempt to save human life)
- Alcohol or drug abuse
- Criminal acts
- Self-inflicted injury
- Failure to follow medical advice
- Military Service
- Pregnancy
- HIV - except where caused by blood transfusion, physical assault, or an incident occurring when performing police duties
- Pre-existing conditions - unless we have been notified of them and have agreed to provide cover
- For medical retirement benefits - any mental or nervous conditions
- For critical illness benefits - if you do not survive 28 days after diagnosis
- For No Pay exceeding 12 months or on medical retirement, no further benefit will be paid unless you meet the conditions for State Benefits
- For No Pay exceeding 2 years, no further benefit will be paid (but you will still be eligible for medical retirement benefits)

**\*except where part of your police duties**

## How will you assess my claim?

### Income Protection Claims:

Whilst you remain a serving officer or member of police staff, we will respect the decision of the Police Service during any period of incapacity. However, if you were to remain on 'no pay' for 12 months or more or were to be medically retired, you would be expected to meet the eligibility conditions for State Employment and Support Allowance or its equivalent at the time, unless you were ineligible due solely to means testing.

You should declare any similar incapacity insurance policies you are paying as this may affect your benefit entitlement in the event of a claim.

### Medical Retirement Claims:

Where you have been medically retired, we will assess you in accordance with the policy conditions and definition of Incapacity for Income Protection claims, and we will ask for evidence of your incapacity. We will cease paying or refuse to pay any claim where mental or nervous conditions are a material factor in the reason for medical retirement.

### Critical Illness Claims:

Claims will only be considered once you have survived the initial diagnosis by 28 days. Medical evidence and opinion will then be sought from a specialist in an area of medicine appropriate to the cause of the claim.

## How many times can I claim?

### Income Protection Claims:

There is no limit to the number of times you can claim 'half-pay & 'no pay' benefits, providing your pay is reduced in accordance with the **Summary of Benefits** (see 'How does the plan work?'). However, the associated lump sum benefits are only payable once for each claim or related claim.

### Critical Illness Claims:

You can only ever make one lump sum Critical Illness benefit claim. A claim can only be made whilst you are serving, i.e. prior to medical retirement.

## How long will you pay my Income Protection benefit for?

We will pay you a monthly benefit until:

- you return to your usual occupation,
- you are no longer incapacitated,
- you obtain full-time paid employment once medically retired
- you leave the police service for any reason (including a career break) other than medical retirement,
- you reach age 60, or
- your death

If you remain on 'no pay' for more than 2 years, the monthly benefit will cease to be paid, but you will still be eligible to claim medical retirement benefits.

## What happens to my Income Protection benefit if I get low-paid or part-time work after medical retirement?

We will add the money you earn to your police pension and if there is still a shortfall we will pay you a reduced benefit. We will also pay you the "Obtaining Paid Employment following Medical Retirement" benefit. However, this will be proportionate if you obtain part-time work, e.g. if you work 3 days a week, we will pay 60% of one month's insured earnings.

## How do I pay for the plan?

If you are a member of the Metropolitan Police Service or you are a City of London Police Officer, then the premiums are paid by salary deduction. Otherwise, payments are made by direct debit.

## What about tax?

Present UK tax law and HMRC practice means you don't get tax relief on premiums, however **you don't pay tax on any benefits claimed under the plan**. This may change in the future.

## What happens if my salary changes?

You should notify us of any changes to your pensionable pay and we will adjust the benefits and premiums. For those in the Met and the City, we will usually increase the benefits and premiums in line with any promotions you receive during your service where we are notified via pay branch or through Police Notices. We will notify you of your benefits annually and you should tell us if our records are materially incorrect. Police staff, and all officers working outside London who are promoted, should inform us immediately their pensionable salary changes - otherwise the premiums payable and any claims we pay will be too low.

## How do I apply?

Applications can be initiated online. If you are not currently serving in the London Police Services, we will require reasonable proof of identity (Copy Birth Certificate, Driving Licence or Passport).

As an alternative to the online application, you can print off a PDF Application Form from the website and send it to us.

For applications where no additional underwriting is required cover commences immediately, we accept your application, normally within a few days of receipt. On the occasions where additional medical underwriting is required, we will process your application as quickly as possible.

It is important that you consider the questions carefully and answer them fully. We will review your details and decide the basis on which we can accept you for cover. If necessary, we may need to ask you or your Doctor for any further information we need to help us do this.

If you have a pre-existing condition that may need treatment in the future, we will usually exclude it from cover along with any conditions related to it (see 'When will the plan NOT pay out?'). We will write to you prior to issuing the policy document to advise you of any proposed exclusions; once agreed those exclusions will appear on the policy schedule you receive from us with your policy document after we have processed your application. In some cases, it may be necessary to decline your application.

## Can I change my mind?

You will have 30 days from the time you receive your policy document and schedule to review them. If, during this period, you decide to change your mind, you will receive a full refund of any premiums you have paid, providing that you have not already made a claim.

## What if I stop paying premiums?

We will not authorise a claim, and if a premium remains outstanding for more than 30 days your plan will end. The plans have no cash in value at any time. However, premiums are not payable when you're receiving monthly benefits having made an income protection claim.

## What happens if I die?

Your plan will end, no premium refund will be paid and any claim will cease.

## Is there any other information available that can help me decide which plan to buy?

These plans have been specifically designed around your conditions of service, so the benefits (and premiums) are tailored to suit your needs and not be excessive. The policy document gives full details of the cover provided and includes all the definitions, exclusions, terms and conditions. The Income Protection policy document is available to view on our website.

Additionally, the Association of British Insurers (ABI) provides guidance on the suitability of Income Protection on the 'Information Zone' section of their website [www.abi.org.uk](http://www.abi.org.uk) However, if you are still unsure as to the suitability of this plan, and wish to obtain personal advice, you should contact an independent financial adviser.

To find out more about our financial strength you can read our Solvency and Financial Condition Report (SFCR) available on our website at [www.mpfs.org.uk/sfcr](http://www.mpfs.org.uk/sfcr).

## How do I contact you?

MPFS, Central Court, Knoll Rise, Orpington, Kent, BR6 0JA

**Phone:** 01689 891454

**Fax:** 01689 891455

**Email:** [info@mpfs.org.uk](mailto:info@mpfs.org.uk)

**Web:** [www.mpfs.org.uk](http://www.mpfs.org.uk)

## How to complain

- If you have a complaint about any aspect of the service you have received, in the first instance please contact us. A summary of our complaints handling procedure is available from us.
- If you feel your complaint is not dealt with to your satisfaction, you can then contact the Financial Ombudsman Service, Exchange Tower, London, E14 9SR or visit their website [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk). This will not affect your right to take legal proceedings.
- In the event of any complaint, we would treat you as a normal retail customer and not make any assumptions of specialist investment knowledge on your part.

## Remuneration

- If our overall business targets are met, which could include the sale of these products, and if our events are well managed, we may pay some of our employees a bonus.
- The total reward of an employee is the sum of an employee's salary, bonus, benefits and any other component
- Employees do not receive any commission, fee or charge, in relation to any insurance distribution activities.

## Compensation

- Information on compensation arrangements is available from us.
- We are a member of the Financial Services Compensation Scheme.
- **MPFS** is an insurance provider.

## Law

- In legal disputes the law of England and Wales will apply.
- Full details of the plan are contained in the Society's Tables and Rules - which evidence the legally binding contract between you and **MPFS**.
- On taking out this plan, you will be issued with a certificate showing your benefits. As you are then a member of the Society you are subject to our Rules, which are available on the website or on request from us.