

# MY EARNINGS PROTECTED

## SPLIT DEFERRED GUIDE



A **split deferred period contract** is designed for situations where the amount the client gets paid from work reduces in stages if they're off ill for a period of time. **For example**, the client may be entitled to six months full pay followed by six months half pay from their employer. An example of this is a Police Officer, who receives six months full pay and six months half pay, and therefore selects a 26 and 52 week deferred period, which would result in staggered benefit amounts.

### TO QUOTE

To quote for a split deferred period, you must ensure both monthly benefit sections are completed. To help with calculating the required benefit amounts, see example calculations below.

MONTHLY BENEFIT * 	DEFERRED PERIOD *	ADD SPLIT DEFERRED PERIOD 
<input type="text" value="£ 375"/>	<input type="text" value="26 weeks"/>	<input checked="" type="radio"/> YES <input type="radio"/> NO
MONTHLY BENEFIT *	DEFERRED PERIOD 2 *	
<input type="text" value="£ 1250"/>	<input type="text" value="52 weeks"/>	

**Example: Full 65% of cover on a six months full six month half basis.** Work out the maximum benefit of your client's annual salary: Example salary = £30,000 giving them £1,625 a month maximum cover ( $£30,000 \times 0.65/12$ ).

**First deferred six months:** While your client is being paid 50% of their salary from their employer, we pay 15%. Annual salary  $£30,000 \times 0.15/12 = £375$  a month benefit.

**Second deferred 12 months:** When the client's employer no longer pays sick pay, we pay an additional 50% (making up the full 65%). Annual salary  $£30,000 \times 0.50/12 = £1,250$  a month benefit.

**Total benefit at 12 months = £1,625 a month.**

### **Example: Specific amount of cover on a six months full six month half basis.**

Work out the maximum benefit of your client's annual salary: Example salary = £30,000 giving them £1,625 a month maximum cover ( $£30,000 \times 0.65/12$ ).

Find out the amount the employer is paying the client:  $£30,000 \times 0.50 = £15,000/12 = £1,250$  a month. Now look at the amount of cover the client wants. For example, £1,500 a month benefit.

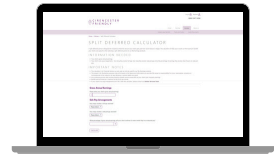
**First deferred six months:** While your client is being paid 50% from their employer, we'll pay £250 a month benefit (amount of cover £1,500 - £1,250 from employer).

**Second deferred 12 months:** When the client's employer no longer pays sick pay, we pay an additional £1,250 a month benefit (amount that the employer was paying).

**Total benefit at 12 months = £1,500 a month.**

### **SPLIT DEFERRED PERIOD CALCULATOR**

To help you with the calculations, check out our handy **split deferred calculator** available on our website at [www.cirencester-friendly.co.uk](http://www.cirencester-friendly.co.uk).



**HELPFUL TIP: Any continuing income and income protection benefit can't exceed 65% of the pre-incapacity earnings.**

### **WE'RE HERE TO HELP YOU**

If you have any further questions, please contact our **Adviser Services Team** on **0800 587 5098** or [adviserservices@cirencester-friendly.co.uk](mailto:adviserservices@cirencester-friendly.co.uk).

For any amendment queries, please contact our **Member Services Team** on **0800 587 5098** or [memberservices@cirencester-friendly.co.uk](mailto:memberservices@cirencester-friendly.co.uk).

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