

Example Content for Advisers Suitability Letters

Suitability Letter – Example Paragraphs

Disclaimer

There are many reasons why the products provided by Holloway Friendly may be suitable for your clients. The following example paragraphs are written to help you to explain the products and their features. The paragraphs cover general principles and our product features.

Our hope is that you will find some of these paragraphs helpful and that you can include them, amended as necessary to reflect your particular advice for each customer, in your suitability letters. These paragraphs are not intended to replace a detailed assessment of your clients' needs.

Holloway Friendly have sought to ensure the contents of these paragraphs are accurate at this time. However, they are examples and Holloway Friendly does not accept any liability whatsoever as a consequence of use.

	Category	Content
1	Why Holloway Friendly?	Holloway Friendly is a well-established business and were the originators of the concept of income protection in 1880. They have an excellent reputation as an understanding and sympathetic business and have an admirable record for claims payment.
2	Why Friendly Society?	Holloway Friendly is a mutual society and has no shareholders. This means the business is owned by their members and exists solely for their benefit. Effectively the employees of the business are answerable to you and, as a member, you will be entitled to attend the Annual General Meeting and contribute to the direction of the business.
3a	Which contract? Purely Income Protection (summary)	We discussed the Purely Income Protection plan. This plan is designed for clients who want the security of income protection throughout the plan term to the plan end date. It will pay you a regular benefit to replace a loss of earnings if you were unable to work due to illness or injury.
3b	Which contract? Short Term Income Protection (summary)	We discussed the Short Term Income Protection plan. This plan has the benefit paying period per claim restricted to 1 or 2 years depending on the choice made at outset, and is designed for clients who wish to minimise outlay but still have quality cover.

3c	Which contract? Classic Plus Income Protection (summary)	We discussed the Classic Plus Income Protection plan. This plan is designed for clients who want the security of income protection throughout the plan term to the plan end date. It will pay you a regular benefit to replace a loss of earnings if you were unable to work due to illness or injury. Additionally, the plan aims to provide a cash lump sum at the plan end date. The main purpose of this contract is to protect your income. The cash sum built up over the term of the contract is a secondary purpose, with the greater proportion of the premiums paying for the protection cover with a limited amount contributing to the cash sum.
4	Why age-costed premiums? (applicable to all 3 plan types)	The premiums for the plan are on an age costed basis which I believe is an advantageous approach for most clients. Age costed means that the premium basis is pre-determined, set out in a rate table provided at the time the cover is taken out, so you know what you will have to pay throughout the lifetime of the plan. Whilst the premiums payable will increase each year as you get older, this effectively means you accurately pay for the cover you receive each year. This compares to the "level-premium" approach where premiums paid in the early years of a plan effectively subsidise the premiums in the later years.
5a	Sick pay (employed)	During our discussion you advised me that your employer would continue to pay your full income for ** weeks after you became ill or were injured. I recommend a plan that links with your sick pay arrangements and will start to pay a benefit after ** weeks.
5b	Sick pay (self-employed)	As you are self-employed you have no safety net of ongoing employer support were you to become ill or injured. You would be reliant on using your own funds or savings were you unable to work due to illness or injury. I recommend a plan that will start to pay a benefit after ** weeks.
6a	Savings (not to be used to replace income)	During our discussion you indicated that you have easily accessible funds of £xx with your bank and less accessible investment funds (e.g. ISAs / investment trusts) of £yy. You confirmed that you did not want to rely on these funds to meet your everyday bills and financial commitments if you were unable to work as a result of illness or injury. As a result I recommend that you take out a plan with the

		maximum cover for your income.
6b	Savings (to be used to replace income)	During our discussion you indicated that you have easily accessible funds of £xx with your bank and less accessible investment funds (e.g. ISAs / investment trusts) of £yy. You confirmed that you would be willing to use these funds for a period of x months after you were unable to work. I have taken this into account in making my recommendation.
7a	Other insurance plans (yes)	I note that you indicated that you currently have an income protection plan in place with XYZ Ltd which would provide you with a regular benefit of £xx if you were unable to work as a result of illness or injury. I have taken this plan into account in reaching my recommendation.
7b	Other insurance plans (no)	I note that you indicated that you do not have any income protection cover in place to provide you with a regular benefit if you were unable to work as a result of illness or injury.
8a	Which contract? Purely Income Protection (detail)	As a result of our discussion I am recommending the Holloway Friendly Purely Income Protection Plan. This plan will <ul style="list-style-type: none"> • pay you a regular benefit to replace a loss of earnings if you are unable to work due to illness or injury • offer you a choice of how soon benefit should commence after illness or injury to allow for any period you expect your earnings to continue • provide cover for the duration of the plan no matter how many claims you make • be flexible and may be changed in the future according to circumstances.
8b	Which contract? Short Term Income Protection (detail)	As a result of our discussion I am recommending the Holloway Friendly Short Term Income Protection Plan. This plan will <ul style="list-style-type: none"> • pay you a regular benefit for up to the specified benefit term to replace a loss of earnings if you are unable to work due to illness or injury • offer you a choice of how soon benefit should commence after illness or injury to allow for any period you expect your earnings to continue

8b cont...		<ul style="list-style-type: none"> • provide cover for the duration of the plan, but limit the benefit payment period for any claim made to 1 or 2 years – this assists in reducing the amount of premium (compared to an unlimited plan) to reflect the budget you have available for income protection cover • allow you to make unlimited claims over the plan term, subject to the limit mentioned above • be flexible and may be changed in the future according to circumstances.
8c	Which contract? Classic Plus Income Protection (detail)	<p>As a result of our discussion I am recommending the Holloway Friendly Classic Plus Income Protection Plan. This plan will</p> <ul style="list-style-type: none"> • pay you a regular benefit to replace a loss of earnings if you are unable to work due to illness or injury • offer you a choice of how soon benefit should commence after illness or injury to allow for any period you expect your earnings to continue • provide cover for the duration of the plan no matter how many claims you make • build a tax free cash sum to be paid to you at the plan end date • be flexible and may be changed in the future according to circumstances.
9	Age at plan end	<p>You are currently aged xx, and whilst working life nowadays is a flexible concept, your intention is to continue to work (delete as necessary)</p> <ol style="list-style-type: none"> 1. until age yy. 2. until you qualify for the UK State Pension age, which for you is zz. 3. until age 70. 4. for as long as possible.
10	Term	<p>I recommend that we put the income protection cover in place to match your intended working life so that the cover ends at the same time as you plan to cease working, when your need for income protection cover would end. This means that the term of cover will be (delete as necessary)</p> <ol style="list-style-type: none"> 1. xx years. 2. xx years. 3. xx years. 4. The cover cannot be in place beyond your 70th birthday so this means the term of the cover will be xx years.

11a	Deferred period (employed / not using savings)	Your employer will continue to pay your full income for ** weeks after you become ill or were injured. You also indicated that you would not wish to use any savings to replace your income. So, I recommend that the deferred period i.e. the period between you becoming ill or injured and the payment of benefit commencing, should be ** weeks.
11b	Deferred period (employed / using savings)	Your employer will continue to pay your full income for ** weeks after you become ill or were injured. You also indicated that you would be able to live off of savings during a subsequent period of ** weeks (and there may be multiple occasions when you need to draw on your savings over the term of the plan). So I recommend that the deferred period i.e. the period between you becoming ill or injured and the payment of benefit commencing, should be ** weeks.
11c	Deferred period (self-employed / not using savings)	You have self-employed status and do not wish to use your own funds to live on were you unable to work due to illness or injury. So I recommend that the deferred period i.e. the period between you becoming ill or injured and the payment of benefit commencing, should be as short as possible. As a result I propose that the deferred period should be ** weeks.
11d	Deferred period (self-employed / using savings)	You have self-employed status and you indicated that you would be able to use your own funds to live on were you unable to work due to illness or injury for a period of ** weeks (and there may be multiple occasions when you need to draw on your savings over the term of the plan). So, I recommend that the deferred period i.e. the period between you becoming ill or injured and the payment of benefit commencing, should be ** weeks.
12	Benefit / salary	<p>You have advised me that your annual income is Exx. The income you receive if you are unable to work due to accident or sickness is Eyy. It is usual practice in the industry to have a ceiling on the maximum benefit that can be provided – this reflects the impact of taxation and national insurance deductions. With Holloway Friendly the maximum benefit is 60% of your gross salary.</p> <ul style="list-style-type: none"> • I recommend that you take out cover of Eyy per year. • I recommend that you take out cover of £60.000 per year as this is the maximum benefit available.

		(delete as appropriate)
13a	Claim length – Purely Income Protection Plan	Based on my recommendation, if you need to make a claim for injury or illness and are never able to return to work then the benefit will be paid for as long as the cover lasts as long as you continue to meet the claims criteria. Additionally, if you return to work and then become ill or injured again then the benefit will start again subject to the claims criteria.
13b	Claim length – Short Term Income Protection Plan	Based on my recommendation, over the lifetime of the plan you can make multiple claims, and the benefit period for each claim is limited to the period we discussed. If you need to make a claim for injury or illness then the maximum period for which the benefit will be paid is 1 year / 2 years (delete as necessary). Subsequent claims will be paid throughout the plan term for up to the benefit period selected, and where the cause of incapacity is the same as the previous claim it may not be necessary for the Deferred Period to apply.
13c	Claim length – Classic Plus Income Protection Plan	Based on my recommendation, if you need to make a claim for injury or illness and are never able to return to work then the benefit will be paid for as long as the cover lasts if you continue to meet the claims criteria. Additionally, if you return to work and then become ill or injured again then the benefit will start again subject to the claims criteria.
14a	Escalating Benefit	During our discussion I illustrated the impact of inflation on your benefit level. To overcome this, I recommend that your benefits are set up to increase over the lifetime of the plan. This is achieved by selecting the Escalating Benefit option at outset, which means your cover will automatically increase on 1 st January each year in accordance with the rise in the Retail Price Index, with a maximum increase of 10%. If you select this option the premium will also increase. You will be advised what your new payment will be.

14b	Level Benefit	During our discussion I illustrated the impact of inflation on your benefit level. You indicated that this was not a concern for you because your cover will stay at the same level throughout the term. If at a later date you wish to increase your benefit level, you can apply to increase your benefit at any time as long as there is at least 5 years of the plan term remaining. The premium payments will increase when your benefit increases. The minimum amount of additional benefit is £50 per week subject to the maximum benefit levels. You should note that increasing the benefit in this way may be subject to an assessment of your health and earnings at the time the increase is requested.
15a	Incapacity / own occupation (Purely Income Protection Plan and Short Term Income Protection Plan)	Holloway Friendly will assess any illness or injury against a definition of incapacity. The criteria is known as “own occupation” as this approach is the most advantageous. The definition is ‘the total inability to perform all the essential duties of your own occupation and that you are not following any other occupation for profit or reward’.
15b	Incapacity / own / suited occupation (Classic Plus)	Holloway Friendly will assess any illness or injury against a definition of incapacity. The definition is “the total inability to perform all the essential duties of your own occupation and that you are not following any other occupation for profit or reward”. This definition changes after the claim benefit has been paid for 24 months to “you cannot perform your own or any occupation to which you are reasonably suited by status, training, education or experience and not following any other”.
16	Additional benefits	The Holloway Friendly product I have recommended has a number of attractive additional benefits automatically included in the product. This builds in a degree of flexibility irrespective of any changes that may arise regarding your health.

16a	Career break	The career break option may be useful if you want to suspend cover without actually cancelling the cover. You must have a plan for at least 36 months before you are eligible for a career break. If you take a career break, for example to raise a family, study, travel or redundancy, you can request that your cover is suspended. This can be for up to 24 months in total during the lifetime of the plan up to a maximum of 6 months in any 12 month period as long as the premiums are up to date. Your premium payments and entitlement to claim will be suspended for the duration of the career break, and premium collection will be restarted automatically after 6 months. Cover will be restored to the level it was before the start of the career break without the need for underwriting and you will be able to claim again once you have been back at work for 3 months.
16b	Guaranteed income option (Short Term Income Protection Plan only)	The Short Term Income Protection Plan allows you to fix your maximum benefit if you provide acceptable financial evidence within 6 months of taking out the contract. This option must be selected before the plan starts. If you select this option, the claim benefit is guaranteed against the salary/income you were receiving at the time of taking out the Plan. One benefit of this option is that at a time when you are experiencing issues as a result of your illness or injury you will not have to provide Holloway Friendly with evidence of your income.
16c	Medical expenses	The medical expenses benefit is useful as it could contribute to your recovery if you need to claim. If you are claiming benefit under your Plan, you could apply for the discretionary lump sum payment to be used towards the cost of a specified medical operation, or treatment that helps you make a speedier recovery.
16d	Proportionate benefit	The proportionate benefit aims to support your recovery if you are being paid plan benefit. If you are receiving a benefit but are unable to return to your pre-incapacity occupation, you may consider retraining for a new role which pays a lower salary. If so, you can request to be considered for a partial payment of benefit to support your re-training and, if agreed, the partial payment will be paid for up to 52 weeks.

16e	Rehabilitation benefit	The rehabilitation benefit aims to support your recovery if you are being paid plan benefit. If you are receiving a benefit but could return to your pre-incapacity occupation in a part time or reduced role, you may be eligible to receive a reduced level of benefit in addition to your salary to support your transition back to a fulltime occupation and, if agreed, the partial payment will be paid for up to 52 weeks.
16f	Terminal illness benefit	Whilst no one wants to consider the bleak scenario of being diagnosed as terminally ill, Holloway Friendly do offer financial support irrespective of whether a claim is being paid. Upon the diagnosis of a terminal illness where life expectancy is less than 12 months, Holloway Friendly will pay a lump sum equivalent to six months plan benefit. Additionally, the monthly Plan benefit will commence with immediate effect and will cease upon death. Alternatively, if you are already receiving the monthly Plan benefit the lump sum payment will be paid as an additional amount.
16g	Waiver of premium (Purely Income Protection Plan and Short Term Income Protection Plan)	The plan I have recommended will also refund premiums paid during a claim.
16h	Waiver of premium (Classic Plus Income Protection Plan)	The plan I have recommended will also refund premiums after 52 weeks of paying Plan benefit.
17	Claim payment	Holloway Friendly has an excellent reputation for their understanding and sympathetic approach to claims handling. As long as it suits the member to do so, the claims process is handled over the telephone without the need for lots of form-filling (a paper based approach is also possible if preferred), and a decision made as quickly as possible, in some cases may be a number of hours. They will continue to provide support throughout the claim. Once the claim is agreed the benefit will be paid into your bank account every two weeks for as long as your claim continues.

18	Tax free cash sum (Classic Plus only)	An attractive part of the Classic Plus Income Protection Plan is the potential to build a cash sum from the 4th year of membership with the aim of providing a cash sum when the plan ceases at the end of the term you select. The lump sum builds over the lifetime of the plan as a result of the addition of bonuses awarded annually at the discretion of the Board, and under current legislation is tax free.
19	Member Assistance Programme	Holloway Friendly provide a support mechanism to all clients irrespective of whether they are making a claim. They offer a very useful Members Assistance Programme, which is a support service that offers free counselling, information and advice to all members. The service is provided by a specialist party to maintain confidentiality.
20	Taxation	Current tax legislation in the UK means that if you pay your premiums from your personal taxable income then Holloway Friendly will not make any deduction from any claim benefits paid to you. Please note that taxation rules on the treatment of income protection plans from any provider could change in future.
21a	Conclusion (Purely Income Protection and Short Term Income Protection Plan)	It is important that you consider the points covered above in conjunction with the Key Features document and quotation/s that I have provided to you.
21b	Conclusion (Classic Plus Income Protection Plan)	It is important that you consider the points covered above in conjunction with the Key Information Document, Product Guide, Schedule and quotation/s that I have provided to you.

Contact us.

We're here to help.

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We're here

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