



# Guide to your reviewable protection policy

We have written this guide to explain how your reviewable protection policy works and why it's important that you continue to review the policy and benefits. Putting a protection policy in place was a great decision. Depending on the benefits you chose, it means your family could get a lump sum when you die. Or with specified illness cover it can help to maintain your family's standard of living if you suffer one of the specified illnesses covered.

## What is a reviewable protection policy?

A reviewable protection policy is designed to provide life cover or other protection benefits throughout your life. When you took out this policy you chose the level of benefits and the period of cover that suited your needs at the time. The policy you chose was a flexible policy that allows you to change the level of benefits (depending on medical evidence) and extend the period of cover as your needs change. We review your policy after the first 10 years and then every five years to make sure that your premiums and the value of your policy can maintain the level of benefits you have chosen until the next review. Reviewing your policy helps to make sure that it continues to meet your needs as they change.

## Why is it important for me to review my protection benefits?

Your protection needs may change at different times in your life. For example, your need for life cover may reduce when your children are financially independent and your mortgage is paid off. In this case, you may want to reduce the level of life cover as the cost of providing this benefit increases as you get older. You can reduce your benefits at any time.

If your financial commitments change and you can no longer afford the premiums for your policy, you can remove any optional benefits included in your policy (such as hospital cash benefit or accident benefit) without affecting other benefits such as life cover or specified illness benefit.

We recommend that you regularly review your policy to make sure you have the right benefits in place to suit your needs and circumstances.

To help you choose the option which is right for you, we recommend that you talk to your financial advisor in your local Bank of Ireland branch. They will be happy to give you advice on the options available.

## THINGS TO CONSIDER

### You should ask yourself the following

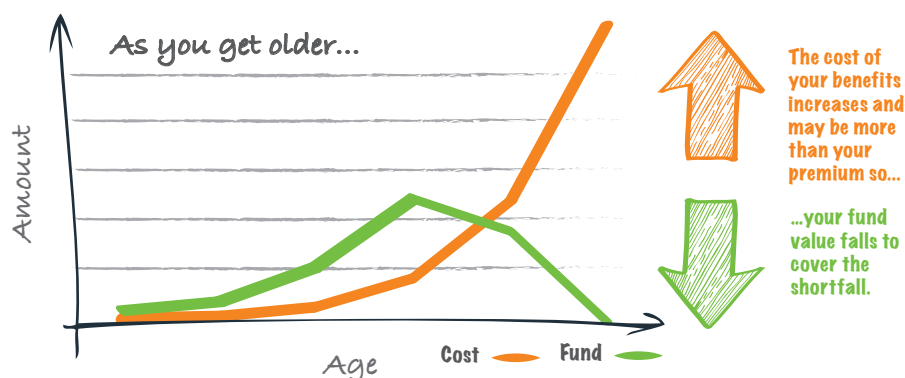
- ✓ Are my children financially independent?
- ✓ Is my mortgage now paid off?
- ✓ What premiums can I afford?
- ✓ Are my current levels of benefit right for my family's needs?
- ✓ What other cover do I have in place?

## Why does my policy have a fund?

The premiums you pay into your policy are invested in a fund linked to your policy. The cost of your benefits is then taken from that fund.

In the early years, the premiums you pay in are higher than the cost of the benefits. The extra money paid in is invested in a fund linked to your policy. As you get older, the cost of your benefits increases and at some stage will become higher than the premiums you are paying. The fund is used to make up the shortfall between the premiums you are paying and the cost of your benefits. The diagram below shows this.

Your policy will last for as long as you keep paying the premiums due. Some benefits will stop when you reach the age of 60 or 65, but life cover and specified illness benefit can last as long as you need them.



Because the cost of benefits increases as you get older, it is important to consider how long you need your benefits to last. We recommend that you discuss your benefit needs with your financial advisor in your local Bank of Ireland branch so we can quote a suitable premium to maintain your benefits for as long as you need them.

## What is a policy review?

We want to make sure that you have enough cover at all times during the life of your policy. To do this, we check your policy regularly (first after 10 years and then every five years). These checks are known as policy reviews. The purpose of a policy review is to see if the premiums you are paying, and the value of the fund you have built up, are enough to cover the cost of your benefits until the next review date. If not, we offer you options to maintain your policy.

Each time we review your policy, we will look at the premiums you are paying, the level of benefits you have chosen, the value of your fund and any options under your policy. We will then work out the premiums you will need to pay to maintain your benefits until the next review date.

We will also review your policy if you make any changes to it between the regular reviews.

When you receive your review pack, it is important that you take action so you can make sure that your policy continues to meet your needs. There are qualified financial advisors available to help you through the process. Please see the 'What should I do next?' section on page 4 for more information on who to contact.

### Things we take into account when setting your premium include:

- > your age;
- > your sex;
- > the benefits you currently have;
- > the value of your fund;
- > how long you want cover for;
- > whether or not you smoke; and
- > any extra costs to cover certain medical conditions (sometimes called 'loadings').

## Why might my premiums increase when my policy is reviewed?

The cost of providing the same level of benefits increases each year as you get older. This means that at some stage, the cost of your benefits will become higher than the premiums you are paying. When this happens, the difference between the premiums you are paying and the cost of your benefits is made up by taking money from the fund you have built up.

When we review your policy, if your existing premiums and the value of your fund are not enough to pay for your benefits until the next review date, your premiums will need to increase.

### When you took out your policy

- Did you choose premiums which were designed to provide benefits for a long specified term (for example, 25 years)?
  - » If so, your premiums will need to increase if your premiums and the value of the fund are not enough to pay for your benefits until the end of that term.
  - » If you are approaching the end of the term you originally chose, it is likely that the premiums will need to increase significantly if you want to keep your cover in place for longer than the original term.
- Did you choose premiums which were designed to provide benefits for a shorter period (for example, 10 to 15 years) but you now want a longer period of cover?
  - » If so, it is very likely that you will need to increase your premiums after your policy review.

If you have had your policy for a number of years, your personal circumstances may have changed and the level of benefits you need may be different. We recommend you regularly speak to your financial advisor in your local Bank of Ireland branch regularly to discuss the level of cover you need, the period you will need the cover for, and how affordable your cover will be as you get older.

## My policy has 'indexation', what does this mean?

Indexation means that your premiums and benefits will increase (usually each year) to protect against increases in the cost of living. Both the premiums and benefits increase at the same time and by the same percentage.

Indexation is an optional feature. Although this option provides increased benefits without the need for further medical evidence, as your premiums increase the cover can become expensive.

If your policy has indexation, we recommend that you speak to your financial advisor in your local Bank of Ireland branch to decide whether you still need this feature.

## Why do I need to increase my premiums now when I have previously chosen the option of my premiums and benefits increasing through indexation?

The cost of providing your benefits increases as you get older. The increase in premiums due to indexation does not take this into account. Even if your cover stayed the same, the cost of providing that cover would increase each year as you get older.

## What options are available on my policy?

### Some of the options available are:

- increasing your premiums to maintain the current level of benefits;
- keeping your premiums the same but reducing the level of benefits or removing any optional benefits such as hospital cash benefit or absence from work benefit; and
- removing indexation.

There may also be other options available to you.

Before removing any benefits it is important you understand the effect of removing these features. You may be able to add them back in the future, but this will depend on medical evidence.

When considering the options, it is best to discuss your policy with your financial advisor in your local Bank of Ireland branch.

## Can I maintain my policy for the whole of my life?

Your policy is designed to be flexible and can provide you with benefits to last the whole of your life, as long as you pay the appropriate premiums. We will not need further medical evidence from you unless you decide to increase your benefits. Your policy has no fixed end date. If you want the benefits for the whole of your life, we recommend that you tell us so that we can recommend suitable premium options to best achieve this for you.

## Frequently asked questions

What if I don't think I need the same level of benefits now that I am older?

Your financial advisor in your local Bank of Ireland branch can help you decide the level of benefits you need and how much this will cost. He or she can also look at how long you will need your benefits for and discuss what options are most suitable to your needs.

What if my premiums have gone up quite a bit and I can no longer afford them?

Your financial advisor in your local Bank of Ireland branch can help you find a premium amount and level of benefits that you are happy with. You can also choose to remove indexation from your policy. Your financial advisor can also give you advice on other products that are available to you.

Is increasing my premiums the only option for me?

Your policy offers a range of options such as reducing the level of your benefits or removing benefits so that you can keep paying your current premiums. There may be other options available to you, so we recommend that you discuss this with your financial advisor in your local Bank of Ireland branch.

### What should I do next?

We recommend that you review your protection needs, and discuss the options available to you, with your financial advisor in your local Bank of Ireland branch. They can help you decide the level of benefits that is most suited to your needs and offer you a full financial review for free.

To make an appointment or to discuss your protection needs, phone **1890 309 309**.

(To improve our service to you, calls may be recorded.)

The information set out in this booklet is only a guide. The terms and conditions that apply to your policy are as set out in your policy documents. A Government levy (currently 1% of the premium amount) applies to all premiums paid to a life assurance policy.

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