

Baptist Union

Income Protection Insurance Plan

The Baptist Union of Great Britain ('BUGB') has arranged income protection insurance (the Policy) with Aviva Life & Pensions Limited (one of the UK's leading Income Protection insurers), for **active members of the Ministers and Staff sections** of the Defined Contribution Plan within the Baptist Pension Scheme.

Note: The cover with Aviva commenced 9th January 2018 and Aviva will deal with all new claims from that date. The previous income protection insurer, Unum Limited, will continue to deal with claims notified to it prior to 9th January 2018.

Why do I need the income protection insurance policy?

Subject to its terms and conditions, the Policy provides income benefits in the event that you are unable to work due to illness or injury for a period of more than 26 weeks.

This is valuable protection for you and your family as very few employers today continue to pay their staff for more than 6-12 months, if they are off sick from work.

Am I eligible for the income protection cover?

You will normally automatically be eligible if you are an **active member of the Ministers or Staff sections** of the Baptist Pension Scheme and are aged 16 or over and under age 65 (or State Pension Age if higher). However, there may be circumstances in which entry to the Policy, the level of cover provided, and continued protection is conditional on the insurer's acceptance of cover for you (see below for further details).

If you are not an active member of Ministers or Staff sections of the Baptist Pension Scheme you are not eligible for cover.

What are the benefits?

1. Regular monthly income in the event of long term illness or injury

Once you have been unable to work due to incapacity, for more than 26 weeks, the Policy will provide you with a monthly income for as long as you continue to meet the insurer's definition of incapacity (see below for more details).

For Minister members the income will normally be 50% of your Annual Income plus Manse Value immediately prior to the commencement of your incapacity.

For Staff members the income will normally be 50% of your annual basic salary immediately prior to the commencement of your incapacity.

On the annual anniversary of your claim payments commencing, income from the Policy will increase by the percentage change in the Retail Price Index each year, subject to a limit of 5%.

2. Payment of your normal pension contributions

While you are receiving income from the Policy and you remain in service with your employer, the Policy will also pay the basic level of Member and Employer pension contributions (8% and 6% respectively, of Pensionable Income prior to incapacity) into your Pension Account, on your behalf.

You can also pay additional pension contributions if you wish, but you will need to finance these yourself. This means that while you are in receipt of the Policy benefits:

- savings toward your retirement continue
- you are still an active member of the DC Plan and eligible for the life insurance protection it provides (see the explanatory booklet for the DC Plan of the Baptist Pension Scheme for more details).

3. The Aviva Employee Assistance Programme (provided by Care First)

Aviva have arranged an Employee Assistance Programme through Care First, which provides scheme members with confidential access to help and advice on a wide variety of everyday issues, including:

- Parenting and child care
- Education
- Caring for older adults
- Midlife and retirement
- Disability
- Financial
- Work
- Health
- Emotional well-being
- Addiction and recovery
- Legal Advice

Whether you have a simple question or a complex concern, CareFirst can help. It's fast, easy to use, and effective, online or on the phone. You can access the service via:

Website www.eap-carefirst.com (User id: lifestyle1234 Password: carefirst) – The website provides a library of downloadable materials and interactive tools.

Confidential support helpline (available 24 hours a day, 365 days a year) - Freephone 0800 015 5630.

Mobile app – Care First also provide help and support on the move. To register for the app, visit www.care-first.co.uk/signup. The access code is AVIVAIYP1116. For further information see the additional documents on the BPS website.

When can I make a claim under the Policy?

Benefits begin, once you have been absent from work due to illness or injury for 26 continuous weeks. In order to qualify for benefit payments, the insurer will normally need to be satisfied that:

- you are unable, due to illness or injury to perform the material and substantial duties of your normal occupation; and
- you are not following any other occupation.

If you are only able to work in a part-time capacity due to illness or injury, the insurer may provide a proportionate benefit payment.

In the event of incapacity the insurer will seek details from you, your employer, and your doctors. Any doctors' fees for reports or examinations will be paid by the insurer. Once a claim has been established and income payments commence, the insurer will periodically seek to review your medical condition.

You must ensure that the Scheme Administrator, Lane Clark & Peacock is notified if you have been unable to work for four consecutive weeks due to illness or injury. This is required by the insurers, even though the benefit under the policy will only begin after 26 weeks of absence, and even if you believe your absence is unlikely to continue for 26 weeks or longer.

The insurer may not accept a claim if absence is not notified to it within its required timeframes and it will not commence benefit payments until it has completed its assessment of any reports or additional information required.

When will benefit payments cease?

Your benefit payments will cease as soon as any of the following applies:

- the insurer believes you no longer meet its definition of incapacity; or
- you reach age 65 or State Pension Age (if greater); or
- you take up alternative gainful employment; or
- your death; or
- the end of the fixed term contract in force when your incapacity commenced
- you choose to leave the service of your employer without the agreement of the insurer to continue payments.

Neither BUGB nor your employer provide any replacement benefit if the insurer ceases payment of the benefit.

The expectation is that, on attaining age 65 or State Pension Age, you will draw your State retirement pension and benefits from pension schemes of which you have been a member, including the Baptist Pension Scheme.

Will I need to provide medical evidence to join the Policy?

You will not normally need to provide evidence of good health, other than the insurer may require you to do so in the following circumstances:

- If you do not elect to join the Ministers or Staff section of the Baptist Pension Scheme within 12 months of your first opportunity to do so; or
- If you elect to rejoin the pension scheme having previously opted out.

If you are required to provide evidence of health, you will not be insured under the Policy until you have provided satisfactory evidence of good health and have been accepted by the insurer.

The insurer will also require that you are 'actively at work' when you are first eligible to be covered. If you do not meet the insurer's 'actively at work' conditions then you will not be insured until you do so and have returned to work.

Cover for increases in salary will also be subject to 'actively at work' conditions.

Broadly you are 'actively at work' if you have not received medical advice to refrain from work and you are working your normal hours at your normal place of work or location required as part of your work. You will be considered actively at work if you were fully capable of working, but were not doing so, either due to leave authorised by your employer or the requirement for actively working falls on a day you are not contracted to work.

In the event that the insurer is unable to offer terms for your coverage at a premium which BUGB considers reasonable, your cover may be restricted or removed.

Are there any exclusions?

There are no general causes of incapacity excluded and you will be covered for incapacity arising anywhere in the world. However, members who are overseas when incapacitated may be required to return to the UK, EU or similar countries in order to receive benefit payments.

In the event of incapacity, you will be required to provide all reasonable information requested by the insurer, and the insurer will expect you to accept reasonable treatment or rehabilitation opportunities available to you.

How much does the insurance cost me?

You do not have to pay anything for this protection. The cost is met by your employer as part of their overall contributions to provide your pension and other benefits.

How will the benefit be taxed?

While you are treated as still being in service with your employer, benefit will be paid to you in the form of a reduced monthly salary.

Payments will therefore be subject, in the usual way, to Income Tax, National Insurance and any other statutory deductions applicable to salary payments.

You will not be liable to a 'benefit in kind' tax liability in respect of the premiums paid by your employer to provide the insurance.

What happens if I leave the service of my employer?

If you leave the service of your employer after your claim has been accepted by the insurer, payments may continue direct from the insurer to you. However, these may be subject to you continuing to satisfy a stricter definition of incapacity.

Provided that you continue to receive payments the insurer will normally also continue payments in respect of your and the employer's ongoing pension contributions to the DC Plan so that you can remain an active member.

If you continuously remain an active member of the DC Plan:

- you will normally be eligible for continued life cover at the level in force immediately prior to the start of your absence (escalating in line with the rate of increase of the Standard Stipend subject to a maximum of 5% pa); and
- if you were a contributing member of the Baptist Ministers' Pension Fund or the Baptist Union Staff Pension Scheme on 31 December 2011, spouse's and dependants' pensions will potentially be payable on your death.

The benefit will be subject to Income Tax.

On leaving service all other employment benefits provided by your employer will cease.

I was previously a member of the Baptist Ministers' Pension Fund or the Baptist Union Staff Pension Scheme. What if I am receiving a benefit under the income protection cover but wish to consider taking ill health early retirement?

- If you were a contributing member of the Baptist Ministers' Pension Fund or the Baptist Union Staff Pension Scheme as at 31 December 2011 and
- you have had continuous active membership of the DC Plan since 1 January 2012 and
- you are permanently incapacitated,

you may be able to seek an ill health early retirement pension from the relevant pension scheme.

For further details of the ill health early retirement benefit please refer to the Explanatory Booklets for the BPS (previously called the Ministers' Fund) and/or the Baptist Union Staff Pension Scheme Defined Benefit plans.

PLEASE NOTE YOU SHOULD ENSURE YOU FULLY UNDERSTAND THE OPTIONS AS THERE ARE CIRCUMSTANCES IN WHICH IT MAY BE MORE ADVANTAGEOUS FOR YOU TO CONTINUE TO RECEIVE THE INCOME PROTECTION BENEFIT THAN TO TAKE INCAPACITY RETIREMENT FROM THE SCHEME.

YOU WILL NOT BE ABLE TO RECEIVE BOTH THE INCOME PROTECTION BENEFIT AND AN INCAPACITY PENSION FROM THE STAFF SCHEME SIMULTANEOUSLY.

If you are a Minister on Leave of Absence or out of pastorate seeking settlement, cover under the Policy can continue for up to two years if BUGB agrees and you remain a contributing member of the Baptist Pension Scheme.

Other important information

If Policy benefits are payable whilst you are also entitled to Statutory Sick Pay or other contractual sick pay elements from your employer, then the Policy benefits will be reduced by the corresponding amount so that income remains no greater than 50% of your Pensionable Income.

If you are eligible to receive State incapacity benefit payments, then these will normally be in addition to the payments under this arrangement.

The insurer may take into account any other payments or income you receive from other sources eg other insurance, or earnings from elsewhere. If you already have your own insurance against incapacity, you may wish to discuss this with your financial advisor.

It is BUGB's intention to maintain this Policy in the long-term, but it reserves the right to amend and/or terminate the benefits provided by the Policy in the future. You will be advised if this becomes necessary.

These notes are intended to provide an outline of the benefit insured under the Policy. However BUGB will not be liable in respect of any error or omission in these notes and all benefit payments are subject to the insurer's terms and conditions and its payment of the corresponding claim amounts.

If you have any queries about the Policy, in the first instance please contact Broadstone at

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