



CPSU INCOME PROTECTION SCHEME

MEMBER INFORMATION BOOKLET

June 2007



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This Scheme has been devised and is administered by

Lyons Financial Services
Office 1, Dunboyne Business Park
Dunboyne, Co.Meath

Telephone (01) 1890 304 304
Email: query@lyonsfinancial.ie
Website: www.lfs.ie

The benefits of the Scheme are underwritten by Irish Life Assurance plc.

FOREWORD

The purpose of this booklet is to explain simply and concisely the benefits of the Scheme. Members should however note that this booklet is only intended to give an outline of the Scheme and does not create or confer any rights.

The full provisions are contained in a policy issued by Irish Life Assurance plc. In the event of a dispute, the terms of the policy shall prevail. A copy of this policy document is available, on request, for inspection.

The rates, terms and conditions of the Scheme should be far superior to those that may otherwise be available to an individual effecting this vital cover on a personal basis.

SECTION 1 – OBJECT OF THE SCHEME

The object of the Income Protection Scheme is to provide an income to members in the event of long term disability and to supplement any early retirement pension that may be payable under the Superannuation Scheme or State benefits (if any), subject to a maximum percentage of pre-disability income.

The Scheme also provides a source of income in the event of long-term partial disability provided that normally such disability follows a period of receipt of benefit for total disability.

SECTION 2 – SCHEME BENEFITS

When will the benefit be paid?

The income will be paid monthly in arrears after you have been absent from work due to illness or injury for either

- (a) 26 weeks illness in 12 months.
- or
- (b) 365 days cumulative sick leave in a four year period whichever occurs first and after you have satisfied the insurer that you are disabled for the purposes of the Scheme.

What benefit will I receive if I am totally disabled?

The income payable under the Scheme has been devised to complement your entitlement to State disability benefit, your employer's own sick pay arrangement and the ill-health early retirement conditions under the Pension Scheme.

The benefits payable are:

- 25% of salary for the first six months, where the claim arises under (a) above
- 75% of salary less Social Welfare at the single person's rate and less ill-health early retirement pension entitlement, whether paid or not, after you have completed 365 days sick leave in a four year period.

See page 12 for full details.

What happens if I do not retire?

In the first two years of a claim, if you are not in receipt of an Early Retirement Pension (ERP), we will not deduct an ERP from the benefit paid. If you are subsequently early retired, the ERP will be applied retrospectively and Irish Life will be refunded accordingly.

What benefit will I receive if I am partially disabled?

A proportion of the income will be payable if, following a period of receipt of benefit for total disablement and, with the written permission of Irish Life, you resume your normal occupation in a reduced capacity with reduced earnings or, you undertake some other occupation at reduced earnings as a result of such disablement. The benefit payable in the event of partial disability must not exceed the benefit payable in the event of total disability.

Definition of Disablement

a) Total Disablement

The inability of the member to carry out the duties of his/her normal occupation because of sickness or accident and not following any other occupation.

b) Partial Disablement

The member having been disabled as in (a) but subsequently undertaking some work for reward or profit either in his/her own occupation or in another occupation.

Does the disability income increase?

Yes. After you have been in receipt of income from the Scheme for 12 consecutive months, the income under the Scheme will increase annually by 3% or the increase in the consumer price index (CPI), whichever is the lesser.

On what salary is my cover based?

Your salary is defined as:

"Basic salary at the end of the deferred period plus the average annual total of any other payments which are taken into account for superannuation purposes in the best 3 consecutive year period out of the 10 years prior to the commencement of

disability. This will include all superannuated earnings received in addition to basic salary such as premium payments, weekends, bank holidays, night duty and most allowances. Overtime does not normally count unless it is a permanent feature of the member's roster.

What benefit will I receive if I am not a member of the Superannuation scheme?

If you not a member of the Superannuation scheme you are not entitled to an Early Retirement Pension should you become disabled. However, you will be paying full PRSI contributions and therefore may be entitled to a Social Welfare Disability benefit, in the event of disability.

Therefore the benefit you will receive under the scheme will be 75% of your salary less the single person's Social Welfare Disability Benefit after 13 consecutive weeks illness.

What if I already have some form of Income Protection?

If you already have an Income Protection policy you should bear in mind that the cover provided by such a policy may 'overlap' with that provided by the CPSU Income Protection Scheme, ie. it will be taken into account when calculating how much benefit should be paid under the scheme to ensure you receive no more than 75% of pre-disability salary.

For how long will my Income Protection benefit be payable?

The benefit will be payable until the earliest of:

1. You recover
2. If while in receipt of benefit you re-engage in your normal occupation or engage in some other occupation for profit or reward without the prior written consent of the Insurer
3. Death
4. The attainment of age 65 (or 67 for new entrants to the Civil Service since 1st April 2004)
5. You reside, without the Insurer's written approval, for a period of six months outside Ireland and the United Kingdom.

6. You cease to be a permanent and pensionable employee and / or a member of the CPSU for reasons other than early retirement on the grounds of ill-health.

What if I am employed on a temporary contract?

If you are a temporary employee and in receipt of a benefit under the scheme, you will only be covered for the duration of your contract, ie. your benefit under the scheme will cease on expiry of your contract.

What happens if I return to work and become ill again?

If you return to work after a period of claiming benefit through the Scheme only to find that you fall ill again within 26 weeks of your return to work, your claim will be considered immediately by Irish Life, ie. you will not have to wait the usual period before your benefit is paid. Naturally this is subject to Irish Life being satisfied that you are totally unable to carry out your duties under your normal occupation.

Are there any other benefits under the Scheme?

In the event of Accidental Death a benefit of €15,000 is payable.

Accidental Death is defined as 'Death as a direct result of a bodily injury arising from an external and accidental cause which leaves a visible bruise or wound'.

Certain exclusions will apply:

- If death is caused directly or indirectly by the person taking part in a criminal act
- If death is caused directly or indirectly as a result of the person's own deliberate act or by the person taking drugs or alcohol
- If death is caused by the person taking part in aviation other than as a fare paying passenger, motor car racing or motor cycle racing

This benefit is provided Free of Charge.

SECTION 3 – COST OF SCHEME MEMBERSHIP

How much does the Scheme cost?

Very little! This scheme is extremely good value for members. It is negotiated on a group basis which is designed to make it affordable for all members. The current rate of contribution is just 0.67% of salary.

This rate of contribution is subject to review every three years.

Do I get tax relief on the Premiums paid?

Yes. You are eligible for tax relief at your highest rate of tax. The net cost to you will be 0.516% of salary. This tax relief will be granted at source ie. as your contribution is being deducted from your salary. It will not be necessary for you to personally claim this relief.

| Salary | Weekly Contribution | Net Weekly Contribution |
|---------|---------------------|-------------------------|
| €25,000 | €3.22 | €2.48 |
| €30,000 | €3.86 | €2.98 |
| €35,000 | €4.51 | €3.47 |

This is based on 2007 figures - 20% standard rate income tax relief and 2.9% PRSI relief. If you pay income tax at the standard rate and are a subclass B PRSI contributor. If you pay income tax at the higher rate of 41%, the savings would be even bigger.

Do I pay tax on the Benefit when it is paid?

Yes. Benefits are treated as earned income for tax purposes and, as such, will be taxed under the PAYE / PRSI system in the normal way.

SECTION 4 – JOINING THE SCHEME & AUTOMATIC COVER CONDITIONS

Who is eligible to join the scheme?

To be eligible to apply for membership of the CPSU Income Protection Scheme you must be:

- a. Under age 65
and
- b. A member of CPSU
and
- c. Either a permanent employee who is working:
 - full time or
 - part time and working on average more than 8 hours a week or

A temporary employee who is working:

- full time or
- part time and working on average more than 8 hours a week and on a contract of employment of at least 12 months duration

What if I am a Job Sharer?

Eligible job sharing members of the CPSU who satisfy the above conditions may apply to join the scheme.

The benefits and contribution rate for job-sharing employees are currently based on their job-sharing and work sharing salary.

There are two options available to job sharers:

1. Those who wish to have cover based on full time salary

You can maintain cover based on your full time salary for a period of up to 3 years. You must elect this option at the outset. At the end of the 3 year

period if you are still job sharing your benefit will be based on your job sharing salary and your premiums will reduce accordingly.

2. Those who wish to have cover based on job-sharing salary

You can elect to have cover based on your job-sharing salary and to pay premiums on a pro rata basis. For example, if you are working 50% of a full week your premium would be 0.34% of salary. However if you work 60% of a full time week your premium would be full time equivalent salary 0.40% of salary.

Am I automatically covered for benefits under the Scheme?

If you are a new member joining the CPSU for the first time, you can apply to join the CPSU Income Protection Scheme automatically.

What is the position if I do not satisfy the Automatic Cover conditions?

If you were previously eligible for membership and you did not join the scheme or if you subsequently opted out of the scheme and you wish to rejoin, you will be required to complete an application form.

This Application Form contains a number of medical questions. On receipt of your Application Form, the Insurer will decide whether they require any additional medical evidence before making known their terms. Additional medical evidence usually takes the form of a report from your own doctor and/or an independent medical examination.

Where you are required to complete an Application Form, cover will not apply until the Insurer has accepted you as a member and issued written terms of membership. In certain cases the Insurer may apply special terms or decline to offer cover. Where you are required to complete an Application Form, deductions from your salary will not commence until the Insurer has issued written terms of membership.

When does my membership begin?

Your cover begins from the date Irish Life accepts your application to the Scheme. Members receive a formal acceptance letter confirming they have been included as members of the scheme. Please note that it is your responsibility to make sure that the deductions are taken from your salary.

Are all applications accepted?

In a small percentage of cases membership of the scheme may be refused. In such cases applicants will receive a letter confirming that they have not been accepted into the Scheme. In other cases membership may be offered subject to the condition that certain illnesses are excluded from cover or subject to the payment of an additional contribution.

Will evidence of health be required as my cover increases?

Once you have been accepted for membership, either on satisfying the automatic cover conditions above or on subsequent submission of an Application Form, your cover will increase automatically as your salary increases without the need for further evidence of health. Cover is subject to the Insurer's benefit limits – as detailed in Section 5.

Where do I return completed Application Forms to?

All completed Application Forms should be returned to:

Lyons Financial Services,
Office 1, Dunboyne Business Park
Dunboyne, Co.Meath

Telephone (01) 1890 304 304
Email: query@lyonsfinancial.ie
Webite: www.lfs.ie

SECTION 5 – GENERAL CONDITIONS

Will benefits be paid if I suffer injury or illness outside my place of employment?

Yes. Cover is provided on a 24 hour basis, up to normal retirement age, ie. up to age 65 (or 67 for new entrants to the Civil Service since April 1st, 2004). You are covered for world-wide travel be it either for the purpose of business or pleasure subject to your being ordinarily resident for tax purposes in the Republic of Ireland, unless Irish Life agree otherwise. If a member wishes to reside elsewhere, prior consent of the insurers must be obtained.

In the event of a claim and the member is living outside of the Accepted Residences (ie. Ireland and the United Kingdom), then the claim will only be payable for a maximum of 6 months, where the claimant remains outside the Accepted Residences unless Irish Life agree otherwise.

Are accidents and illnesses covered?

Yes, except if disability arises from wilfully self-inflicted injury or illness.

Are accidents while flying covered?

Yes.

If I am in receipt of Benefit do I still pay premiums?

No. When the deferred period is completed and a claim is admitted by the Insurer no premiums are payable until the claim ceases.

Will I be covered if I return to work after Benefit has ceased?

Yes. Once you have been accepted by the Insurers for an amount of benefit they cannot restrict the cover on account of subsequent medical history.

Do I pay premiums if I am absent from work?

If you are absent from work through injury or illness and in receipt of pay, premiums will be deducted. If your pay ceases so that deductions cannot be made you will remain covered for a maximum period. This maximum period will be the period between the day pay ceases and the completion of the deferred period. Outstanding premiums will be recovered on return to work or if a claim is paid.

What happens if premiums are not deducted?

If premiums are not paid, cover under the plan ceases. It is your personal responsibility to ensure premiums are deducted or otherwise paid. Failure to deduct premiums does not create a liability on your employer whose duty is to account for premiums actually deducted.

What happens if I am on Maternity Leave?

Your cover will continue for the duration of your paid maternity leave.

What happens if I take unpaid Parental or Maternity Leave?

If you take unpaid parental or maternity leave, your cover will continue automatically without charge, subject to a maximum of 18 weeks in any one year. Premiums in respect of this period will be waived and deductions will recommence on return to work.

If you take unpaid Parental or Maternity Leave for longer than 18 weeks in any one year, your cover under the Scheme will cease until you return to work.

What happens if I take unpaid leave to take care of a dependant relative?

If you avail of your entitlement to take unpaid Carer's Leave, no contributions to the Scheme will be collected in respect of periods for which you are on leave as you will not be paid a salary. Nonetheless your cover will continue unaffected while you are on leave and no repayment of the missing contributions will be sought. However, this is subject to the period of leave being no longer than 18 weeks in total. Where the period of leave is longer than 18 weeks, you should contact Lyons Financial Services for details of options available to you.

What if I am a term timer?

Typically term timers work 9 months of the year and take unpaid leave for 3 months. They generally have two options regarding pay:

1. Be paid as normal for the 9 months they are working
2. Spread their salary over the full 12 months of the year

In general term timer's benefits are assessed in the same way as other members who take unpaid leave of less than 18 weeks. However, for those who work in a term time capacity on a regular basis (ie. over each year for periods of two or more years) cover under the scheme remains in force with benefit based on the actual salary you were receiving over the previous 12 month period.

What happens if I go on Career Break or Unpaid Leave of Absence?

You are not on cover whilst on Career Break or Unpaid Leave of Absence as there is no salary to protect. Members who take a Career Break or Unpaid Leave of Absence for up to 12 months will rejoin the scheme automatically on return to work and deductions will recommence immediately.

If the duration of a Career Break and / or Unpaid Leave of Absence exceeds 12 consecutive months, members will not rejoin the scheme automatically on return to work. Such individuals will be classified as 'new entrants' that do not satisfy the Automatic Cover conditions and, as such, will be required to complete Application Form B. Additional medical evidence may be required by the Insurer. Please see Section 4 for further information.

What happens if I leave employment?

Cover will automatically lapse on your ceasing to be an eligible member of the Scheme. You should consider seeking similar cover on a personal basis which can be arranged through Lyons Financial Services within 30 days of leaving this group scheme without providing further medical evidence.

What is the maximum benefit payable under the scheme?

Your benefit cannot exceed the lesser of:

(1) 75% of your Salary as defined

less:

- (a) any amount of salary, earnings, profit, monetary reward or remuneration which you are in receipt of from your normal occupation, or any other occupation or business that you may undertake subsequent to date of disablement;
and
- (b) any Ill-Health Retirement Pension which is payable as calculated on the normal basis as set down by your employer;
and
- (c) an amount equal to the State Disability benefit payable to a single person, if entitled;
and

(d) any benefit you are receiving under the Social Welfare Act other than sickness, disability or treatment benefits payable to you under the Social Welfare Acts;

and

(e) any benefit you are entitled to under any other insurance against accident or sickness or other similar arrangement (where appropriate such an amount will be annualised);

and

(f) any annualised amount awarded by an arbitration tribunal or Court of Law or agreed settlement sum or ex gratia payment attributable to loss of earnings arising out of any action relating to your disablement;

Or

(2) the maximum income protection benefit – currently €130,000 per annum

What is the Claims Procedure?

At the end of the third month of continuous disablement you should contact Lyons Financial Services who will provide the necessary forms. You should note the following:

- a) Admittance of a claim is subject to the Insurer being satisfied based on medical evidence received, that you are totally disabled from following your normal occupation.
- b) You may, as often as the Insurer decides, be asked to undergo a medical examination with an appropriate specialist, assessment by an occupational therapist or any other assessment or tests to include the taking and testing of blood, urine or other samples. Where you refuse to undergo, or fully comply with these requirements, then a claim will not be payable/paid.

You may also be asked to undergo medical rehabilitation with a view to being rehabilitated back to your normal occupation. Where you refuse to undergo, or fully participate in and commit to the medical rehabilitation, then a claim will not be payable/paid or may be discontinued.

The insurer may also arrange for one of its Health Claims Advisors to call to you at your home address, either before any decision is made to admit the claim, or while the claim is in payment.

While your claim is in payment, you may also be invited to attend a vocational consultant to explore other possible career options.

The insurer will meet the costs of these referrals.

- c) It must be emphasised that information required by the Insurer as outlined above must be dealt with fully and promptly. Undue delay, or failure to produce such information, may invalidate your claim.
- d) In the event of you failing to follow the advice of your own or any qualified medical practitioner all benefits payable or being paid under the scheme shall cease.

IRISH LIFE INCOME PROTECTION CLAIMS VISIT SERVICE

Irish Life operates a comprehensive claims visit service and aims to visit the majority of claimants at both the pending stage and while the claim is in payment. These visits are carried out by experienced Health Claims Advisors. The purpose of the visit is not to medically assess the individual, but instead to gather information in order that each claim can be managed as efficiently and proactively as possible. There will obviously be a discussion around the individual's medical condition and the likelihood of a return to work. These discussions are treated in the strictest confidence and only approved claims assessors in the Income Protection claims team or the Chief Medical Officer will have access to the report of the Health Claims Adviser.

The claims visit service provides Irish Life with the opportunity to explain the claims process in detail and it allows each claimant to become familiar with the valuable rehabilitation and other important clauses contained in the policy as soon as possible. The Health Claims Adviser will also be able to offer advice on Social Welfare entitlements, re-training, various courses available, career change programmes and rehabilitation.

The visit service is an extremely important part of Irish Life's claims management process. It is also important to reiterate that Irish Life's Health Claims Advisors are

not medical professionals and therefore the purpose of the visit is not to medically assess each individual claimant, but rather to offer whatever advice, assistance and encouragement that is appropriate.

Pending claimants are always visited by appointment and both the individual and the Corporate Human Resources Department will be notified in advance of such visits.

What happens if my claim is rejected?

If the claim is rejected, there are a series of appeal procedures. These are as follows:

1. Direct Appeal

This involves individual claimants making an appeal in which they should include any additional evidence to support their claim. Any such evidence is submitted for consideration by Irish Life and where relevant by Irish Life's Chief Medical Officer. If the evidence is accepted, the claim is paid.

2. Appeal to the Financial Services Ombudsman

In the event that a direct appeal is not successful and the claimant is dissatisfied with the outcome, an appeal may be submitted to the Financial Services Ombudsman. This process involves obtaining from Irish Life a 'signing off' letter and submitting this letter to the Financial Services Ombudsman with a request for a complaint form. This form must be completed and returned to the Financial Services Ombudsman with any relevant documentation.

Once your complaint has been accepted as a matter of investigation your financial service provider will be asked to respond to the issue raised. If your complaint cannot be accepted for investigation by the Ombudsman you will be informed as to the reason why. All the circumstances surrounding the complaint will be examined. Further information or supporting documentation may be requested from you.

Every case is judged on its individual merits. In some cases it may be possible to reach a settlement to the satisfaction of both parties. If this is not possible, the Ombudsman will adjudicate upon the matter.

Following adjudication, the complainant or the financial service provider concerned may appeal to the Ombudsman's decision to the High Court.

3. Arbitration

In the event that the Ombudsman finds against the claimant and the claimant is dissatisfied with the Ombudsman's decision, the case can be taken to arbitration by the CPSU under the Arbitration Acts. In such an eventuality, legal counsel are appointed by both parties who jointly agree on an arbitrator who will act as judge. Normally a full hearing is held during which the legal teams put their respective cases to the arbitrator and witnesses are called. Cross-examination by the other side is a common part of the process. Following the hearing, the arbitrator will make a decision. If the arbitrator finds in favour of the claimant, Irish Life will make a payment in accordance with the policy terms and conditions.

Under what circumstances can the scheme be amended?

Benefit levels and the rate of contribution are subject to review on a regular basis. The next review of the scheme will take place on June 1st, 2010. At such reviews the CPSU and the insurer reserve the right to increase or reduce the rate of contribution and vary the benefit levels under the Scheme for all members or to terminate the scheme as a whole.

SECTION 6 – FURTHER INFORMATION

If you have any queries in relation to your membership of the Plan, please contact:

Lyons Financial Services
Office 1, Dunboyne Business Park
Dunboyne, Co.Meath

Telephone (01) 1890 304 304
Email: query@lyonsfinancial.ie
Webite: www.lfs.ie

Still got a few questions...?

No problem, you can contact

Lyons Financial Services on 1890 304 304

Address: Office 1, Dunboyne Business Park, Dunboyne, Co. Meath

Email: query@lfs.ie

Website: www.lfs.ie

