cornmarket
group financial services ltd

SICK PAY CHANGES AHEAD
BE PREPARED

The HEA (Higher Educational Authority) has confirmed that new Sick Pay Entitlements for Public Sector Employees will formally commence for all NUIG employees on 1st September 2014.

NUI Galway
OÉ Gaillimh

Income Protection Plan
for NUIG Employees

Review 2014

Cornmarket's role as administrators

In February 2013, following discussions with Marsh Employee Benefits Ltd., Cornmarket took over the administration of the Income Protection Plan for NUIG employees.

Our role includes:

1. Negotiating with the various insurers to obtain the most competitive rates and to secure the best possible benefits for members.
2. Promoting the benefits of the Plan to NUIG employees.
3. Assisting members who want to make a claim from the Plan, by guiding them through every stage of the claims process and acting as the member's advocate in all dealings with the insurer.

A Claims Service you can trust

Our Income Protection Claims Team are specialised, well-informed and easy to talk to, and will do all they can to help in a member's time of need. They provide a vital 'hand-holding' function from start to finish of the claims process. So should you need to make a claim, you can rest assured that it will be dealt with in the efficient, professional and sensitive manner that you deserve.

IMPORTANT: Notification of Claims

Cornmarket is not automatically notified of your absence from work through illness. It is vital, therefore, if you wish to make a claim that you notify the Cornmarket Claims Division of this fact on (01) 408 4018, approximately 8-9 weeks in advance of the date that your salary is due to be reduced to half pay.

Please note: the notification period may be subject to change when the new sick pay entitlements come into effect in 2014.

THE PLAN IN ACTION

Mary McMahon,
Cornmarket Plan Beneficiary,
Co. Kildare.

"The reality is if you have no money, you are then dependent on the state and I think everybody in this country knows what it is like to depend on the state. It's very difficult.

That was very important because with a young family, in terms of the Salary Protection Scheme, I knew I would have my salary (75% of salary covered).

It's going to cost you very little and the benefits far outweigh the cost you have to pay out of your salary and I genuinely mean that.

At the end of the day we all need money to survive."

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How the Plan works

Although many members feel that they will never need the protection the Plan provides, sadly our experience has been that even the healthiest person can suffer unexpected illness or have a serious accident. This is why membership of the Plan is so vital for every NUIG employee.

What happens to your income if you fall ill (arrangements prior to 1st September 2014)?

Typically if you fall ill for more than 12 months in any period of 4 years or less you are taken off the payroll. What's more, if within this period you are ill for more than 6 months in any one year, your pay is cut by half. Alternatively, if you are retired on the grounds of ill health you may be entitled to an Early Retirement Pension at this point.

Even if you have many years of service, your Ill Health Early Retirement Pension will be only a fraction of your salary (see graph on page 5). In addition, those paying PRSI at the 'A' rate, may be entitled to a State Illness Benefit, but at just €9,776 per annum (2014 level), the State Illness Benefit provides a subsistence income. The reality is that long-term illness inevitably means a severe drop in living standards. The need for some kind of additional income is vital.

It may be the case that you have not been taken off the payroll but that your pay has been reduced to half pay because you have been out sick for more than 26 weeks in any one year. In this instance, the Plan will pay you a benefit of 25% of salary topping up your sick pay up to 75%. Once you have been ill for a full 52 weeks in any 4 year period, the Plan aims to pay you a benefit of up to 75%* of your salary less any Early Retirement Pension and/or State Illness Benefit/ Pension Rate of Pay/Temporary Rehabilitation Pay to which you may be entitled. The Plan goes on paying you until you recover, are deemed fit to return to work by Irish Life, die, or right up to your 65th* birthday if you are permanently disabled.

**subject to a maximum benefit clause.*

(For information on the new sick pay arrangements please refer to page 4.)

Public Sector Sick Pay Rules (post September 2014)

The current proposal is that new sick pay arrangements for Public Sector Employees in Education grades, will formally commence on the 1st September 2014.

- From the 1st September, you will be entitled to just 13 weeks (92 days) full pay, followed by 13 weeks (91 days) half pay, in a rolling 4 year period. The rolling 4 year period is calculated by working backwards from the latest date of certified sick leave absence (prior to this date, you were entitled to 26 weeks full pay and 26 weeks half pay in a rolling 4 year period).
- If you go out on sick leave there are now two 'look back' periods that will need to be referenced to determine whether you receive sick pay or not.
  - **'Look Back' Period 1**
    The first 'look back' period is over a rolling 4 year period. This is to determine whether or not you receive sick pay.

    If the amount of paid sick leave which you have already received does not exceed 183 days (i.e. 6 months) in a rolling 4 year period, then you are entitled to paid sick leave. If you exceed the 183 days limit, you will not be entitled to any sick pay.
  - **'Look Back' Period 2**

    If you do not exceed 183 days paid sick leave, there is then a 12 month 'look back' period to determine what rate of pay you should receive i.e. full or half pay.

    If you have less than 92 days you may be paid full pay up to 92 days, with half pay for up to a further 91 days, subject to an overall limit of 183 days of paid sick leave in a rolling 4 year period.
- When you have exceeded 183 days you may receive Temporary Rehabilitation Pay. Temporary Rehabilitation Pay will be based pro-rata on your actual years of service.

(Please note that this is Cornmarket's understanding of the new sick pay arrangements on 30/01/14 and may be subject to change.)

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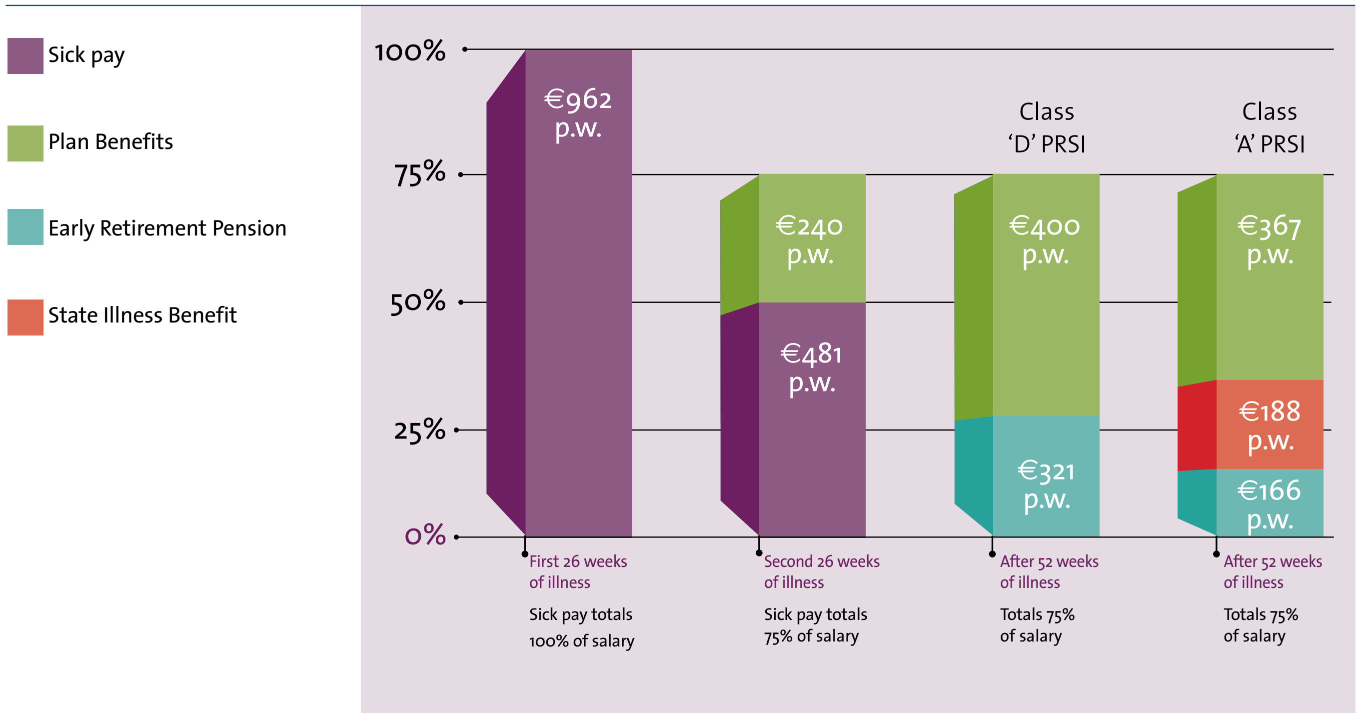
How the Plan works - continued

An example of what happens when sick pay runs out (prior to 1st of September 2014)

Staff recruited to the Public Service on or after 6th April 1995 pay class A PRSI. Their Superannuation Scheme pension is integrated to take account of the value of the Contributory State Pension in calculating the pension payable.

In the event of illness they may typically claim State Illness Benefit.

An example of how the Plan helps



The examples above are based on a permanent, full-time employee who is a member of the Superannuation Scheme, with 20 years' service earning €50,000 p.a. (€962 p.w.) paying PRSI at either the 'D' or 'A' rate, who is now unable to work due to a long-term illness or disability.

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How the Plan works - continued

Examples of how the Plan helps post September 1st 2014 once new Sick Pay Entitlements have been introduced

Once the new sick pay entitlements come into effect the Plan will be enhanced with benefits being paid out earlier. i.e. after 13 weeks as oppose to 26 weeks.

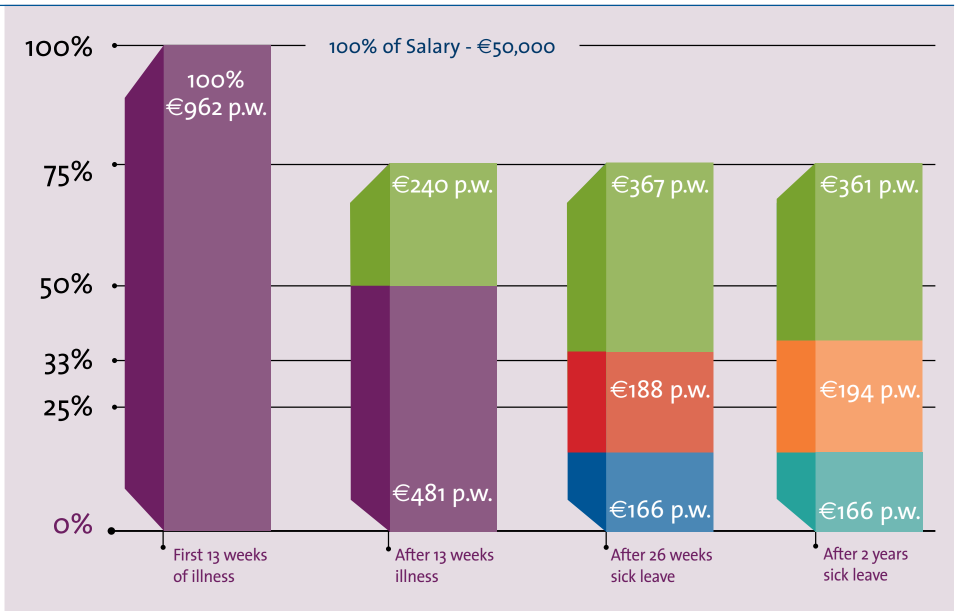
The example below is based on a lecturer, who is a member of the Superannuation Scheme, with 20 years' service earning €50,000 p.a., who is now unable to work due to an illness or disability. Claim is not for a critical illness, and we are assuming Early Retirement Pension is taken after 2 years.

D Rate PRSI Example

- Sick pay
- Plan Benefits
- Temporary Rehabilitation Pay
- Early Retirement Pension

A Rate PRSI Example

- Sick pay
- Plan Benefits
- Temporary Rehabilitation Pay
- Early Retirement Pension
- State Illness Benefit
- State Invalidity Pension



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How much does the Plan cost?

Following the 2014 review, the cost of the Plan has reduced from 1.16% to 0.86% (reduction of over 25%)

As membership is so vital, the Plan is designed to be affordable for every member. It's remarkably good value because it is negotiated on a special 'group basis' for NUIG employees. The new contribution rate will be 0.86%. As the total contribution rate is eligible for tax relief, the actual cost of membership for the typical member on 41% tax will be just 0.51% of salary.

As premiums are deducted from your salary by your employer, tax relief will automatically be deducted at source from salary so members will only pay the after tax amount.

Please bear in mind that it is your responsibility to ensure that the correct deductions have, in fact, been made by your employer and that deductions are cancelled where appropriate. Note: The new reduced rate is guaranteed until the next Plan review due on the 1st April 2017.

WAS			NOW		
Premium was 1.16% Gross			New Premium 0.86% Gross		
	Weekly (gross)	Weekly (net)	Weekly (gross)	Weekly (net)	
€20,000	€4.45	€3.56	€3.30	€2.64	*
€35,000	€7.78	€6.22	€5.77	€4.62	*
€40,000	€8.89	€5.25	€6.59	€3.89	**
€50,000	€11.12	€6.56	€8.24	€4.86	**
€75,000	€16.67	€9.84	€12.36	€7.29	**

WAS			NOW		
Premium was 1.16% Gross			New Premium 0.86% Gross		
	Monthly (gross)	Monthly (net)	Monthly (gross)	Monthly (net)	
€20,000	€19.33	€15.47	€14.33	€11.47	*
€35,000	€33.83	€27.07	€25.08	€20.07	*
€40,000	€38.67	€22.81	€28.67	€16.91	**
€50,000	€48.33	€28.52	€35.83	€21.14	**
€75,000	€72.50	€42.78	€53.75	€31.71	**

*Assumes paying income tax @ 20%
**Assumes paying income tax @ 41%

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New Auto Enrol Facility for NUIG Employees

NUIG will implement an 'auto enrol facility' for all staff 'Actively at Work'* on the 1st of April 2014 following consultation with the representatives of the College Staff Unions.

This means all NUIG employees Actively at Work* on the 1st April 2014 will automatically become a member of the Plan without the need for medical underwriting. The same applies for any new staff member going forward.

Should any staff member prefer not to become a member of the Plan, they may do so by completing an 'opt out' form within 4 months of the 1st April 2014. Opt out forms are available on request from pensions@nuigalway.ie.

IMPORTANT NOTE: If you do decide to opt out and decide at a later stage you would like to re-join the Plan you will need to undergo medical underwriting.

*Actively at work means that you:

- Are working your normal contracted number of hours
- Have not received medical advice to refrain from work
- Are not restricted from fully performing the normal duties associated with your occupation.

Those on paid and unpaid maternity leave can be considered actively at work.

Employees on paid leave/holidays are considered to be present at their place of work but must still meet the other requirements for 'Actively at Work'.

Staff who do not satisfy the above criteria on the appointed date can still apply to join the Plan at a later date on completion of application form which will contain medical questions.

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Enhancements & improvements to the Plan following the 2014 Review

Unpaid Maternity, Parental, Adoptive & Carers Leave

Currently if a member takes unpaid Maternity, Parental, Adoptive or Carer's leave premiums are waived for up to 18 weeks in a 12 month period. If the unpaid leave is for longer, Irish Life (the underwriters of the Plan) offers members an option similar to the career break option (see below). In a number of cases members exceed the current 18 weeks period if they take unpaid maternity leave (statutory 16 weeks) followed by a period of unpaid parental leave. Irish Life will now allow members 30 weeks in 12 months without premiums when members take unpaid leave under more than one of the categories above

Career Breaks

Currently members may take a career break for up to 1 year and can re-join the Plan without underwriting at the end of the career break. For any career break greater than 1 year, medical underwriting will be required to re-join the Plan.

The Underwriters have confirmed they are willing to increase this to 5 years, and remove the need for medical underwriting.

Members who fall ill during their career break will be allowed to commence a deferred period at the end of the career break.

This is conditional on the Underwriters being advised of the expected return to work date within 4 months of the start date of the career break. Should the member be unable to return to work on this date, due to illness or injury, the deferred period will start on this date.

Temporary Contract Clause

The position for members of staff on temporary contracts has been enhanced. A claim in respect of a member on a temporary contract will now be treated in the same manner as that of a permanent member of staff. If a member is disabled and their contract expires before the expiry date of the deferred period, their claim will be considered subject to the usual medical evidence requirement. For example, if a member suffers an illness with 3 months remaining on their contract and remains disabled to the end of the deferred period, their claim will be considered in the normal manner.

Enhancement for employees who avails of the Shorter Working Year Scheme

The Shorter Working Year Scheme replaced the previous Term Time arrangements. The Scheme allows employees (not just those with school children) to take unpaid special leave as a period of 2, 4, 6, 8, 10 or 13 consecutive weeks during a 12 month period. Although it is unpaid leave, there is provision to spread your salary over the whole year including the period covered by the Shorter Working Year Scheme. Typically, if availing of the full 13 weeks your salary will be 75% of the salary you would receive if you were working a full 12 months. While contributions will be deducted based on the actual reduced salary, your cover will continue to be based on the full-time salary **for a maximum period of 2 years**. However, for those who avail of the Shorter Working Year Scheme on a regular basis (i.e. over each year for periods of more than 2 years) cover under the Plan remains in force, with benefits based on the actual salary (typically 75% of equivalent full-time salary).

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Enhancements & improvements to the Plan following the 2014 Review - continued

Special concession for job sharers and work sharers:
Option to have cover based on full-time salary.

In recognition of the fact that some members intend to go job sharing for a limited period of typically 1 to 2 years, and would prefer to keep cover based on their full-time salary, Irish Life has agreed to provide an option for cover based on the member's full-time salary i.e. be treated on the basis that you are employed full-time and pay a contribution based on your full-time salary. In this event, the salary for benefit purposes will be the equivalent of full-time salary. In order to avail of this option, members must pay 1.72% i.e. double the normal contribution rate (0.86% x 2).

Irish Life have agreed to provide this option for cover based on full-time salary for a period of up to 3 years. If a member continues to job share beyond 3 years cover, contributions will be based on the job sharing salary.

You should note that the option of cover based on full-time salary is only available to full-time members who are already members of the Plan, and who subsequently elect to job share i.e. members who are job sharing at the time they join the Plan cannot avail of cover based on full-time salary.

Important: If you intend to avail of this option and have cover based on your full-time salary equivalent, you must notify Cornmarket in advance of going job sharing or work sharing. If you do not contact Cornmarket, your contributions and benefit will automatically default.

Other information on the Plan

Are all illnesses covered?

The only conditions excluded under the Plan are those arising from wilfully self-inflicted injury or illness or those arising as a result of war or similar risks.

Definition of disablement:

For the purpose of this Policy:

(i) Total disablement shall be deemed to exist where (a) the Insured Person is unable to carry out the duties pertaining to his normal occupation by reason of disablement arising from bodily injury sustained or sickness or illness contracted and (b) the Insured Person is not engaging on a full-time or part-time basis in any other occupation (whether or not for profit or reward or remuneration, including benefit in kind).

and

(ii) Partial disablement shall be deemed to exist where (a) following a period of total disablement as in Sub-Provision 1 (i) above, which period is to be decided by the Company, an Insured Person is unable to carry out the duties pertaining to his normal occupation by reason of disablement arising from bodily injury sustained or sickness or illness contracted and (b) the Insured Person with the written consent of the Company re-engages in his normal occupation with loss of earnings as a result or engages in some other occupation on a full-time or part-time basis (whether or not for profit or reward or remuneration, including benefit in kind).

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This review is designed as a quick reference only to the main enhancements arising from the 2014 Plan review. Please refer to the policy document which is definitive in all matters of interpretation and entitlements to benefits.

For information on the Plan please call (01) 408 4195

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