

# Sickness Income Plus

## Key Information Document



## Purpose

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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

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The name of this product is Sickness Income Plus. It is provided by Wiltshire Friendly Society Limited. Our website address, where you can find detailed information about us, is [www.wiltshirefriendly.com](http://www.wiltshirefriendly.com) and our telephone number is 01225 752120. We are supervised by the Financial Conduct Authority in respect of the production and delivery of this Key Information Document (KID). This KID was produced in December 2023.

## What is this product?

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It is a Friendly Society income protection Plan (*categorised as a long-term product*) which additionally may pay you a lump sum when the policy ends. It is called a Holloway Income Protection Plan. The Plan is intended for people who have no income protection, or who are part of an employer's sick pay scheme which would not pay sufficient income, or for a long enough period, should the person be unable to work because of illness or injury.

The primary objective of the Plan is to provide you with an income, which will be a proportion of your normal income, if you are unable to work because of illness or injury. When the sickness benefit will commence, how much it will be and how long it will be paid for is agreed with you when the Plan starts.

Income is paid free of income tax and capital gains tax under current legislation and the rules of HM Revenue & Customs.

A secondary objective of the Plan is to pay you a lump sum when the Plan reaches its maturity date at your selected retirement age. This amount may vary dependent upon you paying all contributions, the period for which the Plan runs, the investment results achieved by us, our administration expenses and the level of sickness claims experienced across all of our Holloway Income Protection Plans. The lump sum is built up over the years by the addition of bonus amounts, at the discretion of the Board of Management of the Society each year, taking into consideration the advice of the Appointed Actuary.

Your lump sum is not subject to Income Tax. Where tax is payable on the Society's investment income, because invested funds are pooled, any such liability is met by the Society. Therefore bonus is allocated on a tax paid basis with no further taxation due from you.

It invests your contributions in a pooled fund which is invested in a mix of equities, Government Gilts, corporate bonds, property and cash. This spread of assets allows a cautious investment strategy to be pursued and is designed to reduce the level of investment market risk, the level of credit risk and to ensure the fund is at all times liquid enough to make payments when requested to do so by Plan holders.

The Plan cannot be terminated by us unilaterally provided the Rules of the Society are not broken by you. You can end the Plan yourself by giving us notice of your intention to do so.

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

## Summary Risk Indicator (SRI)



The Summary Risk Indicator assumes you keep the Plan until your normal retirement age. The actual risk can vary significantly if you end the Plan early.

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

We have classified this product as 3 out of 7 which is a “medium-low” risk class. This rates potential losses from future performance as unlikely.

The amount of the cash sum built up will depend primarily on the Society’s investment performance and the level of sickness claims made by all Members who have Holloway Income Protection Plans with us. If investment performance is poor over a long period and sickness claims are significantly higher than expected, then it is possible that no cash sum would build up.

If you do not hold this Plan until its original maturity date the risk of getting back less than originally advised to you at outset is significantly higher.

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 Wiltshire Friendly Society Limited is unable to pay out”).

## Performance information

### What are the main factors likely to affect future returns?

This product is an income protection plan which additionally pays a tax-free lump sum. It is not intended as an investment contract although it does provide the opportunity to accumulate a lump sum benefit over the term of the contract. The value of the investment element is affected by:

- Investment returns – investment income will increase the value of the assets but changes in the values of the assets held can be up or down and the impact will vary depending on how risky the investment portfolio is.
- The performance of the Society, which includes the costs of providing sickness benefits and the expenses incurred in running the business.
- The proportion of each contribution that is allocated to the investment / protection element of the contract and how this might change over time.

### What is the relevant index and how does the Society explain the likely comparison in terms of performance and volatility?

- The Society invests in a range of asset classes which will normally include government and corporate bonds, equity shares and property, therefore there is no single index that is likely to closely represent the performance of the Society.
- In addition, the impact of the Society’s performance over different periods of time will impact the level of bonuses that are declared, which will impact the value of the investment element. This makes any index comparison very difficult.

### What could affect my return positively?

- Higher than expected investment returns.
- Lower than expected expenses.
- Lower than expected sickness costs.

### What could affect my return negatively?

- Negative/Lower than expected investment returns.
- Higher than expected expenses.
- Higher than expected sickness costs.

### How would a payout be affected in severely adverse market conditions?

At any point in time the investment value of the plan will comprise a combination of guaranteed and discretionary values. The value of the guaranteed element will increase over time and will be backed by safe assets with lower market volatility. In severely adverse market conditions, the guaranteed benefits should be protected from reductions in value. However there could be an adverse impact on the value of future discretionary element which could impact the values paid out when the contract is terminated. The impact in severely adverse market conditions will therefore depend on the relative size of the guaranteed and discretionary elements which will in part depend on the duration of the policy. The nature of these plans means that the values should be protected to some extent from adverse market movements but will not be immune from them.

## What happens if Wiltshire Friendly Society Limited is 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 through the FSCS should Wiltshire Friendly Society Limited default. The investments underlying this product are managed on our behalf by the professional investment management firm LGT Wealth Management UK LLP. 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 Wiltshire Friendly Society Limited to default, then you would still be covered by the FSCS because your contract is with Wiltshire Friendly Society Limited.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods. They include potential early exit penalties. The figures assume you invest £1,000 per year. The figures are estimates and may change in the future.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

### Table 1 – Cost 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 investment over time.

Investment £1,000	If you cash in after		
	1 year	8 years	15 years (at the recommended holding period)
Scenarios			
<b>Total costs</b>	£900	£7,200	£13,500
<b>Impact on return each year</b>	98.91%	62.28%	43.47%

### Table 2 – 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.

One-off costs	Entry costs	N/A	The impact of the costs you pay when entering into your investment.
	Exit costs	N/A	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	N/A	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	43.47%	The impact of the costs that we take each year for managing your investments.
Incidental costs	Performance/ other costs	N/A	This product does not have any performance or other incidental fees.

## 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 Plan for the medium to long term there is a greater probability that you will achieve the level of cash lump sum that you expected when commencing the Plan. You may apply to withdraw part of your accumulated cash sum, after bonuses have been awarded, within 3 months of the following events – your marriage; birth of your child; death of your spouse. Withdrawal of cash for any other reason is at our discretion. If you wish to cancel the Policy before the end of the initial agreed term you can do so without penalty but the cash sum will be less than if the Plan is maintained for its full term.

## 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 Governance & Compliance Manager: Wiltshire Friendly Society Limited, Holloway House, Epsom Square, White Horse Business Park, Trowbridge, Wiltshire, BA14 0XG Email: [info@wiltshirefriendly.com](mailto:info@wiltshirefriendly.com) Telephone: 01225 752120.

## Other relevant information

HM Revenue & Customs tax rules and legislation may change in the future and affect the tax position of the Plan.