

National University of Ireland, Maynooth

Voluntary Income Protection Plan

Explanatory booklet



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This explanatory booklet was produced by New Ireland Assurance Company plc (New Ireland) and provides a brief outline of the main benefits of the National University of Ireland, Maynooth Voluntary Income Protection Plan (hereinafter referred to as the VIPP) for employees of National University of Ireland, Maynooth (hereinafter referred to as Maynooth University). This booklet is effective from 1st September 2019 to 31st August 2022.

This booklet is issued subject to the provisions of the VIPP's policy conditions and does not create or confer any legal rights. While great care has been taken in its preparation, this booklet is of a general nature and should not be relied on in relation to a specific issue without taking appropriate financial, insurance, investment or other professional advice. In the event of a dispute, the terms and conditions of the VIPP, as set out in the VIPP's policy conditions will be used to determine the outcome. If there is any conflict between this booklet and the VIPP's policy conditions, the policy conditions will prevail.

If you have any queries about your membership of the VIPP or require a copy of the VIPP's policy conditions please contact Willis Towers Watson.

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Introduction

Lost income through illness or injury is something that most of us would find hard to cope with. That is why Maynooth University has established the VIPP for it's employees.

This VIPP is designed to provide you with a source of income in the event of long or short term disability.



Eligibility

Who is eligible to join?

To be eligible to apply for membership of the VIPP, you must be:

- An employee of Maynooth University
- Employed in a pensionable capacity
- Aged over 18 and under 65
- Actively at work

How do I join?

1. Employees who joined service with Maynooth University from 1st January 2012 onwards have been auto-enrolled as members of the VIPP unless you notify the Human Resources Department, in writing, of your intention to opt out.

If you decide to opt out, you must complete an application form if you wish to join the VIPP at a later time.

2. Employees of Maynooth University who began employment with the University prior to 1st January 2012 must apply to join the VIPP by completing an Application Form and submitting it to the Human Resources Department of Maynooth University.

When does my cover begin?

For employees automatically enrolled into the VIPP, your cover begins immediately on joining service, subject to your premium being paid when due.

For employees who join otherwise, your cover begins from the date New Ireland accepts your application in writing. On joining, employees receive a formal acceptance letter confirming they have been included as members of the VIPP. In some cases medical evidence may be required before cover of the VIPP can be confirmed. This may involve attending for a medical examination at New Ireland's expense.

When does my cover end?

Your cover will automatically end:

- On you reaching the VIPP Benefit Cessation Date,
- If you fail to pay your premiums to the VIPP,
- If you leave the employment of Maynooth University, or
- On your death,

Whichever occurs first.

Are all applications accepted?

In a small percentage of cases applications to join the VIPP may be refused. In such cases applicants will receive a letter confirming that they have not been accepted into the VIPP. In other cases, individuals may be offered membership subject to the condition that certain specified illnesses are excluded from cover or subject to the payment of an additional contribution.

Are there any exclusions under the VIPP?

The exclusions under the VIPP which apply to all employees are those disabilities arising due to:

- wilfully self-inflicted injury or illness including alcohol or drug abuse.
- failure to follow medical advice
- war

Please bear in mind that in some cases individual employees may be accepted into the VIPP subject to exclusions in respect of specific illnesses (see page 11 for details).

What is the VIPP's Benefit Cessation Date?

The VIPP's Benefit Cessation Date is the maximum date to which the VIPP will provide cover and pay benefits to. It varies as follows:

1. For Single Scheme Members*, the Benefit Cessation Date is your 66th, 67th or 68th birthday (as described in the rules of the Single Public Service Pension Scheme) or the date on which you claim the Contributory State Pension, if earlier.
2. For all other members of the VIPP, the Benefit Cessation Date is the 30th of September coincident with or following the employee's 65th birthday.

*Single Scheme Members are defined as "All new entrants to pensionable public service employment who started on or after 01 January 2013"

Cost

How much does it cost?

The contribution rate is negotiated on a special “group basis” for employees of Maynooth University. The contribution rate is currently set at 0.50% of gross salary per annum for income continuance (i.e. your basic salary plus any other earnings taken into account for sick pay and superannuation purposes) and is conveniently deducted from your salary by Maynooth University.

This rate is fixed for 3 years, from 1 September 2019 and is applicable to all VIPP members. The rate will be reviewed by New Ireland on 1 September 2022 based on membership profile, membership take up and claims experience.

Responsibility for deductions to the VIPP rests with the individual member. If deductions to the VIPP cease, then the employee ceases to be a member of the VIPP and no longer qualifies for any benefit.

How do I claim tax relief on contributions?

You are eligible for PAYE tax relief at your marginal rate of tax on your VIPP contributions. Where an employer deducts the contributions from the employee’s pay, a “Net Pay” arrangement applies, just as it applies to your pension contributions.

This means that your gross pay is effectively reduced for the purpose of calculating income tax. Income tax relief is given automatically at source and there is no need for you to contact your local Inspector of Taxes.

Do I have to pay tax on benefits from the VIPP?

Disability Benefit paid by the VIPP will be treated as normal income and as such is liable to income tax, PRSI and the Universal Social Charge (USC). New Ireland will deduct any tax due from the payment made to the member in the same way as an employer deducts PAYE, PRSI and USC from an employee.

Benefits

Benefits

The VIPP seeks to ensure that you will receive (from all sources) a gross income of up to 75% of your pre-disability salary in the event you are unable to work due to disability arising from illness or injury as described in the VIPP's policy conditions.

Benefits will be paid following a Deferred Period of absence. A Deferred Period is a period of time which must elapse after the date of disability or incapacity before the Disability Benefit will start to be paid. New Ireland, advised by its Chief Medical Officer, will decide whether or not you are entitled to benefit under the VIPP based on assessment of all medical information. To qualify to receive a benefit under the VIPP, New Ireland must be satisfied that you are totally unable to engage in the duties of your normal occupation or any occupation for which you are suited by education, training, retraining or experience and you are not engaged in any other occupation.

You will receive your Disability Benefit while you remain unable to work due to illness or injury. However medical examinations may be required at any time at New Ireland's expense and your claim will be subject to standard review.

The Disability Benefit payable under the VIPP will be as follows:

Employees deemed to be Non Critically Ill

The Disability Benefit payable for members deemed to be "Non Critically Ill" is calculated as follows:

- 25% of Salary payable after a Deferred Period of 13 weeks in any period of 12 months increasing to
- 75% of Salary payable after a Deferred Period of 26 weeks of absence in any rolling period of 4 years reduced by:
 - (i) any Sick pay entitlement and,
 - (ii) any Ill-Health Early Retirement Pension and,
 - (iii) any Social Welfare Disability Benefit/Invalidity Pension at a single person's rate, if you are eligible for it and,
 - (iv) any other income and allowance receivable by you

Employees deemed to be “Critically Ill”

- 25% of Salary payable after a Deferred Period of 26 weeks, in any period of 12 months, increasing to
- 75% of Salary payable after a Deferred Period of 52 weeks of absence in any rolling period of 4 years reduced by:
 - (i) any Sick pay entitlement and,
 - (ii) any Ill-Health Early Retirement Pension and,
 - (iii) any Social Welfare Disability Benefit/Invalidity Pension at a single person’s rate, if you are eligible for it and,
 - (iv) any other income and allowance receivable by you.

Salary for the purposes of the above calculation is your pre-disability salary. This is the salary you were earning prior to ceasing work due to illness or injury. In the event that your claim is in payment for longer than 52 weeks, your benefit will increase as outlined on page 9 of this booklet.

Ill Health Early Retirement (IHERP)

Those who retire on the grounds of ill health may be entitled to an Ill Health Early Retirement Pension.

If you make a claim under the VIPP and decide not to apply for IHERP, and New Ireland agrees that there is a reasonable expectation of you returning to work, within two years of commencement of the payment of Disability Benefit, then New Ireland will not deduct the IHERP from your benefit, unless you are in receipt of same, for a maximum of 2 years.

2 years after the date Disability Benefit commences, an actual or notional IHERP amount will be deducted from the benefit regardless of whether or not you are in receipt of IHERP.

The Disability Benefit will continue to be paid to you until the earliest of:

1. You are no longer deemed disabled by New Ireland.
2. You return to active employment with no loss of earnings,
3. You are in the opinion of New Ireland no longer entitled to Disability Benefit due to your failure to follow medical advice,
4. You reach the VIPP's Benefit Cessation Date (applicable to you),
5. You leave the service of Maynooth University,
6. Your death.

Does the benefit increase?

After the Disability Benefit has been paid for 52 weeks, the income payable under the VIPP will increase at the annual compound rate of:

- (i) 5% per annum, or
- (ii) the percentage increase, if any, in the Consumer Price Index over the previous 12 months or in such other index or scale and for such other twelve month period as New Ireland in its discretion shall decide,

whichever is lower.

This is designed to be a safeguard against the effects of inflation. The increase will be made on the anniversary of the commencement of the Disability Benefit payment period.

Is there a maximum disability benefit payable?

The maximum disability benefit is €150,000 per annum.

Making a claim

How do I claim from the VIPP?

You should contact the Human Resources Department for a claim form approximately 6 weeks in advance of the expiry of the deferred period (i.e. 13 weeks). Upon receipt of your claim form New Ireland will process your claim. Typically this will include seeking reports from your Doctor and any Specialist you may have been attending. A benefit will only be paid to you if your claim is admitted by New Ireland.

New Ireland may also examine any statement made on your application form (if any) in relation to your state of health at that time.

You may be required to undergo medical examinations (at New Ireland's expense) and may also receive a call from New Ireland's Occupational Health and Safety Adviser, who will seek to assist you in your recovery and return to work planning. Once the Disability benefit is being paid you may be required from time to time to provide evidence of ongoing disability.

New Ireland reserves the right not to pay a claim:

- if you are required to do so and you fail to disclose your full medical history, and /or
- if in the opinion of New Ireland's Chief Medical Officer you are not disabled as defined under the VIPP (this is independent of whether you have been retired on grounds of ill health by your employer).

If you fail to provide medical evidence, test results, or information to New Ireland's satisfaction and within the timescale that New Ireland consider to be reasonable, or if you fail to follow the advice of your own or any other registered medical practitioner, all income benefits payable or being paid under the VIPP may cease at the discretion of New Ireland.

For further details on making a claim, please contact your Human Resources Department.

Appendix

SCENARIOS COVERED UNDER THE POLICY

What if my application is subject to exclusions, extra premium, or perhaps refused?

This means that New Ireland believe they cannot, due to a medical condition, offer you the cover sought or they may charge an increased premium, exclude certain conditions or restrict the level of cover.

New Ireland makes such decisions only after careful consideration of the information supplied by you on your application form together with any details they have received from doctors you have attended. Applicants may seek additional clarification from their own doctor who can contact New Ireland to request reasons for their decision.

What if I travel abroad?

You are covered while travelling or living anywhere in the world as long as you remain an eligible member. However if you are receiving a benefit under the VIPP and intend to travel or live abroad for more than 13 weeks, you should notify New Ireland.

This is because New Ireland reserves the right not to pay a benefit if you travel or reside outside the European Union and the United Kingdom for more than 13 weeks.

What if I have a second employment?

This may be taken into account in calculating any benefit paid should you make a claim under the VIPP. It is important therefore that you notify New Ireland, in writing at the time of joining the VIPP if you have a second employment. Likewise you should notify New Ireland in writing if, after joining the VIPP, you take on a second employment.

In the event that you have a second employment at the time of joining the VIPP or take on a second employment after joining the VIPP, New Ireland reserves the right to refuse cover or withdraw cover in respect of your normal job.

This could happen where, for instance, New Ireland believes that your second employment involves a greater degree of risk than that involved in your normal job. The cover provided by the VIPP does not extend to your second employment. If you would like disability cover on your second employment you should contact Willis Towers Watson about the possibility of insuring yourself against disability through an individual policy.

What if I have unearned income?

Investment and rental income will not be taken into account when making a claim under the VIPP.

What if I take a leave of absence including career break, secondment, or a sabbatical?

Generally, employees of the VIPP who take a leave of absence fall into one of the following categories: -

- A. Employees who wish to continue their full cover under the VIPP for up to 12 months' duration of their leave of absence, for example, because they are taking up alternative employment.

If you are in this category you may apply to New Ireland no later than 2 months prior to taking the leave of absence, for your cover to be maintained during the leave of absence. Cover can be maintained at New Ireland's discretion, provided your leave of absence is no more than 12 months and premiums payable during the leave of absence are paid in advance.

Naturally, your pre-leave of absence salary will determine the rate and amount of your contribution and benefit level, as you will no longer be an active member of the VIPP. You must notify Willis Towers Watson on your return to your normal job at the end of your 12 month leave of absence if you wish to re-activate your cover under the VIPP. The level of cover applying when you take up your employment again may be higher than that you enjoyed while on your leave of absence.

- B. Employees who do not wish to continue cover under the VIPP during their leave of absence, but who wish to re-activate the VIPP on completing their leave of absence without having to undergo any medical underwriting.

If you are in this category you may apply within 2 months of taking a leave of absence for immunity from medical underwriting on return to work provided your leave of absence is no longer than 5 years. This will allow you to re-activate your cover under the VIPP before a specified date when your leave of absence is over without the need for medical underwriting.

C. Employees on a leave of absence who simply decide to discontinue cover under the VIPP.

If you are in this category, or do not notify New Ireland of your intention to take a leave of absence, your cover under the VIPP will cease as soon as your salary and therefore your VIPP contribution stops. Thereafter you must complete a full medical application form and undergo medical underwriting should you wish to rejoin the VIPP upon returning to work.

* Periods of unpaid leave in excess of 5 years may be reviewed on a case by case basis.

What if I leave Maynooth University?

In such circumstances, you are no longer eligible for membership of the VIPP, so your cover will cease.

What if I am in receipt of State Illness Benefit and /or Ill Health Early Retirement Pension?

The benefit payable under the VIPP is the amount needed to “top up” any Ill Health Early Retirement Pension and/or State Illness Benefit to 75% of pre-disability salary. In effect, this means any benefit payable under VIPP will be reduced to account for the State Illness Benefit and Ill Health Early Retirement Pension.

What if I change my terms of employment?

If your terms of employment change, this may affect your cover under the VIPP. For instance if you reduce the overall number of hours you are working each week, your benefits under the VIPP may be affected. It is vital therefore that you notify New Ireland in writing should you change your terms of employment.

What if I am a part time employee?

Pre-disablement salary means part time earnings and any VIPP benefit payable will be limited to 75% of your part time salary.

What if I take unpaid parental, maternity, adoptive or other special unpaid leave?

If you avail of your entitlement to take unpaid Parental, Maternity, Adoptive or Other Special unpaid leave no contributions will be collected in respect of periods for which you are on leave as you will not be paid a salary while on leave. Nonetheless your cover of up to 75% of your pre-absence salary will continue unaffected while you are on leave and no repayment of the “skipped” contributions will be sought. This is provided you apply to New Ireland for maintenance of the cover, before you go on leave.

However this is subject to the period of leave being no longer than 26 weeks in total in any 12 month period. Where the period of leave is more than 26 weeks in total in any 12 month period, employees should contact Willis Towers Watson for details of their options. These will be similar to those available to employees who take a leave of absence.

What if I take unpaid leave to take care of a dependant relative?

If you avail of your entitlement to take unpaid Carer’s Leave no contributions will be collected in respect of periods for which you are on unpaid leave as you will not be paid a salary while on leave. Nonetheless your cover of up to 75% of your pre-absence salary will continue unaffected while you are on leave and no repayment of the “skipped” contributions will be sought.

However this is subject to the period of leave being no longer than 18 weeks in total in any 12 month period. Where the period of leave is more than 18 weeks in total in any 12 month period, employees should contact Willis Towers Watson for details of their options. These will be similar to those available to employees who take a leave of absence.

What if my salary increases?

One of the great advantages of the VIPP is that is that it allows for your cover to be increased in line with salary rises, promotions, etc. This means that the cover you enjoy under the VIPP remains realistic over the years ahead. The automatic updating of your contributions and cover avoids the necessity to complete new application forms, attend for medicals etc.

What if I already have some form of salary protection?

If you already have a salary protection or permanent health insurance policy you should bear in mind that the cover provided by such a policy may 'overlap' with that provided by the VIPP, i.e. it will be taken into account when calculating how much benefit should be paid under the VIPP to ensure you receive 75% of pre-disability salary. You cannot receive double benefit in respect of the same loss of income and you should therefore seek advice if you are covered elsewhere.

What if I am entitled to a once off lump sum payment under a separate Specified Illness Policy?

Benefit payments under a separate Specified Illness Policy may be made in addition to any benefits that are payable under the VIPP and are not taken into account when calculating how much benefit should be paid under the VIPP.

What about awards for compensation?

If you receive an award for compensation, only amounts relating to loss of earnings will be taken into account when calculating how much benefit should be paid under the VIPP.

What if I never claim under the VIPP?

As with health or car insurance, your contributions go to meet the cost of cover for you and your colleagues. This keeps the cost of cover to the minimum and means that there is no cash value paid out to those who never make a claim under the VIPP.

What if I cease to be a member of the VIPP?

Membership of the VIPP may be cancelled at any time by notifying the Department of Human Resources, Maynooth University in writing or stopping your deduction at source. As your contributions are designed to cover the cost of paying benefits to those employees of the VIPP who become disabled, there is no cash value paid to you should you stop contributions to the VIPP.

It is important that you think carefully before cancelling your membership of the VIPP as once you have left you will be required to provide information about your state of health should you apply for cover again. Should any medical problems have arisen in the interim, it is unlikely that you will be re-admitted to the VIPP and if you are, you may be required to pay a higher premium or have certain illnesses excluded.

Are claims ever turned down by New Ireland?

The great majority of claims, typically over 90%, are paid. However experience has shown that when difficulties do arise, they usually arise because –

When joining, the member did not disclose his or her full medical history.

In such cases New Ireland reserves the right not to pay a claim. It is very important that when applying to join the VIPP you ensure that you make a full disclosure in relation to any questions asked on the application form and during any medical examination you may undergo. If you don't, any claims you make may be turned down and cover under the VIPP may be cancelled.

Medical opinion is that the member is not disabled from carrying out his or her normal occupation.

Dependent upon the medical condition at issue, specialist opinion may be required. If ultimately in New Ireland's view, the medical opinion is that you are not disabled as defined under the VIPP, the benefit will not be paid. This is quite independent of whether you have been retired on grounds of ill health by your employer.

In the event of a dispute you may appeal to New Ireland by providing additional specialist evidence. Should your appeal be unsuccessful you have the right to seek assistance of the Financial Services and Pensions Ombudsman who may take up your case without cost to you.

The Financial Services and Pensions Ombudsman

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What happens if I return to work only to find that I become ill again a few months later?

If you return to work after a period claiming benefit through the VIPP only to find that you fall ill again with the same illness within 26 weeks of your return to work your benefit will begin again immediately, i.e. you will not have to wait the usual period before your benefit is paid. This is subject to New Ireland being satisfied that you are unable to carry out your duties under your normal occupation because of illness or injury and that you are not following any other occupation.

What happens if I return to work but at a reduced salary or take up a different less well paid job?

If you are able to return to work in your normal job on a reduced basis only due to ill health, New Ireland will continue to pay you a proportionately reduced income, i.e. your benefit under the VIPP will be reduced to take account of additional income you are now earning.

Should you be unable to follow your normal job and take up a different job at a lower rate of pay, again, New Ireland will continue to pay you a proportionately reduced income.

Can the VIPP be reviewed?

Benefit levels and the rate of contributions under the VIPP are reviewed on a regular basis. The next review of the VIPP is on 1 September 2022. These reviews are designed to provide Maynooth University with an opportunity to canvass the market to ensure that the best deal is being provided for employees.

Likewise the reviews provide New Ireland with an opportunity to adjust the benefit levels and/or the rate of contribution in the light of relevant factors such as membership level, age profile, and the claims experience of the VIPP. At such reviews, New Ireland and Maynooth University reserve the right to increase or reduce the rate of contribution and vary the benefit levels under the VIPP for all employees or terminate the VIPP as a whole.

In the event of termination or amendment of the VIPP, those employees who are already receiving benefit payments under the VIPP will continue to receive those benefit payments and any subsequent increases in those benefits due under the terms of the VIPP.

The VIPP is underwritten by New Ireland Assurance Company plc. New Ireland Assurance Company plc is regulated by the Central Bank of Ireland. A member of Bank of Ireland Group.



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