



Key Features

Financial Foundations

The Financial Services Authority is the independent financial services regulator. It requires us, Lincoln Assurance Limited, to give you this important information to help you decide whether our Financial Foundations policy is right for you.

You should read this document carefully so that you understand what you are buying, and then keep it safe for future reference.

About this document

Choosing a financial product is an important decision, so you should always seek professional advice from a financial adviser. Before selecting Financial Foundations, you also need to know what the policy is, how it works, what the risks are, and what it can do for you. That's where this document comes in, providing information to help you and your financial adviser make an informed choice.

This is intended to be a summary and you should refer to the Financial Foundations policy document and your personal illustration for further details. This is available from your financial adviser, on our website or direct from us. Our contact details are on the back page.

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1. Aims, commitment and risks

Financial Foundations is a whole of life protection policy

Its aims

- To protect you and the people you care about with a choice of protection benefits to suit your individual needs.
- To provide a choice of life cover; critical illness cover; permanent disability cover; elderly care cover and income protection cover all under one policy.

Your commitment

- To pay a monthly, annual or single premium as shown in your personal illustration.
- To provide us with all the information we ask for when applying for this policy or when making a claim and to ensure this information is complete, true and correct.
- To tell us about any changes to this information, which occur before the plan starts and to update us with any changes to your personal circumstances that may affect your policy while it is in force. For example a change of name, address, telephone number, occupation, or if you become unemployed or plan to live abroad for any length of time.
- When making a claim, you or your personal representative, must notify us within the time limits described in **'What will stop the policy paying out?'** on page 14.
- To review your cover regularly with your financial adviser to ensure it continues to meet your needs.

Risks

- If you, or your personal representatives, do not provide us with full truthful and accurate information when applying for this policy or when making a claim, we may not pay a claim and your cover could be cancelled.
- This is a reviewable policy. This means that your premiums may need to increase, or we may request an additional single premium, in order to maintain the same level of cover throughout the term of your policy. These increases could be substantial. For information about the likelihood of your premiums increasing, please see your personal illustration.
- Inflation will erode the real value of the cover you select, unless you choose the index-linked benefit (see page 10).
- There may be circumstances where we will not pay a claim. Please see **'What will stop the policy paying out?'** on page 14.
- Since the main purpose of this policy is to provide insurance protection, the cash value is not guaranteed and may vary from that shown on your personal illustration.
- If you stop paying premiums into your policy, your cover may be cancelled and no benefits or refunds will be payable. See **'What happens if I stop paying into my policy?'** on page 14.
- The charges shown on your personal illustration could increase in the future.
- If you have protection policies with other providers, this could affect the amount you can claim with us and refunds of premiums will not be given. You should check this with your financial adviser before applying for this product.
- You can choose to invest in a range of funds which all carry a different level of risk. You should discuss your attitude to risk with your financial adviser to ensure your fund selection is right for you.

2. Your questions answered

What is Financial Foundations?

Financial Foundations is a protection policy designed to provide a range of protection benefits under one wrapper for you and your dependants.

What benefits does the policy offer?

- You can choose one, or any combination, of the following benefits:
 - life cover (including terminal illness)
 - critical illness cover
 - permanent disability cover
 - elderly care cover
 - income protection cover
- A waiver of premium option is also available and can be added to any of the above benefits. It is automatically included when the income protection cover is selected. Please see page 10 for details.
- Details of your chosen benefits along with the level of cover and premiums will be shown on your personal illustration.

Who can the policy cover?

- You can choose to cover:
 - just yourself by selecting a single life policy, or;
 - yourself and another person by selecting a joint life policy. This can pay out on either the first or second life.



About the benefits available

Life cover

What does the life cover provide?

- A lump-sum payment when you die or if you are diagnosed with a terminal illness.
- If you select cover on a joint life, second death basis the lump sum payment will be paid out only on the second death or terminal illness.
- If you are diagnosed by a doctor or consultant as suffering from a terminal illness and are unlikely to survive for the next 12 months (and this is confirmed by our Chief Medical Officer), we will pay the lump sum payment immediately.
- The lump sum payable on death or diagnosis of a terminal illness will either be equal to your chosen sum assured or 101% of the policy's *cash-in value* – whichever is the greater.

Is there an age limit for the life cover?

- The maximum age that you can apply for this benefit is 79 and the minimum age is 17.
- This cover can last throughout your lifetime, to any age.

Critical illness cover

What does the critical illness cover provide?

- A lump-sum payment if you are diagnosed (in most cases before the age of 75) with a critical illness, or if you undergo surgery for a condition that meets our policy definitions.
- The conditions we cover are:
 - angioplasty
 - aorta graft surgery
 - aplastic anaemia
 - bacterial meningitis
 - benign brain tumour
 - cancer
 - cardiomyopathy
 - coma
 - coronary artery bypass grafts
 - heart attack
 - heart valve replacement or repair
 - HIV infection
 - kidney failure
 - liver failure
 - major organ transplant
 - multiple sclerosis
 - pre-senile dementia (before age 65)
 - stroke
 - third degree burns
 - traumatic head injury.
- Full details of the critical illness conditions covered are provided in our critical health options booklet. You should read this so you understand what is and isn't covered. A copy is available from your financial adviser, on our website or by contacting us.
- Complimentary cover for your children is provided at no extra cost. Cover up to a maximum of £15,000 or 50% of the parents' sum assured is available, whichever is the lowest.

Is there an age limit for the critical illness cover?

- The maximum age that you can apply for this benefit is 64 and the minimum age is 17.
- Critical illness cover will automatically cease at age 75.

Permanent disability cover

What does the permanent disability cover provide?

- A lump-sum payment if you are diagnosed with one of the following conditions and it is deemed to be total, permanent and irreversible:
 - blindness
 - deafness
 - loss of hands or feet
 - loss of speech
 - paralysis of limbs
 - if you become unable to perform at least three of the following daily working activities without assistance before the age of 60: hearing; speech; standing; using a pen, pencil, keyboard; vision; walking.

Is there an age limit for the permanent disability cover?

- The maximum age that you can apply for this benefit is 64 and the minimum age is 17.
- This cover can last throughout your lifetime, to any age.

Elderly care cover

What does the elderly care cover provide?

- A lump-sum payment if you are diagnosed with one of the following conditions:
 - Alzheimer's disease
 - motor neurone disease
 - Parkinson's disease
 - if you become unable to perform at least three of the following daily living activities without assistance: continence; dressing; feeding; mobility; using the toilet.
- **Please note that elderly care cover is not a long term care product and will not provide continuing payments.**

Is there an age limit for the elderly care cover?

- The maximum age you can apply for this benefit is 65 and the minimum age is 17.
- This cover can last throughout your lifetime, to any age.

If you are selecting critical illness cover, permanent disability cover or elderly care cover along with life cover, you may wish to consider setting them up as separate benefits. Please see the prepayment and standalone benefit options on page 11 for more information.

Income protection cover

What does the income protection cover provide?

- This pays you a tax-free monthly income if you become unfit to work in your *preferred* or *standard occupation* as result of illness or injury.

Is there an age limit for the income protection cover?

- The maximum age you can apply for this benefit is 59, providing you have at least five years until you are due to retire. The minimum age is 17. If you are currently not in paid employment, work less than 16 hours per week, or have gross earnings of less than £10,000 per annum, the maximum age is 54.
- You can choose the age when you want the cover to end (the expiry age). This can be age 50, 55, 60 or 65.

How much benefit could I receive?

- The maximum annual level of benefit is 60% of your *pre-incapacity gross earnings* up to £45,000, plus 35% of your *pre-incapacity gross earnings* in excess of £45,000.
- *Employment and Support Allowance* or its equivalent will be deducted (regardless of whether this state benefit is actually received or not).
- The maximum benefit is limited to £120,000 per year.
- If you have a private sickness, accident or disability policy, any scheme entitlements, a source of earned income or pension benefit, these amounts will be deducted from the amount of benefit paid.

When would my benefit payments start?

- You can choose a *deferred period* of either 3, 6 or 12 months.
- Payments will start one month after the end of your chosen *deferred period* and will continue in monthly instalments from then on, provided you are still unfit to work.

When would my benefit payments stop?

- Payments will be made until the first of the following occurs:
 - you recover and are fit to return to work
 - you no longer suffer a loss of earnings
 - you reach the expiry age
 - you die.

What happens if I am able to return to work on a part-time basis or to a less well paid position?

- We will pay you a reduced benefit based on the difference between what your old job paid you and what your new job is paying you.
- A reduced benefit will only be paid following a period of total incapacity. The reduced benefit will continue to be paid until you either recover fully or for 12 months, whichever is the shorter period.

Would I have to continue paying my premiums when claiming under income protection cover?

- Once a claim has been accepted and benefits are being paid you will not have to pay any premium to the policy. Premiums during the claim period will be covered by the *waiver of premium benefit* which is automatically included in your policy when you select income protection cover. See page 10 for details.

After I return to work, can I claim again?

- Yes, the terms of your policy are not affected by the number of times you claim.
- You must resume payment of your premiums on returning to work in order to maintain your cover.
- If you have received benefit and claim again for the same condition within six months of returning to work, a further *deferred period* will not apply.

Can I take this benefit if I am not in employment or don't work full time?

- If you are not in paid employment at the time when you suffer an illness or injury, you may still be entitled to a benefit as a houseperson.
- This applies to people who are not in paid employment or who work less than 16 hours per week, or who have gross earnings of less than £10,000 per annum.
- It pays a regular tax free income, after six months, up to a maximum of £750 per month in the event of illness or injury.
- There is a separate definition of disability for this benefit please see section F, condition 1 of the Financial Foundations policy document for details. This is available from your financial adviser, on our website, or by contacting us.
- This benefit automatically ceases at age 60.



About the optional extra benefits

What options can I add to my policy?

You may wish to add:

- waiver of premium benefit
- index-linked benefit
- guaranteed increase option
- divorce/dissolution option
- cover continuation options
- prepayment benefit
- standalone benefit.

These are explained below and will be shown on your personal illustration if selected.

What is the waiver of premium benefit?

- If you choose this benefit, Lincoln will pay your premiums should you become unfit to work due to illness or injury.
- This benefit is automatically included when the income protection cover is selected and the same *deferred period* will apply.
- If the income protection benefit has not been selected, the standard *deferred period* for the waiver of premium benefit is 6 months.
- Any premium paid during this *deferred period* will be refunded once a claim for the benefit has been accepted.
- This benefit will continue to be paid until the first of the following occurs:
 - you recover and are fit to return to work
 - you reach age 60 (or the income protection expiry age if later)
 - you die.

What is the index-linked benefit?

- By choosing this benefit, your sum assured and premiums will automatically increase in line with the Retail Prices Index (RPI) up to a maximum of 12% each year.
- If you choose this benefit it will apply to all protection benefits on your policy.
- This benefit is only available where regular premiums are being paid.

What is the guaranteed increase option?

This option is normally only available for cases accepted on standard terms.

- It allows you to increase the amount of life cover when particular events happen without the need for any *further underwriting*:
 - if you marry or enter into a civil partnership
 - if you have a child or adopt
 - if your mortgage increases
 - if you receive a salary increase
 - if your inheritance tax liability increases (life cover only).
- There are limits to the level of increase that is available. There are also time limits on when this option can be taken. For more details please refer to section C, condition 3 of the Financial Foundations policy document, available from your financial adviser, on our website or by contacting us.
- When this option is taken, your premiums will increase to reflect the cost of the extra cover and will be based on your age and the premium rates applicable at the time.
- This option can also be applied to the sum assured under the critical illness cover if selected.



What is the divorce/dissolution option?

- This option can be used on joint life cases when the two lives assured get divorced from each other or there is a formal dissolution of their civil partnership.
- It allows each life assured to apply for a new single life policy without the need for any *further underwriting*.

What is the cover continuation option?

- This option can be used on joint life cases which would otherwise cease to exist following a claim. For example, when a sum assured is paid out on the first death (or if a specified illness was diagnosed).
- It allows the remaining life assured to apply for a new policy without the need for any *further underwriting*.
- There are time limits and other conditions that apply to this option. For more details please refer to section C, condition 5 of the Financial Foundations policy document, available from your financial adviser, on our website, or by contacting us.

What are the prepayment and standalone benefits?

- If you have selected life cover plus one of the critical health benefits (critical illness, permanent disability or elderly care cover) you have the option to choose the prepayment or standalone benefit.
- The prepayment benefit means that the policy will pay out either on your death or if you are diagnosed with one of the illnesses or conditions covered by the policy, whichever comes first.
- If you choose prepayment benefit, and your first claim on the policy is after the diagnosis of one of the specified illness or conditions, the policy may still pay out when you die but the amount of life cover paid will be reduced by the amount of benefit that has already been paid.
- The standalone benefit will pay out if you are diagnosed with one of the illnesses or conditions covered by the policy. This means the life cover paid on your death will not be reduced by any benefit already paid under the standalone critical health benefit.
- If you choose a standalone critical health benefit, the claim amount will only be paid when you survive for 14 days after your diagnosis.

Setting up and reviewing your policy

How can I pay into my policy?

- You can choose to pay regular premiums, make one-off payments, or both.

What is the minimum premium?

- The minimum regular premium is £20 per month, or £200 annually.
- The minimum single premium is £1,000 and additional single premiums of £500 can be made at any time.
- If you only take income protection cover, the minimum regular premium is £10 per month, or £100 annually.

Are my protection benefits and premiums guaranteed?

- There is an initial *policy guarantee* period where the level of your protection benefits and premiums is guaranteed.
- The length of this period depends on your age and will be shown on your personal illustration.
- After the *policy guarantee* period has ended, your policy will be reviewed at regular intervals to ensure that the level of premiums you are paying can support the level of benefits you have.
- Provided you follow our recommendations at each review, the level of your protection benefits (see 'What will stop the policy paying out?' on page 14) and premiums will be guaranteed between the reviews.
- Please read section A, condition 10 of the Financial Foundations policy document for more information about the *policy guarantee* period. This document is available from your financial adviser, on our website or by contacting us.

Could my premiums increase?

- Yes. We invest your payments in the stock market. Our aim is that they grow in value and provide enough money to pay all the claims. If investment returns do not achieve this, or claims are higher than expected, your payments will be reviewed and may need to increase. At times, that increase may be substantial.

When will my premiums be reviewed?

- After the initial *policy guarantee* period, your premiums will be reviewed at least every five years to ensure that the premiums you are paying are sufficient to maintain the level of cover you want. At this time, we may recommend you either maintain or increase the premium level or reduce the benefit level as appropriate.
- We will also review your premiums if there is a change to your policy, such as an increase in your protection benefits, a reduction in the premium or if you *cash-in* part of your policy.
- Please refer to your personal illustration for information on the likelihood of your premiums increasing and also read section A, condition 11 of the Financial Foundations policy document. This is available from your financial adviser, on our website or by contacting us.

Can I choose which funds my policy is invested in?

- Yes. You can invest in up to four funds selected from a wide range of funds. These include externally managed funds and our own internally managed range.
- You can currently switch between funds free of charge.
- Details of the funds, including the risk factors, can be found on our fund factsheets, available from your financial adviser, on our website or by contacting us.

How will I know how my policy is performing?

- We will send you a personal statement each year.
- You can call us for an update at any time. Our contact details are on the back page.
- Your financial adviser should also be able to provide you with an up to date valuation.

Can the policy have a cash-in value?

- Your policy is primarily intended to provide you with protection benefits but because it has an investment element it could accrue a cash value.
- However the *cash-in* value of the policy is likely to be substantially less than the premiums paid and is not guaranteed at any time.
- If you *cash-in* all or part of the policy, your protection benefits will be lost or reduced.

Can I change the level of protection benefits or the premiums if my circumstances change?

- Yes. You can apply to increase your level of protection or add new benefits to your policy, although this may be subject to *further underwriting*. This normally means your premiums will need to increase.
- You could also reduce the amount of cover at any time, or remove it completely if you wish.
- You can reduce your premiums down to our minimum premium level, although this may mean that your protection benefits will reduce.



What happens if I stop paying into my policy?

- If you stop paying into the policy, charges for the benefits will continue to be taken from the policy's value and your cover will end when your policy's value is no longer sufficient to maintain your benefits.

Can I change my mind?

- Yes. You can cancel your policy within 30 days from the date you receive a cancellation notice along with the policy document.

How can I make a claim?

- Claims can be made by calling our Customer Services team using the contact details on the back page.

What will stop the policy paying out?

- We will not pay out if the claim relates to any of the exclusions referred to in your policy schedule and the policy document. For details, please refer to your personal illustration and section J of the Financial Foundations policy document, available from your financial adviser, on our website or by contacting us.
- There are also time limits and other conditions that apply to each protection benefit which, if not met, might stop the policy paying out. For details, please see the relevant sections within the Financial Foundations policy document relating to the individual protection benefits.
- We may not pay out if you, or your personal representative, have not disclosed any requested information or have given us incorrect information at the time of application or when making the claim.



What about tax?

- Payments made to you as a result of a claim under the critical illness cover, permanent disability cover, elderly care cover and income protection cover are free from income tax and capital gains tax.
- There may be an income tax liability for higher rate taxpayers if:
 - there is a part or full *cash-in* of the policy and the *cash-in* value is greater than the premiums paid
 - the policy value is paid out following a death claim and the policy value is greater than the premiums paid
 - there is a change to the policy structure (for example, a joint life is changed or added).
- Payments made into the estate of a life assured may be subject to inheritance tax.
- Tax law and HM Revenue and Customs (HMRC) practices may change without advance warning and tax benefits depend on individual circumstances.

What are the charges?

- Details of our charges are shown on your personal illustration.

How much will the financial advice cost?

- Your financial adviser will let you know about the cost of advice (if any) and it is also shown on your personal illustration.

How can I apply for a Financial Foundations policy?

- You can apply through your financial adviser or directly through our Customer Services team. The contact details are on the back page.

3. Glossary

Cash-in / surrender value	The 'what you might get back' amount, calculated as the bid value of units allocated to the policy less any outstanding charges at the time.
Deferred period	This is the period after the start of a disability and before benefits start to be paid following a claim. Under the income protection benefit, you can choose the deferred period as either 3, 6 or 12 months. The longer the deferred period the cheaper the premium will be because benefits will not start to be paid until the end of the deferred period. Under the waiver of premium benefit, the deferred period is set at 6 months.
Employment and Support Allowance at the main phase rate	Employment and Support Allowance is a Government benefit that you may be entitled to if you are unable to work due to an illness or disability. Benefits are paid at different rates dependent on a number of eligibility criteria. The main phase rate is the rate that applies after the end of the 13 week assessment phase, if eligible.
Further underwriting	This is where further medical and personal evidence is required to assess your current state of health and circumstances. If your health has deteriorated there may be an increase to your premiums. There are occasions where no further underwriting is required which means that benefits can be increased with no reference to your current state of health or circumstances.

<p>Policy guarantee</p>	<p>A guarantee provided by Lincoln that the protection benefit levels will be maintained at the current premium level even if the cash value of the policy becomes zero.</p>
<p>Pre-incapacity gross earnings</p>	<p>If you are employed, this means your pre-tax earnings for PAYE assessment purposes in the 12 months before you became unable to work. Benefits in kind (i.e. those shown on a form P11D) will also be considered upon proof that these will be lost before the end of the <i>deferred period</i>.</p> <p>If you are self-employed, this means your share of pre-tax profit from your trade, profession or vocation for the purposes of Schedule D Case I and II of the Income and Corporation Taxes Act 1988 (i.e. your share of pre-tax profit after deduction of trading expenses), in the 12 months before you became unable to work. Income received from savings and investments will not be included.</p>
<p>Standard occupation</p>	<p>The life assured's normal occupation or any other occupation to which he/she is reasonably suited by education, training or experience.</p>

4. Important information

How to complain

If you ever need to complain about your policy, please contact us using the details shown in 'How to contact us'.

If you are not satisfied with our response, you can complain to:

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London E14 9SR

Tel: 0845 080 1800

Email: enquiries@financial-ombudsman.org.uk
www.financial-ombudsman.org.uk

Complaining to the Ombudsman will not affect your legal rights.

Terms and Conditions

We have the right to change some of the policy Terms and Conditions. We will write to inform you of any changes that affect your policy.

Law

The Law of England applies to this policy. We will always write and speak to you in English

Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation if we cannot meet our obligations. You should note that there are limits to the protection offered by the scheme. Currently, claims are limited to 100% of the first £2,000 of your claim plus 90% of the remainder of the claim. From 1 January 2010, it will change to 90% of the total claim.

Further information on compensation arrangements is available from the Financial Services Compensation Scheme (FSCS) at:

7th Floor
Lloyds Chambers
Portsoken Street
London E1 8BN

Tel: 020 7892 7300

www.fscs.org.uk

Document availability

Please contact our Customer Services team if you require this document in another format. We can provide it in:

- larger print
- braille
- compact disc (CD).

The Lincoln documents mentioned in this brochure are available from your financial adviser and on our website. Alternatively you may contact our Customer Services team.

Important

Lincoln Assurance Limited does not provide advice on its life assurance and pension products, but aims to give customers helpful information to enable them to make informed decisions. We can also help customers who require advice find a financial adviser in their local area.

To find a financial adviser just call us or visit www.unbiased.co.uk.

5. How to contact us

If you have any questions, please talk to your financial adviser first. If you require any information from us or wish to provide instructions regarding your Financial Foundations policy, please contact Lincoln in the following ways:

Customer Services team



0845 605 2323

Financial adviser helpline



0845 075 3535

Our lines are open from 8am to 8pm Monday to Friday and 9am to 1pm on Saturdays. We may monitor or record calls to help us improve our service.

Email



customer.services@lincolnuk.co.uk

Post



Customer Services team
Lincoln Financial Group
Barnett Way
Barnwood
Gloucester GL4 3RZ

Web



www.lincolnuk.co.uk

