

[www.pgmutual.co.uk](http://www.pgmutual.co.uk)

A GUIDE TO  
**Staff income  
protection**  
with PG Mutual

**We hope that you find this guide to PG Mutual's Staff Income Protection Plan useful. If you would like to know more, please contact us or visit our website.**

 call **0800 146 307**

 email **info@pgmutual.co.uk**

 visit **www.pgmutual.co.uk**

**UK employers are not always aware of what their responsibilities are when it comes to paying an employee who is off work sick. Some businesses do not have provision for unexpected accidents or illness within their workforce, and don't understand the legal implications of this. This could result in unbudgeted costs for a business, paying a staff member when they are unable to work over a long period of time due to illness or injury.**

At PG Mutual, we specialise in providing income protection solutions that enable businesses, for the cost of an affordable monthly premium, to limit their financial liability and to protect the income of their staff should they be unable to work due to an accident or illness.

A staff income protection plan for your business can provide a cost-effective sickness policy, as well as rewarding employees with a truly valuable staff benefit.

### How it works:

At PG Mutual, we handle any claims directly. If an employee falls ill or is injured and cannot work, we handle the claim and organise the relevant income payment. With the whole process from claim to payment being handled by us, you save administration time and money.

PG Mutual has designed this guide to provide you with an overview of the income protection scheme we can offer to you and your staff, to help you decide if this type of insurance is suitable for your business.

If, after reading this guide, you are interested in learning more about income protection solutions for your business, we would be happy to meet with you and answer any of your questions.

To speak to one of our Account Managers, call

**0800 146 307**

or email **enquiries@pgmutual.co.uk**

### Who are we?

PG Mutual is a not-for-profit friendly society. We have specialised in providing income protection for professional people since 1928. As a friendly society, we don't have outside shareholders, we are run for our members. We have a proven track record of working with employers to provide income protection cover for their staff and key personnel – and we pride ourselves in providing an excellent service to both the employer and their staff.

**“The problem with an accident is that it's unexpected – which is why having cover is so important. I never imagined I would have to take 18 months off due to ill health – and without the income I received from my PG Mutual plan, my business would have closed down. PG Mutual made everything easy, dealing with my claim quickly and with minimal paperwork. I can't speak highly enough of the service I received.”**

**Andrew Morrison**  
PG Mutual Member since 1993

### What do we offer?

PG Mutual offers an Income Protection Plan which can be tailored to suit your business and your budget, and will pay each staff member an income if they can't work due to illness or injury.



## Key features:

- **Cover is flexible** – you can cover all staff or just key team members, review cover at any time, and adjust cover according to your business' requirements.
- **An income protection plan that can form a structure for your business' staff sickness policy.**
- **No penalty for making a claim and no restrictions on the number of claims that can be made.**
- **Long term protection** – we pay claims until the employee can return to their occupation, or until they reach their policy retirement age, usually 65, whichever is sooner.
- **Subject to an individual's circumstances, benefit payments from PG Mutual are generally free from Income and Capital Gains Tax under current legislation.**
- **Our Income Protection Plan does not affect the employee's eligibility for Statutory Sick Pay, so they can receive any claim payment on top of their state sickness benefit.**
- **If they wish, a staff member can continue their policy independently once they leave your employment, taking on responsibility for their monthly subscriptions.**

## Benefits of protecting your staff include:

- **Saving your business money** – if someone is on long-term sick leave, we pay a proportion of their income so that you don't have to.
- **Standardising your sickness policy** – having income protection for your staff gives you a fair and effective sickness policy for your business in the event of a staff member unexpectedly falling ill or being injured.
- **Happy, productive staff** – providing income protection cover can be a cost-effective way to give your staff a benefit that makes a real difference.
- **You set the level of cover** – the amount that you want to pay for your employees' cover is set by you – so your staff are looked after, at a cost that works for your business. You can set cover to start when you decide, and tailor the requirements to meet your needs.

## Why do I need to protect my staff?

Not putting into place a structured staff sickness pay scheme can often prove to be a false economy, often resulting in employers paying an unknown long-term cost – which could have been avoided for a small monthly outlay.

**“Employers face an annual bill of around £9 billion pounds for sick pay – with around 300,000 people falling out of work and into the welfare system because of health-related issues each year.”**

www.gov.uk,  
February 2014.



## What level of cover should I give my staff?

Cover can be tailored to suit your business and even tiered to reflect your team structure. Cover levels can be chosen to suit your needs and to ensure adequate incentive remains for staff to return to work.

### The main considerations are:

There are currently two types of State Benefits, e.g. Employment and Support Allowance (ESA) for the self-employed and State Sickness Pay (SSP) for employees.

- **The amount of income you would like the staff member to receive each week** (up to 70% of their gross earnings or £1,200 a week, whichever is lower).
- **When you want the payments to start** – choose cover from a range of deferment periods – 7 or 14 days, 1, 3, 6 or 12 months.

### How claim payments work:

We pay 100% of the employee's benefit for the first two years of the claim. This reduces to 50% in year three, and then 30% for as long as the employee remains incapacitated or until they reach their policy retirement age, usually 65, whichever is sooner. The two-year period starts afresh with every new claim, subject to PG Mutual's terms and conditions.

Year 1 and Year 2	£1,200 per week*
Year 3	£600 per week
Year 4 ...to recovery or policy retirement age, whichever comes sooner	£360 per week throughout the duration of your claim

### A reward for your staff, too...

As a not-for-profit organisation, PG Mutual returns any surplus back to our members – meaning that alongside income protection cover, your employees will be entitled to an investment element that pays out on retirement.

**“I continue to find PG Mutual's service excellent and responsive to my needs. I am so glad PG Mutual exists and will continue to recommend you.”**

Rizwan Alibhai  
PG Mutual Member since 1993

**“Joining PG Mutual has been the best thing I have ever done and it has provided peace of mind for myself and my staff.”**

Asgher Mohammed  
PG Mutual Member since 1987

### Cover limits

The maximum amount of weekly cover is £1,200 a week or 70% of the employee's gross earnings, whichever is lower.

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PG Mutual is the trading name of Pharmaceutical and General Provident Society Ltd.  
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income protection plus