

# INCOME COVER



## What is Income Cover?

Income Cover is an insurance that pays you a monthly amount to compensate for your lost income due to a disability as a result of illness or injury.

## Why do you need Income Cover?

Your ability to earn is your greatest financial asset and Income Cover is designed to protect it. If you had an accident or became ill and that meant you could no longer work, Income Cover can provide you with a regular monthly income. This allows you to focus on your recovery without worrying about how to pay the bills or maintain your current lifestyle.

## Income Cover overview

<b>Entry criteria:</b>		Minimum entry <b>age 16</b> Maximum entry <b>age 55</b> <small>(age 60 for Occupation Class 1 and 2)</small>
<b>Cover amount:</b>		Up to 75% of your income up to a <b>maximum of \$25,000 per month</b>
<b>Cover term:</b>		<b>age 65</b> for payment terms 2 years, 5 years and <b>age 65 age 70</b> for payment term to age 70 <small>(only available for Occupation Class 1 and 2)</small>
<b>Waiting period:</b>		You can choose a waiting period of: <b>4, 8, 13, 26, 52 or 104 weeks</b>
<b>Payment terms:</b>		You can choose one of the following payment terms: <b>2 years, 5 years, age 65 or age 70</b>

### Occupation classes:

- Income Cover – Indemnity 1-5
- Income Cover – Agreed 1-5
- Income Cover – Loss of Earnings 1-4
- Income Cover – Loss of Earnings Ultra 1-4

Your occupation class is determined by the work you do. Your financial adviser will be able to help you work out what occupation class will apply to you.

### Mandatory cover:

Premium Cover



## Meaning of total disability

Total disability is dependent on your occupation class and the Income Cover you choose.

### For occupation classes 1-4:

Total disability means as a result of illness or injury, you are continuously unable to perform at least 1 of the duties of your pre-disability occupation which is necessary to produce pre-disability income and you are not working in any occupation.

Alternatively, for Loss of Earnings or Loss of Earnings Ultra, total disability can also mean that you are unable to perform your pre-disability occupation for more than 10 hours per week.

### For occupation class 5:

Total disability means as a result of illness or injury you are:

Continuously confined under medical supervision and unable to perform at least 2 of the 5 below activities of daily living, without the physical assistance of another person:

- › bathing or showering
- › dressing and undressing
- › eating and drinking
- › using a toilet to maintain personal hygiene
- › moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Or if your sole occupation is to take care of your family home, you are continuously unable to perform 3 of the below normal domestic duties:

- › cleaning the home
- › cooking meals for the family
- › doing the family's laundry
- › shopping for the family's groceries
- › taking care of any dependent relative (where applicable).

## Tax Status

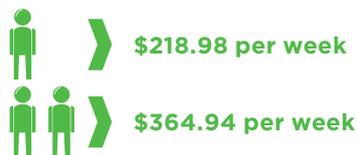
The tax status of your cover will depend on the cover you have chosen and your own unique situation - you should seek independent tax advice.

## Some facts to think about



The average weekly household expenditure is **\$1,300 per week**.

(www.stats.govt.nz - Household Expenditure Statistics: Year Ended June 2016)



In 2019, the Jobseeker Support Benefit is **\$218.98 per week** for a single person 25+, or **\$364.94 per week** for a married, civil union, de facto couple (without children), or **\$391.00 per week** (with children).

(workandincome.govt.nz 2019)

### If you're still not sure, ask yourself.

If you had an accident or became very ill and were no longer able to earn an income, could you and your family manage financially?

If 'no', then now is a good time to talk to your financial adviser.

## What's not covered?

- › Intentional self-inflicted harm including attempted suicide
- › Participating in a criminal activity
- › Pregnancy or complications thereof lasting less than 90 days after the end of the pregnancy
- › Failure to comply with the advice and treatment recommended by the attending treatment provider.

## Benefit details

Income Cover provides several benefits that are built-in to the cover as well as some benefits you can choose to add at an additional cost, so it's easy to tailor your Income Cover to suit your needs and budget.

## Premium details

**Minimum premium:**  \$20 per month (incl. policy fee)

**Payment frequency:**  Weekly, fortnightly, monthly, half-yearly, annually

**Payment method:**  Direct debit, credit/debit card

## Premium review structure

There are a number of options available to you regarding how your premium review periods can be structured. Your adviser will work with you to help you choose the best premium review period to suit your needs.

Under Income Cover any one of the following premium review periods can be selected.

- › **1 Year** - Premiums will adjust each year on your policy anniversary in line with your increasing age and any underlying premium rate changes that have occurred since your last policy anniversary date.
- › **5 Year** - Your premiums will remain the same for each 5 year period. However, your premiums may increase if there is an increase in Cigna's underlying premium rates. (Not available under Loss of Earnings and Loss of Earnings Ultra).
- › **5 Year 5% Stepped** - Your premiums will increase by a fixed rate of 5% each year on your policy anniversary for 5 years. However, your premiums may increase if there is an increase in Cigna's underlying premium rates. (Not available under Loss of Earnings and Loss of Earnings Ultra).
- › **10 Year** - Your premiums will remain the same for each 10 year period. However, your premiums may increase if there is an increase in Cigna's underlying premium rates. (Not available under Loss of Earnings and Loss of Earnings Ultra).

## Income Cover - cover options

We offer a suite of Income Covers that allow you to choose the cover that best suits your needs. You can choose from: Agreed Value, Indemnity Value, Loss of Earnings and Loss of Earnings Ultra.

	Agreed Value	Indemnity	Loss of Earnings	Loss of Earnings Ultra
Amount payable	The monthly sum insured is 'agreed upon' from the outset. This means that you don't have to prove your income at claim time and your claim amount will remain the same, regardless of any change in your income.	You will need to provide evidence of your income at claim time and your claim amount will be recalculated based on 75% of your pre-disability income or the monthly sum insured, whichever is the lesser.	You will need to provide evidence of your income at claim time and your claim amount will be recalculated based on 75% of your actual loss or the monthly sum insured, whichever is the lesser.	You will need to provide evidence of your income at claim time and your claim amount will be recalculated based on 75% of your actual loss or the monthly sum insured less offsets, whichever is the greater.
Offsets	<b>Offsets are other streams of income you receive that we take into account in determining (reducing) the monthly benefit you would receive. The way offsets are treated varies with the Income Cover chosen, for example:</b>			
	Any income or payment you receive as a result of the same disability is deducted from the agreed value. (Other than sick leave or welfare payments).	Any income or payment you receive as a result of the same disability is deducted from the claim amount. (Other than sick leave or welfare payments).	Any income or payment you receive, other than sick leave or welfare payments, as a result of the same disability as well as any monthly income earned from personal exertion is taken into account in the calculation of your loss.	Any income or payment you receive, other than sick leave or welfare payments, as a result of the same disability as well as any monthly income earned from personal exertion is taken into account in the calculation of your loss.

The amount paid is also subject to any adjustments in relation to concurrent Mortgage Repayment Cover claims.

## How much of my income can be covered?

A sum insured is set when you apply for your policy, based on your annual income. The maximum sum insured you can apply for is different for each Income Cover and is outlined below:

Agreed Value	Indemnity	Loss of Earnings	Loss of Earnings Ultra
<b>Annual income</b> <b>\$70,000 or less</b> - 62.5% <b>\$70,001- \$99,999</b> - 60% <b>\$100,000 and above</b> - 55%	75% of your annual income.	75% of your annual income.	75% of your annual income.

**Note:** For incomes over \$250,000 per year, the above levels will be reduced.

**Maximum sum insured available for:** Agreed value is \$20,000 per month, Indemnity/Loss of Earnings/Loss of Earnings Ultra is \$25,000 per month.

## Built-in benefits

Income Cover provides the following benefits.

Benefit	What is it?	How it works	Why it's important
<b>Total Disability Benefit</b>	A monthly benefit if you are totally disabled as a result of an illness or injury. This is payable at the end of the waiting period.	A monthly sum insured payment may be payable if you're totally disabled. Payments begin at the end of the waiting period.	Compensates for income lost as a result of your disability and helps you meet your financial commitments, assisting you to maintain you and your family's current lifestyle.
<b>Partial Disability Benefit</b>	A partial benefit if you are only able to work in a reduced capacity due to illness or injury.	If you have been totally disabled for 7 days or more and then return to work in a reduced capacity (earning 75% or less of your pre-disability income), a Partial Disability Benefit may be payable once the waiting period is over.	Making sure that you do not suffer financially while you ease into full-time work.
<b>Increasing Income Benefit</b>	The ability to increase your cover, without providing any further evidence of your health, if you have an increase in salary.	On each salary increase you have the option to increase your cover by up to 10% per policy year in addition to CPI, without further medical assessment. You must apply for the Increasing Income Benefit within 90 days of your salary increase and be under the age of 55.	Allows you to keep your insurance in line with your actual income, without providing any further evidence of your health.
<b>Recurrent Disability Benefit</b>	Waiver of your waiting period if your disability recurs within 12 months (or 6 months in certain circumstances) of going off claim.	If you suffer a recurrence of a disability within 12 months of the end of a claim for the same illness or injury, the waiting period will be waived for the new claim. For the shorter payment terms (e.g. 2 years and 5 years), the recurrence must occur within 6 months of going off claim. Both the original and recurrence claims will be added together for the purposes of calculating the duration of the payment term.	If you suffer a recurrence of the same disability you are not unfairly penalised by having to wait out the waiting period again.
<b>Bed Confinement Benefit</b>	Pays a benefit if you are hospitalised or confined to bed for a period of longer than 3 nights.	If you are confined to bed either at home or in a hospital for more than 3 nights, under the daily supervision of an approved medical practitioner, a Bed Confinement Benefit may be paid for each night of bed confinement during the waiting period or until you are no longer hospitalised or confined to bed. The amount payable is 1/30 <sup>th</sup> of the monthly sum insured.	Financial assistance for costs incurred within the waiting period.
<b>Vocational Retraining and Rehabilitation Benefit</b>	Helps to meet costs of rehabilitation or retraining measures.	If you are currently on claim for a total or partial disability - up to 24 times the monthly sum insured is payable to undertake an approved rehabilitation programme or retraining to assist you in returning to work.	We work with you to find the treatment or training programme that you believe will best help you return to work.
<b>Recovery Support Benefit</b>	Financial assistance with purchasing specialised equipment for recovery.	A Recovery Support Benefit may be payable if you are totally or partially disabled and require assistance with the costs of purchasing specialised equipment like wheelchairs, artificial limbs, prosthetic devices, or house or car modifications. The maximum amount payable is the lesser of: <ul style="list-style-type: none"> <li>the actual purchase price of the specialised equipment; or</li> <li>6 times the monthly sum insured.</li> </ul>	Helps to meet the added costs of purchasing specialised equipment and devices to aid recovery.
<b>Return to Work Benefit</b>	A bonus payment on returning to work after being on a total disability claim.	If you have been paid a Total Disability Benefit for more than 12 consecutive months and return to work full time, a Return to Work Benefit may be payable. This is payable as follows: <ul style="list-style-type: none"> <li>After 3 consecutive months of full-time employment, a benefit equal to 1 times the monthly sum insured is payable.</li> <li>After 6 consecutive months of full-time employment, a benefit equal to 2 times the monthly sum insured is payable.</li> </ul>	We recognise that returning to work full time after a period of disability may be difficult for you and your family.
<b>Total and Permanent Disability Benefit</b>	An additional one-off lump sum payment if you are certified as being totally and permanently disabled as a result of illness or injury.	Payable in addition to the monthly sum insured, a lump sum of 12 times the monthly Income Cover sum insured if you are totally and permanently disabled as a result of illness or injury. Your occupation class is taken into account in determining whether you are totally and permanently disabled.	If you are totally and permanently disabled due to illness or injury, this payment helps to compensate for the ongoing financial impact and adjustment of lifestyle.

## Built-in benefits cont...

Income Cover provides the following benefits.

Benefit	What is it?	How it works	Why it's important
<b>Return to Home Benefit</b>	Cover for transport costs to get back to New Zealand if you suffer a disability overseas.	If you have been residing outside of New Zealand for more than 3 consecutive months and become totally disabled through illness or injury, this benefit provides a reimbursement of the cost of returning to New Zealand, up to 3 times the monthly sum insured.	Peace of mind knowing that if you suffer a disability while overseas you can return home immediately.
<b>Special Care Benefit</b>	Cover if you require full-time care at home.	If you are totally disabled and require full-time care at home, a Special Care Benefit may be payable. The amount payable will be the lesser of the cost of the relevant care or the monthly Income Cover sum insured to a maximum of \$2,500 per month. This benefit is payable in addition to the monthly sum insured.	Assists with additional costs of full-time care.
<b>Childcare Assistance Benefit</b>	Reimbursement of additional childcare costs you may incur as a result of a total disability.	Reimbursement of the lesser of: <ul style="list-style-type: none"> <li>› The actual additional childcare costs; or</li> <li>› \$800 per month, per child;</li> </ul> If you incur additional childcare costs for children under 14 years old, as a result of being totally disabled. If you have existing childcare arrangements in place, only additional childcare costs directly resulting from the total disability may be reimbursed.	Helps to meet additional childcare costs incurred as a result of your disability.
<b>Emergency Transportation Benefit</b>	Financial assistance for the costs of any emergency transport you require as a result of your total or partial disability.	A reimbursement of the actual costs incurred up to 3 times the monthly sum insured may be payable if you are totally or partially disabled and require emergency transportation, as required by an appropriate medical practitioner approved by us.	Financial assistance with the costs of emergency transportation, such as an air and road ambulance, if medically required.

## Optional benefits

Optional benefits that you can choose to add for an additional premium.

Optional benefit	What is it?	How it works	Why it's important
<b>Optional Dependant Leave Without Pay</b>	Financial assistance should you need to take leave from work to provide full-time care for a relative who cannot take care of themselves.	If you are in occupation class 1-4: <ul style="list-style-type: none"> <li>› you are working (in any capacity) for reward, salary or profit for at least 25 hours per week; and</li> <li>› you are responsible for a dependant aged between 5 and 65 years of age; and</li> <li>› you are required to take employer-approved leave without pay to undertake full-time care at the home of that dependant</li> </ul> then you may be entitled to receive this benefit. The amount that may be payable each month is the lesser of: <ul style="list-style-type: none"> <li>› 75% of the monthly sum insured; or</li> <li>› \$3,500 per month.</li> </ul>	Helps to meet your financial commitments if you have to take leave from work to look after those who depend on you.
<b>Optional Reduction in Waiting Period</b>	The ability to reduce your waiting period in the future in certain circumstances.	If you have selected a waiting period other than 4 weeks, in certain circumstances you can apply for your waiting period to be reduced, without further evidence to health.	In certain circumstances, you can reduce the amount of time you can afford to wait before you receive a payment without providing any further evidence of your health.

## Optional benefits - Income Cover Extra & Loss of Earnings Extra

Optional Income Cover Extra/Loss of Earnings Extra includes the following range of additional benefits for enhanced cover.

Optional benefit	What is it?	How it works	Why it's important
<b>Alternative Total Disability Definition</b>	An enhanced definition to the standard definition of total disability.	A monthly payment may be payable if you're unable to work as a result of illness or injury for more than 10 hours per week in your pre-disability occupation and you are not working for more than 10 hours per week in any occupation.  This does not apply for Loss of Earnings or Loss of Earnings Ultra as it is built into the base. You will receive the payment at the end of the waiting period.	Alternative criteria for assessment of total disability at time of claim.
<b>Partial Payment Bonus Benefit</b>	A top-up benefit to the Partial Disability Benefit.  For occupation classes 1-4.	If you have received at least 1 month's Total Disability Benefit then return to work in a partial capacity and receive a Partial Disability Benefit, a bonus of 25% of the Partial Disability Benefit may be payable for the remainder of the period that you are partially disabled, up to a maximum of 12 months.	An enhanced partial benefit providing further financial assistance during the transition between total disability and resuming full-time work.
<b>Bereavement Support Benefit</b>	A lump sum benefit payable in the event of your death or diagnosis of a terminal illness.	In the event of your death, or diagnosis (by an appropriate registered medical practitioner approved by Cigna) with an illness or injury, which is likely to result in your death within the following 12 consecutive months, a benefit of 3 times the monthly sum insured may be payable.	Financial assistance with funeral costs in the event of your death.
<b>Severe Illness Benefit</b>	A lump sum payment for serious illnesses.	If you suffer from and meet the criteria for any of the following severe illness conditions, an immediate lump sum payment of 6 times the monthly sum insured may be payable irrespective of whether or not you meet the definition of total or partial disability.  Severe illness conditions: Aortic Surgery, Cancer*, Chronic Kidney (Renal) Failure, Chronic Liver Failure, Coronary Artery Surgery*, Heart Attack*, Heart Valve Replacement, Major Burns, Major Head Trauma, Multiple Sclerosis, Organ Transplant, Paraplegia, Quadriplegia, Diplegia, Tetraplegia, Hemiplegia, Stroke*, Triple Vessel Angioplasty*  This lump sum is payable instead of a payment under Total or Partial Disability.	Helps to minimise the financial impact of suffering a serious illness, allowing you to focus on what's important - your recovery.
<b>Booster Benefit</b>	A top up benefit to the Total Disability Benefit.	If you are totally disabled, an additional 1/3 of the monthly benefit will be paid for the first 3 months after the end of the waiting period.	An enhanced benefit providing further financial assistance in the first 3 months after the waiting period.

\* No cover is provided if one of these conditions occurs within 90 days following the date the application is received by us.

## Optional restriction

Optional restriction that you can choose to reduce your premium.

Restriction	What is it?	How it works	Why it's important
<b>Optional Mental Health Restriction</b>	An optional restriction providing a premium discount by limiting the payment term to 1 year if you are totally or partially disabled as a result of a mental illness.	If you select this optional restriction, the payment term for any claim arising out of a total or partial disability as a direct or indirect result of a mental illness or related treatment complications, will be 12 months from the end of the waiting period, irrespective of the payment term detailed in your policy schedule.  This restriction is not available if a mental health exclusion applies.	Ability to discount premiums for affordability.

**Talk to your financial adviser**

**Call us on 0508 464 999**

**Visit [cigna.co.nz](http://cigna.co.nz)**

**Email [insurancenz@cigna.com](mailto:insurancenz@cigna.com)**

**Fax 0508 464 777 (toll free)**

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**Cigna Life Insurance New Zealand Limited**

Private Bag 92131,  
Victoria Street West,  
Auckland 1142

**Important information**

This brochure is for information purposes and is a summary only. Please refer to the policy wordings for our full requirements and eligibility criteria. The content is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser which takes into account your individual circumstances before you acquire a financial product. This brochure is based on information current as at June 2019 and is subject to change.

**Cigna Life Insurance New Zealand Limited**

