

Key features of the Shepherds Simple Protection Plan

What is the purpose of this document?

The Financial Services 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 Simple 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.

Its aims

To provide:

- a regular income when you are unable to work due to sickness or accident, no matter how many times you make a claim.
- a choice of when benefits will commence based on the date from which you are unable to work.

Your commitment

- To pay your initial and future increased regular monthly premiums for a specified number of years or until the plan ends.
- To tell us all relevant medical and non-medical information about yourself when completing your application form and when making a claim under the plan.
- 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.

Risks

- If you stop paying premiums under this plan your benefit will cease.
- If your income increases and you do not review the plan you may not have sufficient benefit to meet your needs when you make a claim.
- If your income decreases and you do not review the plan you may not be able to claim the full amount of benefit you stated when the plan started.
- For the self employed it is 70% of the evidenced net profit stated in your accounts which will be used to calculate the benefit we can pay in the event of a claim.
- 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.

Questions and answers

What is the Shepherds Simple Protection plan?

The Shepherds Simple Protection Plan is primarily designed to provide a 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 accident or sickness.

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

WARNING:

If you are unsure of how much of your income you can cover then please ring our customer service team on 0161 428 1212 for further help before applying.

Who can have a Simple Protection Plan?

You must be aged from 16 up to and including age 59 at the start of the plan.

The minimum term of the plan is 5 years, but benefits will not be paid beyond age 65.

What are the benefits of this plan?

The maximum benefit at the start of the plan is £49,000 per year. The minimum benefit is determined by the requirement to have a minimum premium of £5 per month.

We will pay the benefit you have selected subject to a maximum of 70% of gross regular income if employed or 70% of net profit if self-employed subject to the maximum allowed.

This may include dividends from a limited company in which you and not more than 4 other shareholding full time working directors are employed and which would represent your share of the net trading profit.

We will pay benefit at the full rate for years 1 and 2. From the start of year 3 the benefit will reduce to 80% and will continue to be paid as long as the claim remains valid or until the end date of the plan.

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

The benefit will be paid after your chosen waiting period. A waiting period is the length of time from when you become ill or have an accident, to the date when we start to pay sickness benefit.

You can choose the waiting period that you want at the start of the plan, and you can change it at any time (but not if you are claiming Protection benefits) - 2 weeks, 4 weeks, 8 weeks, 13 weeks, 26 weeks and 52 weeks.

We will stop making payments on the date that:-

- You return to work.
- You fail to meet any of the plan Terms or Conditions.
- The Plan ends.

The payment of premiums

The premium is payable monthly in advance by Direct Debit.

Premiums depend on the level of cover and your age. (See rate table for details)

Premiums will increase every 5 years from the age of 36.

Is waiver of premium included?

Waiver of premium is included and covers you so that you do not have to continue paying premiums whilst you are ill. In the event of a claim for a plan with a 2 week or 4 week waiting period you will be required to pay the first month's premium from the date of incapacity. After this time the premiums will be waived.

If you have a plan with waiting periods of 8, 13, 26 or 52 weeks, premiums will be waived from commencement of the claim.

Indexation

You can take this option at any time throughout the plan. With this option, the benefits and premiums will automatically increase annually in line with the Consumer Prices Index. This increase will not come into force until 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.

What if my circumstances change?

The plan is flexible therefore the level of benefit can be increased or decreased to suit your circumstances, for example a change of job. The waiting period can also be increased or decreased, as can the end date of the plan.

You should tell us about changes to your earnings and/or employer's sick pay arrangements to ensure that your correct benefit levels are maintained. Certain increases may be subject to a review of your medical history.

The waiting period and benefit level cannot be changed whilst you are claiming sickness benefit.

What happens if I stop paying my premiums?

You need to maintain your premiums in order to maintain your entitlement to benefits. We will not pay sickness benefit if you are in arrears with your premiums. If your plan is in arrears for 3 months or more we reserve the right to cancel it. 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.

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 write to Shepherds Friendly at the address shown in this document.

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 undertake and utilise the appropriate training. For a full list please see our Terms and Conditions.

What about Tax?

Benefits are payable free of tax, provided they are being used to replace income lost through illness or an accident.

Please remember that Taxation rules can be changed by HM Revenue and Customs in the future.

How to claim?

As soon as you think you may need to make a claim please contact us by phone on 0161 495 6434. The claims department will explain the claims process and send you a claim form. 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.

In any event you must notify us of a claim at least 14 days before the first expected benefit payment.

If you are late in submitting a claim we will make the first payment as soon as we can, but we will not back date 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.

If you are able to return to work in a different job, or part time, please let us know as you may still be able to receive a reduced benefit.

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 plan.

Where can I find out more?

Before your plan starts we will send you the full terms and conditions; this explains how the plan works. If you would like to see these terms and conditions before you apply please contact us.

Phone: **0161 428 1212**

Fax: **0161 428 3666**

Email: **info@shepherdsfriendly.co.uk**

Web: **www.shepherds.co.uk**

More information

Claims - to make a claim please contact us by phone on 0161 428 1212 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 in which to change your mind.

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

Compliance Officer, Shepherds Friendly,
Shepherds House,
Stockport Road Cheadle SK8 2AA

Phone: 0161 428 1212.

Email: info@shepherds.co.uk

If we don't deal with your complaint to your satisfaction you can complain to the:

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

Phone: 0845 080 1800

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 90% of the claim with no upper limit.

Further information about the scheme is available from the FSCS -

7th Floor
Lloyds Chambers
Portsoken Street,
London
E1 8BN.

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

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



Providing Financial Security Since 1826

THE SHEPHERDS FRIENDLY SOCIETY IS INCORPORATED UNDER THE 1992 FRIENDLY SOCIETIES ACT NO.240F.

AUTHORISED AND REGULATED BY THE FINANCIAL SERVICES AUTHORITY AND ENTERED ON THE FINANCIAL SERVICES AUTHORITY REGISTER, NO:109997.

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The Head office and Registered office of The Shepherds Friendly Society is based in the United Kingdom.