Pension & Protection Benefits

COVID-19 has brought many changes to society and how we do business. Many people are out of work or coping with a reduced income. The life & pensions industry has responded with some measures to help life assurance and pension policy holders and we have summarised these here. COVID-19 has also resulted in a change to the application process for those seeking life cover, specified illness cover and income protection.

Life Cover & Specified Illness Cover

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Will the payment of life cover claims be impacted by COVID-19?

We can reassure you that all life companies have confirmed that your life cover will not be impacted by COVID-19. In the unfortunate circumstance that a person contracts COVID-19 and dies, life policies would pay out in line with the life companies usual claims philosophy.

Do clients need to tell the life companies if they have been diagnosed with, or are awaiting testing for, COVID-19?

Existing Policies

Clients with policies already in place do not need to let their provider know. Your policies' original terms and conditions continue to apply, and nothing changes due to this pandemic.

Applications in process

For applications currently in progress which are pending any requirements, for example a special terms letter or direct debit mandate, customers need to let the life company know if there has been any change to their health. You must fully disclose anything which may have arisen between the date you applied for cover and the date your policy is issued. This includes any new medical issues, medical investigations or new symptoms.

New Business Applications

All new applications include additional questions directly related to the virus. Examples of these new questions being asked are as follows:

- Have you tested positive for Coronavirus (COVID-19) or are you waiting on a COVID-19 test or test result?
- Are you currently experiencing symptoms of a cough, a high temperature, a fever, breathing difficulties or any other symptoms of Coronavirus (COVID-19)?
- Are you self-isolating due to the symptoms of Coronavirus (COVID-19)?
- Have you been advised to self-isolate for any other reasons, or had direct contact with someone who has been confirmed or suspected to have Coronavirus (COVID19)?

If you answer yes to any of the above questions, a decision to provide cover will be *postponed* until they have made a full recovery or for a minimum of 1 month.

Have there been any other changes?

At this stage, one provider (Aviva) has temporarily reduced the maximum age of entry for new applications to age 70.

What if I cannot afford to pay the premiums on my existing protection policy?

Maintaining protection cover is particularly important during this crisis for obvious reasons. The life companies are aware that greater flexibility is required to help people during these challenging times. There have been a range of options introduced. Bear in mind that each provider has adopted their own approach, so you will need to check with your provider to see if any of these new options are available to you. If you want help with this, please don't hesitate to contact us.

Re-instating policies that lapse

Generally, clients with life assurance policies have 30 days after their premiums become unpaid, during which they remain on cover. After this period, the policy lapses and you are no longer on cover. In order to re-instate the policy, you must complete a declaration of health (which is subject to full underwriting) and pay the outstanding premiums. Most companies have indicated that they will except a re-instatement of a policy that lapses during the crisis, without the declaration of health for a period of 90-100 days (rather than 30).

Premium Waiver

New Ireland Assurance is offering a 3-month premium waiver to customers who have been granted a payment break on their mortgage. The 3 months premiums will not be required to be repaid at a later date. Evidence of approval of the mortgage payment break will be required. This offer also extends to non unit-linked Term Assurance policies that are assigned to a mortgage.

Premium Holiday or Deferral

Some providers are providing a premium deferral facility for protection policies. Royal London will allow you defer up to three months premium and Aviva four months. During the deferral period you remain on cover. At the end of the premium deferral period, the premium arrears due can be repaid at that point or spread out over the upcoming 12-month period.

Pension & Savings Plans

Premium Holiday or Deferral

Maintaining pension premiums is an important part of saving for retirement. However, if you have been financially impacted by Covid-19 and are concerned about paying your monthly pension premiums, some providers can offer a premium holiday of up to six months. At the end of the premium holiday period, your premium will recommence at previous levels. If premiums do not recommence, the policy will be made Paid Up.

Minimum Premium Reduction

Some providers have reduced the minimum premium on their pension and savings plans to help clients who want to continue saving but at a lower level.

Company Pensions

The COVID-19 pandemic continues to have a huge impact on businesses in Ireland. Many employers have laid-off staff, either on a permanent or temporary basis, while some have had to reduce hours and pay for staff.

Can contributions (employer, employee and AVC) be stopped under the existing pension plan?

1. Where the employees have been permanently let go or are no longer being paid, contributions can be stopped.
2. Where the employees continue to be paid (full or reduced income), the employer contributions only can be temporarily stopped for a period up to the later of, 3 months or the next plan renewal date.
3. Where the employees continue to be paid (full or reduced income), all contributions (employer, employee and AVC) can be temporarily stopped up to the later of 3 months or the next plan renewal date.

In both 2 and 3, where contributions are currently based on percentage of income, contributions can continue to be paid into the plan based on the reduced income that employees are receiving.

Group Risk – Death in Service

Will employees continue to be covered for Death in Service benefits during this time?

1. Where the employees have been permanently let go, redundancy cover may apply (if available), where employees' current level of death in service benefit can continue for up to 6 months from the date of leaving.
2. Some Group Risk schemes include a continuation option. This allows the leaving member set up an individual policy with the current provider, without providing evidence of health (for the same level of benefits or less). Usually, this option must be exercised within 30 days of leaving and one provider has extended this to 60 days.
3. Where the employees have been temporarily laid off and provided New Ireland will maintain the employees' current level of death in service benefit for a period of 3 months from the date employees were laid off. This will apply where the employer has paid, or will pay, the death in service premiums for these employees for the 3-month period. There is no update from other providers on this option.
4. Where the employees continue to be paid on a reduced income basis, New Ireland will not apply any corresponding reduction in cover. Provided they receive a request from the employer and agree to do so, they will maintain the employees' current level of death in service benefits for a period of 3-months.

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We want to know what matters most to you. No one knows your plans for the future better, so by listening to you, we gain a deep understanding of your priorities and concerns. backed by a deep foundation and knowledge of your plans, we bring our experience and expertise to help you make the most informed financial decisions.

Our team of specialist advisors are on-hand to help you plan for your future. To find our more visit **www.ifac.ie** or call **01-4277400.**