

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## Product

**Income Protection Plus** from **Pharmaceutical and General Provident Society Limited** (trading as **PG Mutual**).

Visit <https://www.pgmual.co.uk/Contact-Us.aspx> or call **0800 146 307** for more information. Regulated by the Financial Conduct Authority.

4 December 2017.

## What is this product?

**Income Protection Plus** is a long-term permanent health insurance contract known as a Holloway contract.

The primary objective of **Income Protection Plus** is to provide you with income benefit in the event you are unable to work because of illness or injury. When income benefit payments will commence, how much will be paid and for how long will be agreed with you before your policy starts.

The secondary objective of **Income Protection Plus** is to pay you a lump sum when the Plan reaches maturity. This amount will vary according to the period for which the policy runs, and the Society's pooled claims experience, management costs and investment results during the policy term. Annual Bonuses will be declared at the discretion of the Board of the Society each year after taking into consideration the advice of the Society's Appointed Actuary.

The Society invests accrued surpluses from **Income Protection Plus** business collectively in a mix of equities, government gilts, corporate bonds, property and cash. This spread of asset classes allows for a balanced long-term investment strategy that is designed to ensure long-term fund growth within a framework that manages the level of investment market risk and the level of credit risk to ensure the fund is always sufficiently liquid to make insurance payments to policyholders when requested.

Your **Income Protection Plus** policy cannot be terminated by the Society unilaterally provided you observe the terms of your contract. You can end the policy yourself by giving us appropriate notice of your intention to do so.

## What are the risks and what could I get in return?

### Summary Risk Indicator ('SRI')



The SRI is a guide to the level of risk of this product compared to other products and aims to show you how likely it is that the product will lose money because of the movement in investment markets or because we are not able to pay you.

We have classified **Income Protection Plus** as 3 out of 7 which is a "medium-low" risk. This rates potential losses from future investment performance as very unlikely because of the spread of non-complex assets the fund invests in. The amount of the final lump sum payment will depend primarily on the Society's annual surpluses throughout your policy term. The level of an annual surplus will depend on the Society's pooled claims experience, management costs and investment performance. If investment performance is poor over a long period, or if sickness claims or management costs are significantly higher than expected, then it is possible that no capital sum will build up.

If you do not hold your **Income Protection Plus** policy until its maturity date the risk of getting back less than originally advised to you at outset is significantly higher. Although the policy should run to retirement age we recommend having it for a minimum of 10 years provided you still have a need for income protection cover.

If we are not able to pay you what is owed you may lose some or all your capital but you may benefit from a consumer protection scheme (please see the later section "What happens if Pharmaceutical and General Provident Society Limited is unable to pay out").

## Performance Scenarios

Investment	- £1,000			
Insurance Premium	- £843			
		1 year	10 years	20 years (Recommended holding period)

## Survival Scenarios

Stress scenario	What you might get back after costs	£0	£1,133	£4,030
	Average return each year	-100%	-46.84%	-19.68%
Unfavourable scenario	What you might get back after costs	£0	£1,796	£4,305
	Average return each year	-100%	-35.47%	-18.60%
Moderate scenario	What you might get back after costs	£0	£2,255	£5,747
	Average return each year	-100%	-30.13%	-14.23%
Favourable scenario	What you might get back after costs	£0	£2,827	£7,758
	Average return each year	-100%	-25.03%	-10.24%

Accumulated invested amount	£245	£1,999	£3,141
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## Death Scenarios

What you might get back after costs	£257	£2,658	£5,747
Accumulated Insurance Premium	£755	£8,001	£16,859

## What happens if Pharmaceutical and General Provident Society Limited are unable to pay out?

We are covered by the Financial Services Compensation Scheme ("FSCS") who you can write to at PO Box 300, Mitcheldean, GL17 1DY. Telephone **0800 678 1100**. Further information is available on their website [www.fscs.org.uk](http://www.fscs.org.uk)

This product is categorised as a long-term investment and under the above compensation scheme that means you are covered for 100% of loss on this product up to £85,000 through the FSCS should Pharmaceutical and General Provident Society Limited default. The investments underlying this product are managed on our behalf by the professional investment management firm Royal London Asset Management. They will use other nominees and custodians in the course of their investment work for us. The investment managers and their custodians and nominees are not covered by a compensation scheme but, were they to default, and this in turn caused Pharmaceutical and General Provident Society Limited to default, then you would still be covered by the FSCS because your contract is with Pharmaceutical and General Provident Society Limited.

## What are the costs?

### Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investments over time.

Investment Scenarios £1,000	If you cash in after 1 year	10 years	20 years (Recommended holding period)
Total costs	£1,011.86	£8,404.14	£16,858.86
Impact on Return (RIY) per year	104.84%	34.90%	19%

## Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period;
- the meaning of the different cost categories

### This table shows the impact on return per year

One-off costs	Entry costs	0%	The impact of the costs already included in the price. This is the most you will pay, and you could pay less. This includes the cost of distribution of your product.
	Exit costs	0%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs per year	0%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	19%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance fees	0%	The impact of the performance fee. We take these from your investment if the product outperforms its benchmark.
	Carried interests	0%	The impact of carried interests. We take these when the investment has performed better than benchmark.

## How long should I hold it and can I take money out early?

You should hold the Plan for as long as the income protection it provides is needed by you. By holding the policy for the medium to long term there is a greater probability that you will achieve the level of lump sum that you expected at the beginning of the policy.

If you cancel the policy, or fall into arrears before your 60th birthday, the accumulated sum will be subject to a deduction of the previous two years bonuses. If you cancel your policy after less than two years subscriptions, or if you are expelled from the Society at any time, you may forfeit all of your accumulated funds.

You can withdraw up to £500 for specified purposes agreed with us such as medical treatment, death of a close relative or financial distress, without a penalty charge.

## How can I complain?

If you wish to make a complaint about us, or another person who sold or advised you on this product, then please contact either in writing, or by telephone: The Secretary, Pharmaceutical and General Provident Society Limited, PG Mutual, 11 Parkway, Porters Wood, St. Albans, Herts, AL3 6PA; Telephone: 01727 840095.

## Other relevant information?

- Income Protection Policy Document
- Services and Costs Disclosure Information
- Your personal quotation for Income Protection Plus