



Income Protection Plus

A GUIDE TO
Protecting
your income

Insured and
Administered by



The Insurer has designed this guide to provide you with an overview of the Income Protection Plan we offer, to help you decide if this type of insurance is suitable for you.

If, after reading this guide, you decide you need income protection insurance, please visit <https://ipp.mddus.com>

The Insurer

MMDUS has chosen PG Mutual, a not-for-profit membership organisation, who have specialised in providing income protection since 1928. As a Friendly Society, they do not have outside shareholders, and therefore return any profit to their Policyholders.

Income Protection Plus

The Insurer offers an Income Protection Plan which will pay you a regular income if you can't work due to illness or injury, **plus** the plan also includes a Profit Share element which pays out at maturity of your policy.

Key product features:

- ▶ **Protection that can start from the first day you are incapacitated and lasts until you sufficiently recover or up to age 65, whichever comes sooner;**
- ▶ **No penalty for making a claim and no restrictions on the number of claims you can make;**
- ▶ **You can review your cover at any time and apply to increase it, up to the age of 60;**
- ▶ **If you want to take a career break, you can become an Associate Member for up to two years and then resume at the original level of cover without medical underwriting;**
- ▶ **Members can leave at any time by giving one month's notice in writing;**
- ▶ **A Profit Share element that accumulates during your Membership with annual bonuses from any profits made by the Insurer, with a view to paying you a lump sum upon the termination of the Plan in your retirement years;**
- ▶ **Provided that you are paying your Subscriptions from taxed income, the Benefit we pay, both for Incapacity and your Profit Share Account, are normally free of Income and Capital Gains Tax under current legislation.**

- ▶ **Limited medical underwriting with our Standard Plan (existing medical conditions will be excluded);**
- ▶ **Our Loyalty Bonus scheme includes an "Enhanced" feature that aims to provide insured members with a minimum capital sum of £10,000 and six months income benefit to their nominated family members in the event of your death.**

Additional membership benefits:

- ▶ **GP24 service - qualifying members can also currently benefit from free use of a GP24 WebApp-based service. It puts healthcare in the palm of your hand with instant access to a GP - anytime, anywhere.**
- ▶ **Free current access to a Confidential Member Wellbeing Counselling Service to assist members and their immediate dependants with personal or work-related problems likely to affect their wellbeing and access to qualified advisers for information and signposting to recourses.**
- ▶ **Free current access to a health assessment with a health screening specialist, for qualifying members, after 6 months of membership.**
- ▶ **Our Member Benefits scheme currently provides a specialist Will Writing service, discounts and offers from leading brands, travel solutions, legal advice and much more.**

Why do I need to protect my income?

Most of us depend on the ability to earn a regular income to maintain our lifestyle. Even short-term illness can have serious financial consequences if you have not made provision for when an illness or accident stops you from working and could mean you may face:

- **Not having enough money to pay your rent or mortgage**
- **Not having enough money to meet your existing bills**
- **Not having enough money to maintain your lifestyle.**



Profit Share

The profit returned to our members is apportioned to a Profit Share Account that builds during their membership from profits made during the good years and the returns we make from investing our members' funds. The aim of this Profit Share feature is to provide each member with a lump sum payment upon the maturity of their policy.

Any interest allocated will be done on a compound basis, meaning the longer you are a member the more substantial your potential payment will be.

Each member receives their share whether they have claimed on their income protection policy or not.

The table below shows you how much members have benefited over the last three years, but please keep in mind that past performance is not a reliable indicator of future results:

PG Mutual members profit share 2017 - 2021

Total annual bonuses to members: £6,064,498

Total amount paid to departing members: £4,708,806

Summary of New Claims 2017 - 2021

Our top 3 causes for new Income Protection Plus claims*

Infections and Flu (inc COVID-19)
23%

Musculoskeletal
25%

Gastrointestinal
13%

Easy online claim process

Our online claim form makes it even easier for our members to make a claim.

All of our claims are handled by our experienced, friendly in-house team.



We paid
93%
of all new Income Protection Plus claims*



53% Male and 47% female*



£2,667 average claim*



Average age - 48*

*PG Mutual business new claims paid over the last five years (2017 - 2021).

Long Term Benefit Options

What level of cover do I need?

You can tailor your cover to suit your personal circumstances. Consideration must be given to the following:

- ▶ **The amount of income you need to receive each week (up to 70% of your gross earnings).**
- ▶ **When you want the income payments to start: choose cover from the first day of incapacity or a range of deferment periods: 1, 7 or 14 days, 1, 3, 6 or 12 months.**
- ▶ **The amount of long-term benefit you receive.**



Premium Cover

The level of Income Benefit you would receive will remain at 100% of the insured benefit throughout the term of your claim.

Year 1	Year 2	Year 3	Year 4	...to recovery or policy retirement age, whichever comes sooner
*£1200 per week throughout the duration of the claim				

Standard Cover

This pays out at 100% for the first two years of a claim, reduces to 50% in year three, and then 30% for as long as you remain incapacitated.

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

Year 1	Year 2	Year 3	Year 4	...to recovery or policy retirement age, whichever comes sooner
*£1200 per week	£600 per week	£360 per week throughout the duration of your claim		

Examples based on £1200 per week cover.

Your questions answered

The Insurer, We, Us, Our means Pharmaceutical & General Provident Society Ltd.

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

There are a number of different options available to you:

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 Insurer's underwriting limit.

Premium Cover and Standard Cover

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

Standard Cover 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 the Insurer's terms and conditions.

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.

Claims and Profit Share Account

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 you until you reach your Policy Retirement Date.

Q3: Are there any exclusions?

There are some standard policy exclusions that apply. Please refer to the Policy Summary Document (Section 5 - Claims for Income Benefit, Policy Exclusions) 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 Profit Share Account work?

Our Income Protection Plus product incorporates a Profit Share element that aims to provide you with a lump sum payment upon the maturity of your Membership.

Any profits we generate annually are shared amongst members by way of a dividend to their Profit Share Account. The size of the dividend will be determined by the number of shares they held throughout the previous year.

The Insurer collectively invests Members funds with a view to awarding interest to their Profit Share Account balances. These interest awards work on a compound basis, so the longer you are a Member the more substantial your interest awards are likely to be.

Please note that neither the balance of your Profit Share Account, nor the level of future dividends or bonuses, are guaranteed and can go down in value as well as up.

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: What happens if I stop paying my Contributions?

Your Membership will lapse if a contribution is four months in arrears or more. Lapsed Members will be paid the balance of their Profit Share 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.

Q8: 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 Summary Document, 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.

Q9: 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' dividend 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.

Q10: What happens if I die during my Membership?

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

Please note that if you were paying for insurance cover as part of your membership at the time of your death, you may also qualify for a minimum payment that may be greater than the sum of your Profit Share Account at that time. Your Loyalty Bonus may also be extended at that time to allow an additional sum to be paid to your appointed nominees.

Q11: 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.

Q12: How long does my Membership with the Insurer last for?

Your Membership with the Insurer can continue for as long as you maintain your Contributions. However, your eligibility for Income Benefit will cease with effect from your Policy Retirement Date.

From this date, you will only be able to continue contributing for the Profit Share element as an Associate Member.

You may cancel your Membership at any time you please, though you must inform the Insurer in the appropriate form of this intention. Membership cancellations are processed at the end of the month in which the Insurer receives your written cancellation request.

Q13: What is the taxation treatment of the Plan?

Provided that you are paying your contributions from taxed income, the Benefit paid, both for Incapacity and your Profit Share Account, are normally free of Income and Capital Gains Tax under current legislation.

The Insurer 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.

Dividends

Where the financial performance of the Insurer permits, we will set, on an annual basis, a level of dividend per Share to be awarded to Members.

These annual dividends are based upon the advice of our appointed actuary Holder and are not guaranteed.

Charges

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

Compensation

The Insurer is covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if the Insurer cannot meet their 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.



The Insurer

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.

The Insurer's Memorandum & Rules

This document is a brief guide to how the Plan operates. The terms and conditions of your Membership are contained in the Memorandum and Rules, and any relevant Policy Terms derived from those Rules, all of which will form the basis of your contract with the Insurer.

If you have any further questions concerning these documents, please contact us.

Glossary

Definitions

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

- **You, Your** means the person named upon the Policy Schedule issued with this Policy.
- **The Insurer, We, Us, Our** 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.
- **Dividend** means a provisional amount per Share attributed to your Profit Share Account and used as a basis for us to calculate what will be due to you when you terminate your policy.
- **Claim Deferment Period** means the period of time agreed at the start of your policy between you and the Insurer from when your Incapacity starts to when we start to pay Income Benefit.
- **Associate Membership** means Membership which only contributes to your Profit Share Account. An Associated Member will hold only Shares (since Units have no Profit Share 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 an Associate 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.
- **Profit Share Account** is a sum of the dividends made on your behalf from any Surplus the Insurer makes each year based upon the number of Shares you hold. Each year, the Insurer calculates an dividend per Share which takes into account the Society's Surplus. Your Fund is then notionally credited with the dividend 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, becomes an Associate, Terminate your Membership or for any other reason, cease to be a Member with the Insurer, 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 Profit Share element which is an entitlement to a notional share in any Surplus the Insurer makes, which gets credited to your Profit Share Account.
- **Unit** means an element of Income Benefit worth £0.60p per week which has no Profit Share 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 Associate Membership.

We hope that you find this guide useful. If you would like to know more, please contact us or visit our website:

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The Income Protection Plus Policy is insured and administered by PG Mutual. MDDUS is an Introducer Appointed Representative (IAR), FCA number 993707 of PG Mutual, the trading name of Pharmaceutical & General Provident Society Ltd, who are Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Firm Reference Number 110023.