



Personal Protection

## Personal income protection at a glance

Personal income protection pays a monthly income to help your clients keep on top of their household bills if they're unable to work for an extended period due to accident or illness.

### How does it work?

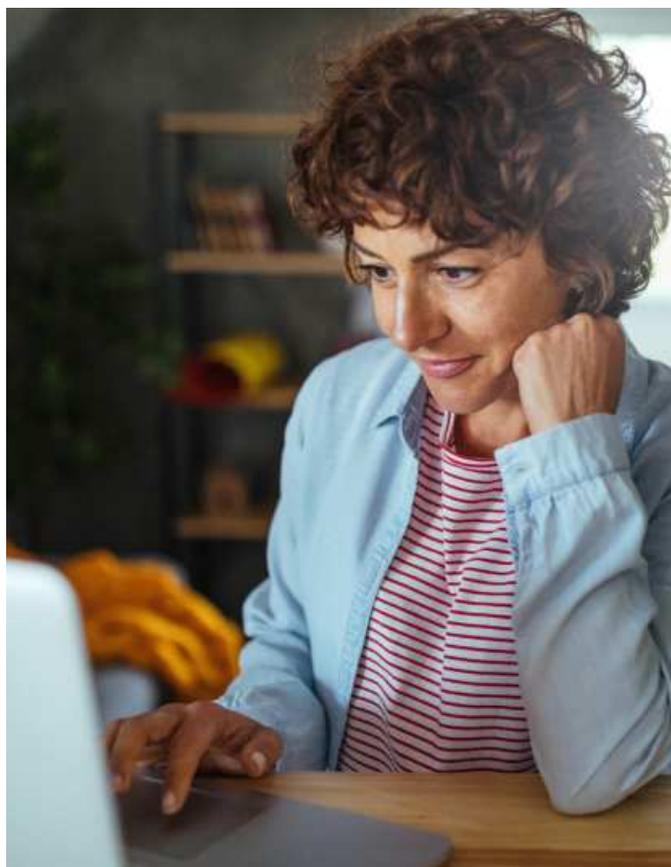
Your client chooses the benefit term, when they want income payments to start and how long they want the benefit payment to be paid.

At the start of the policy, there will be a deferred period of 4, 8, 13, 26 or 52 weeks before we'll start paying the monthly benefit amount, which they can choose. We'll make the first payment one month after the end of the deferred period. Your client can choose their benefit payment period – either two years or full term to the benefit end date.

If they choose our 2-year income protection, we'll pay the monthly benefit amount for a maximum of two years, starting from the end of their chosen deferred period. We'll continue paying this until they're fit enough to return to work, or for a maximum period of 24 months. Once they've been back at work for a continuous six-month period, we can consider another claim, if required.

If your client chooses our full term income protection, we'll pay the monthly benefit amount for as long as they continue to meet the definition of incapacity that applies to their policy, or until their benefit ends.

We can also offer cover with split deferred periods, so your client's income protection matches their sick pay pattern. Speak to your usual Aegon sales representative for more information.



### What are the definitions of incapacity?

We offer two definitions of incapacity:

- Own occupation
- Activities of daily work

We'll offer the best definition available. If your client takes a career break, we may have to change their definition of incapacity. See our [Personal Protection policy conditions](#) for more information.

## What's the maximum benefit amount?

The maximum benefit amount we can allow is calculated in the following table, up to a maximum monthly benefit amount of £20,833 a month:

Earning band	Total taxable earned income (£)	Maximum benefit amount
1	Up to and including £20,000	65%
2	Between £20,000 and £100,000	55%
3	Over £100,000	45%

For example, if your client's total taxable earned income is £150,000 a year, their maximum yearly benefit amount will be:

Earning band	Total taxable earned income (£)	Maximum benefit	Maximum benefit amount per band
1	Up to and including £20,000	65%	£13,000
2	Between £20,000 and £100,000	55%	£44,000
3	Over £100,000	45%	£22,500
<b>Maximum benefit amount (for this example)</b>			<b>£79,500</b>

If your client continues to receive an income while they're claiming, such as sick pay, insurance payments from other income protection or ill-health policies and pension payments, we'll deduct this from the maximum monthly benefit amount we can pay them.

If your client's a houseperson, or isn't in paid employment, the maximum benefit amount available is £1,500 a month.



## What's pre-incapacity earnings?

How we calculate this depends on your client's employment status.

- If they're employed, this is their gross taxable earnings, averaged over the last 12 months before they became unable to work.
- If they're self-employed, this is the net profit from their occupation, averaged over the last three years before they became unable to work, as assessed for income tax and shown on an agreed tax return provided by HMRC.
- If they're a company director of their own business and a shareholder, this is the salary and dividends they receive from the profit generated after corporation tax has been deducted, in the 12 months before their claim.

## What if my client's total earnings have dropped when they claim?

We know that income can vary over time. That's why we offer an income promise to help protect your clients against a drop in income after their policy has started. This is available for all clients who work a minimum of 16 hours self-employed or 24 hours employed when they claim. It's not available if your client's a houseperson or taking a career break.

We'll also need to confirm that the taxable earned income stated on their application was correct.

### How it works

If your client's monthly benefit amount is:

- £1,500 or less, we'll make sure they receive their full benefit amount when they claim, less any continuing income they're receiving.
- more than £1,500, we'll make sure they receive at least £1,500 a month, less any continuing income they're receiving.



For example, Karen earned a gross salary of £24,000 a year before becoming ill. She has personal income protection with a benefit amount of £1,300 a month. She has no continuing income.

Karen's maximum benefit amount is 65% of £20,000 (£13,000) + 55% of £4,000 (£2,200) = £15,200 a year or £1,267 a month.

With our income promise, although Karen's income has dropped since she took out her income protection, we'll pay the full £1,300 benefit amount.

If she was also receiving £200 a month sick pay, we would deduct this, and pay a total monthly benefit amount of £1,100 until her sick pay stopped..

### Additional financial cushion for monthly benefit amounts over £1,500 a month

If your client's monthly benefit amounts is over £1,500 a month and the maximum benefit amount we could pay them is within 10% of this, we'll pay their full benefit amount.



For example, Steve earns a gross salary of £40,000 a year. He has personal income protection with a benefit amount of £2,000 a month. Three years after taking out his income protection, his gross salary reduced to £38,000 a year. A year later, he becomes ill and unable to work so claims on his income protection policy. He has no continuing income.

Steve's maximum benefit amount is 65% of £20,000 (£13,000) + 55% of £18,000 (£9,900) = £22,900 a year or £1,908 a month.

As this is 4.6% less than his income protection benefit amount, with our financial cushion, we'll pay the full £2,000 a month.

## What are the age limits?

Age at entry: 18 to 59 years old

Term: 5 to 51 years

Maximum age at benefit expiry: 70 years old

## How long will you pay personal income protection?

We'll continue paying the monthly benefit amount until the earliest of:

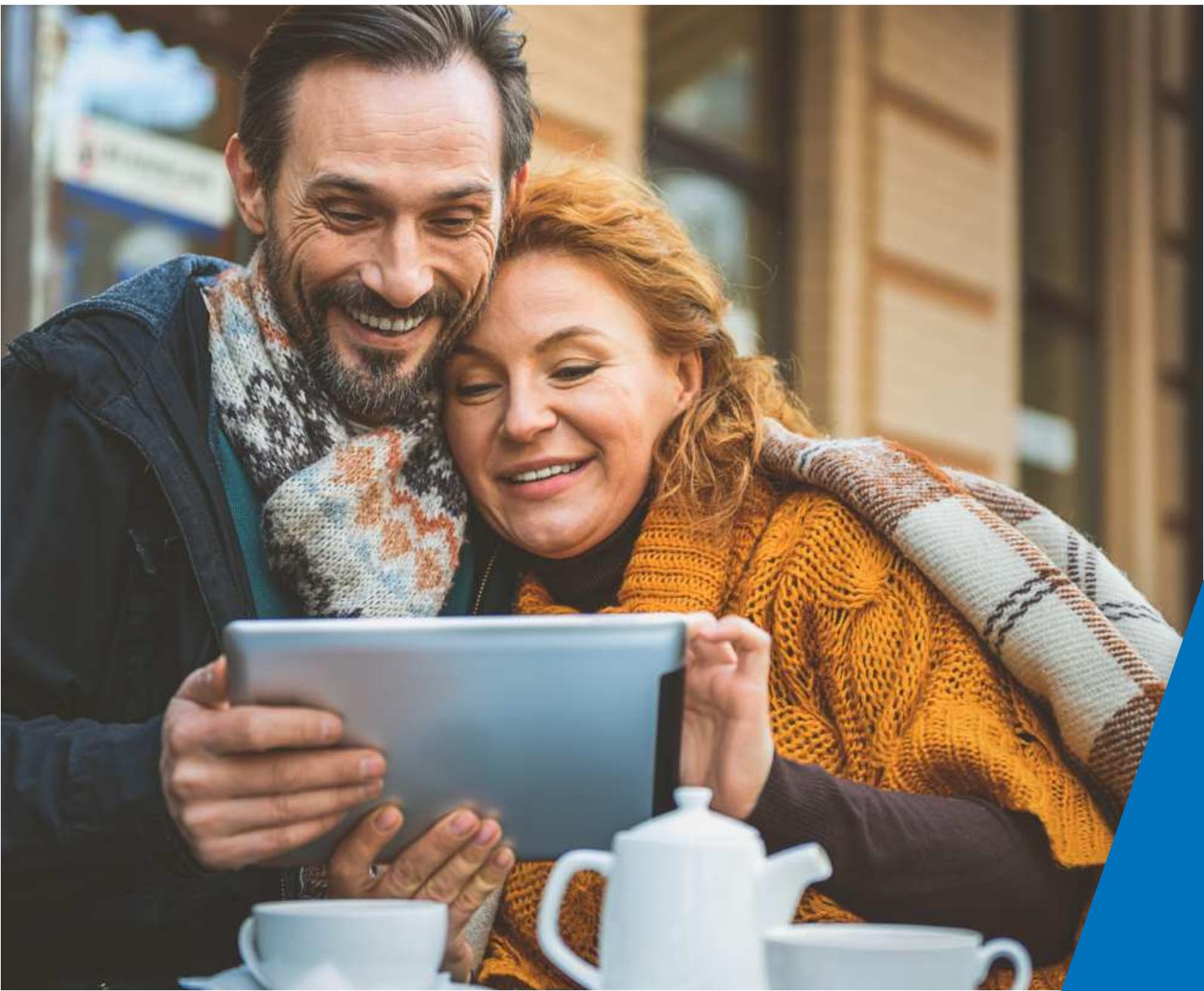
- the end of the benefit term for full term income protection;
- the end of the benefit payment period for 2-year income protection;
- your client no longer meeting the definition of incapacity that applies to their policy;
- your client stops suffering a loss of earnings, or
- your client dies.

## Can my client claim again if they need to after returning to work?

Yes - there's no limit to the number of claims they can make during their benefit term. If they have 2-year income protection, they'll need to have been back at work for a continuous six-month period before we'll consider another claim.

If your client needs to make a claim for the same condition or a related condition within six months of their last claim ending and they meet their definition of incapacity, their deferred period won't apply. This is known as a linked claim.

Your client will also need to remember to restart paying their monthly premiums after each claim ends to make sure their cover continues.



# Why choose personal income protection?



## Protect your clients' income

Your client's ability to generate a regular income, is arguably their biggest asset, as this is what they'll rely on to keep a roof over their heads, stay on top of their monthly bills and live the life they're accustomed to. We can help insure a percentage of their gross salary to give them peace of mind in case they're unable to work for an extended period due to accident or illness – and this is usually paid tax free.

## Income promise

With our income promise your clients will have the reassurance of knowing exactly what they'll get when they need to claim, removing any uncertainty.

## Rehabilitation and proportionate benefit

We know that your clients will want to return to work as soon as possible and we'll do what we can to support them. If they're unable to return to work to carry out their normal occupation, we could pay a reduced benefit amount to supplement a lower income if they're able to return to work on reduced hours or with fewer duties.

## Accidental death benefit

We'll automatically include accidental death benefit for 90 days from the date we receive the fully completed application and direct debit instruction. You can find full details in our [Key features of Personal Protection](#).

## Lump sum death payment

If your client dies while we're paying their income protection claim, we'll pay a single lump sum death payment of £5,000 to their family to help ease the financial strain of losing their loved one.

## Waiver of premium

We automatically include waiver of premium benefit, which means we'll cover your client's policy premiums while we're paying their monthly benefit amount – giving them one less thing to worry about.

## Policy Plus

Your client will have access to Policy Plus throughout the term of their policy, at no extra cost. This includes access to a second medical opinion service and a 24/7 health and wellbeing service. Read [Policy Plus – helping your clients to move forward](#) to find out more.

For more information about personal income protection,  
speak to your usual Aegon sales representative.

[aegon.co.uk](https://aegon.co.uk)



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