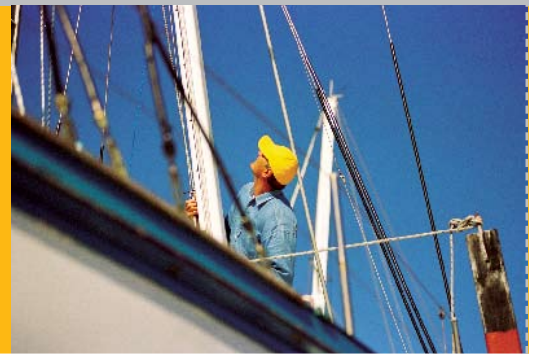


# ▶ INCOME PROTECTION

*protect your greatest asset*



## AT A GLANCE

- ▶ Your ability to earn an income is your most important asset – if disability prevents you from working you need to protect your earning power to meet your commitments and achieve your goals.
- ▶ This policy is a flexible plan that will pay you an income should you be sick or disabled. It has a range of features and additional options to allow you to customise the product to suit your individual requirements.
- ▶ There are two variations of cover available – Indemnity and Agreed Value - a description of these is provided under Key Facts.
- ▶ If you have a small business or are in a partnership you can select the Business Overheads/Locum option. This would allow you to claim the costs associated with the running of your business or the cost of a locum while you are unable to work due to illness or injury

## WHY YOU NEED IT

- ▶ The financial consequences of a disability or extended illness could be devastating for your lifestyle and those that depend on you. A person will earn on average over \$1.5 million through their working life. A prolonged absence from work or a return to work in a reduced capacity could have a severe impact on your future financial security.
- ▶ Around one in six of the working age population has a disability. Of those with a disability 10% within the working age population are disease or illness related and 38% are attributed to accident or injury.\*

\* Source: Statistics New Zealand, Disability Counts 2001

## KEY FACTS

### Ages

- ▶ You can take this cover from age 17 to age 59.
- ▶ This policy ceases at age 65.

### Level of cover

- ▶ The maximum monthly benefit is \$20,000 – subject to financial and medical underwriting acceptance.
- ▶ You can choose benefit periods of 2 years, 5 years, or to age 65.
- ▶ There is a minimum 4-week waiting period before your benefit would be paid. As individual circumstances such as sick leave entitlements and savings vary from person to person, you can choose a longer waiting period of 8 weeks, 13 weeks, 26 weeks or 52 weeks.

### Premiums

- ▶ Payable fortnightly, monthly, half-yearly or annually.
- ▶ Premiums are fixed for one year at a time and will normally increase annually in line with age.
- ▶ Premiums are based on your age, sex, smoking status, occupation, whether or not you are self-employed, the composition of your plan and the level of benefit chosen.
- ▶ After 5 years, Fidelity Life provides a loyalty discount on the cost of cover. This discount applies irrespective of any claims you have made.

### Two variations of cover

- ▶ **Indemnity** – Up to 75% of your pre-disability income can be insured if you select this benefit. We understand premiums on this plan are tax-deductible and that benefits are assessable as income.
- ▶ **Agreed Value** – The level of benefit is determined when you start the policy by averaging your earnings over the past three years if you are self-employed. You can apply for a benefit to a maximum of 55% of this amount. We understand that premiums are not tax-deductible and that benefits are not assessable as income.

## STANDARD BENEFITS (automatically included)

- ▶ **Benefit period** - benefits are paid until you recover from your disability or to the end of the benefit period, whichever is sooner. You can select a benefit period of: up to 2 years; up to 5 years; or to age 65.
- ▶ **Partially off work benefit** – If you have been totally off work for at least two weeks and return to work in a reduced capacity because of your disability, Fidelity Life will pay a partial benefit if your earnings are under 75% of your pre-disability income. This benefit is payable until your earnings exceed 75% of your pre-disability income or until the end of your chosen benefit period, or until you recover from your disability. Your normal waiting period applies.
- ▶ **Premium Holiday if on leave without pay** – you can suspend cover during a period of leave without pay, i.e. compassionate, maternity, paternity, sabbatical, or study leave at a registered educational centre, and reinstate your cover without medical evidence within 12 months of taking leave. The maximum cover under this benefit is \$8,000 per month.
- ▶ **Recurrent disability benefit** – If you suffer a relapse within six months of returning to work, the waiting period will be waived and your benefit will recommence until you are no longer disabled or the benefit period ends.
- ▶ **Recovery benefit** – If you have been totally disabled for at least one month and return to work in a reduced capacity earning less income you can enrol in a vocational retraining and rehabilitation course approved by Fidelity Life and continue to receive your benefit for up to six months.
- ▶ **Replacement benefit** – If you are self-employed at claim time you may choose to employ a replacement and claim the cost of that person (up to a maximum of \$5,000 per month) rather than receive the disablement benefit. This enables your business to continue uninterrupted.
- ▶ **Unemployment** – If you have been unemployed for three months or less at the time of making a claim your benefit will be assessed as if you were still working. If you have been unemployed for more than three months at claim time the definition for disability is based on not being able to perform two activities of daily living.
- ▶ **Option to add savings** – If you have chosen a risk-only plan but later decide you want to start investing for your future, you can convert your policy to any of our flexible investment plans and retain your Income Protection benefits.

## OPTIONAL BENEFITS

### Inflation-proofing

- ▶ You can choose to have your cover increase each year in line with the Consumer Price Index, regardless of health, to ensure your benefit keeps pace with inflation. We will advise you of the level of indexation each year.

### Reduction in Premium

- ▶ You have the option of taking a 20% reduction in premiums on a 'to age 65' benefit and a 7.5% reduction on a 5-year benefit period if you limit the benefit period for a mental disorder or back claim to 24 months. Benefits will be payable beyond 24 months if you are unable to undertake two activities of daily living. Benefits for other disabilities are payable until the end of the benefit period you have chosen.

### Add other options/insurance covers

You can also add the following to your plan (additional premiums apply)

- ▶ **Claims escalation** – With this option your benefit will increase in line with the Consumer Price Index in each successive year of claim. The maximum increase is 10% per annum.
- ▶ **Waiver of premium** – Fidelity Life pays the premiums on your policy during a period of disability after the waiting period has been completed. If your plan has an investment component, your contributions will be credited to your policy in order to protect your long-term savings goals. This benefit ceases at age 65.
- ▶ **Extended benefit** – Income Protection benefits normally cease at age 65. However by adding this option to your plan, your benefits will continue if you have been disabled for at least three months prior to your 65th birthday and you are unable to perform two or more activities of daily living.
- ▶ **Booster benefit** – This option increases your benefit by one third during the first three months of your claim when the costs associated with your disability are often higher.
- ▶ **Hospitalisation and nursing care benefit** – If you are confined to hospital during the waiting period this benefit commences after three days and continues until you are discharged from hospital, no longer need regular nursing, or until the end of the waiting period.
- ▶ **Business Overheads/Locum Cover** – This option is designed for small businesses or partnerships. It allows you to claim the costs associated with the running of your business or the cost of a locum while you are unable to work due to illness or injury.

A separate fact sheet is available for Business Overheads/ Locum Cover.

**Important note about this Fact Sheet** - This Fact Sheet is a convenient summary of the key points of this insurance policy. It is not, and is not intended to be, a policy document. Details of definitions, benefits, terms and conditions are contained in the official policy document which is available from your financial adviser. You should read the policy document carefully to make sure you understand exactly what cover is provided under each benefit.



Fidelity Life first achieved its 4-star Morningstar rating in April 2004. Morningstar is the independent international provider of investment product information.

FIDELITY LIFE ASSURANCE COMPANY LIMITED HAS AN

**A** - (EXCELLENT) RATING

GIVEN BY A.M. BEST, A SPECIALIST INSURANCE RATING AGENCY

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