# Income Protection Cover: our Earnings Guarantee

Secure your client's payouts from the word go.



# Your client can lock in their income upfront

**If your client is off work due to illness or injury, Income Protection pays part of their monthly income, tax-free, helping them stay financially secure while they recover.**

Included with our Income Protection is our  Earnings Guarantee. A key feature that ensures your client's income is protected from day one. This guide explains how it works, so you can confidently share the benefits with your clients.

When your client makes an Income Protection claim, most providers will look at your client's most recent earnings. But if your client's pay has reduced in that time, they may not receive the full cover amount. With Vitality, your client can verify their earnings upfront to guarantee their cover amount.

## Guarantee your clients earnings for up to £8,000 a month - more than any other provider[1]

### How it works

First, we'll automatically guarantee earnings of £1,500 a month when your client joins. If your client is a doctor or a surgeon, we'll automatically guarantee up to £3,000.

To guarantee payouts of between £1,500 and £8,000 a month, your client just needs to give us proof of earnings within the first six months of their plan. For the verified Earnings Guarantee to apply, your client must be working over 16 hours a week at the point of claim.

**How to calculate your client's earnings:**

- **If they are employed:** Your client's base salary or wages, plus their bonus capped at 20% of their base salary or wages.
- **If they are self-employed:** Either the average of their annual income over the last three years or 120% of their lowest annual income in that three-year period – whichever is the lowest.



### What we need to guarantee your client's earnings

| If your client is: | We may need: |
|---|---|
| Employed | • Their three most recent payslips;<br>• Their most recent P60 |
| Self –employed | • Their most recent agreed HMRC tax computations and self-assessments (SA320); |
| The director of a limited company | • Their three most recent payslips<br>• Copies of their company's accounts that have been submitted to HMRC for the last three years; and<br>• Confirmation of the number of employees in their company |

*We may need more information depending on the client's cover or the condition they're claiming for.*

**Why it pays to verify their income**

- We'll guarantee to pay your client their full cover amount when they claim.
- Plus, we can review their claim faster, so they get paid sooner.

**Future-proof your clients cover with indexation**

When your client takes out Indexation and verifies their earnings, their guaranteed amount will increase alongside inflation.

1. VitalityLife market analysis of guaranteed benefit amounts, 2025

## Meet James

**He's a self-employed IT Consultant, who earns an average of £4,500 a month.**

When James takes out Vitality's Income Protection Cover, he chooses to protect his benefit amount with the Earnings Guarantee.

### James verifies his income upfront

**To protect his benefit amount, James gives us proof of his earnings within the first six months of the plan. He does this by sending us:**

- Three years of HMRC self-assessment tax returns; and a summary of his business accounts.

### Vitality calculates his income payments

**As James is self-employed, the verified payments are based whichever is the lowest of a) or b):**

a) The average of the last three years = £4,500 a month
b) 120% of the lowest year = £4,800 a month

As a) is the lower amount, James' benefit is locked in at £4,500 a month. So, even if his income changes, he'll be guaranteed income payments of £4,500 a month when he claims.

### James makes a claim

**Two years later, James develops a chronic musculoskeletal condition. Spending too long at his desk means he's suffering persistent lower back pain. Over several months, he gradually reduces his working hours. This also reduces his earnings to just £2,000 a month.**

Eventually, his condition gets so bad, he has to stop work. So, James makes a claim on his Income Protection Cover with Vitality.

### The Earnings Guarantee

**Because he verified his earnings with us upfront, James' benefit amount is protected. Despite his salary recently reducing to £2,000, his income payments are guaranteed at £4,500 a month.**

Plus, he didn't need to prove his income when he made his claim. We only needed to see that his earnings had stopped.

If James had chosen another provider for his income protection, they may have questioned whether it was medically necessary to reduce his hours. And he may have received a lower payout that reflected his reduced income, rather than his previous full earnings.

### Vitality's Income Protection Cover means a better claims experience

- James didn't need to send in proof of earnings.
- His payments aren't based on his current (reduced) income.
- His claim was processed faster;
- He was paid the full, guaranteed £4,500 a month.

# Does your client need to verify their earnings?

**Verifying their earnings might not be right for every client.**

These flow charts help you work out if your client should verify their income.

## If your client is employed

**What you'll need:**

- Your client's last three payslips
- Their P60



**Are irregular bonuses more than 20% of their yearly income?**

**Lower benefit – guaranteed**

The Earnings Guarantee secures your client a regular income. However, irregular bonuses are capped at 20% of the regular income, so we can't guarantee their total earnings.

Your client will need to choose between a higher, non-guaranteed benefit or a lower benefit that's guaranteed once verified.

**Higher benefit – not guaranteed**

**Verify earnings**
The benefit is based on the average base salary for the last three months – 60% of the first £60k, 50% after that. Plus, up to 20% of their salary can be added for bonuses.

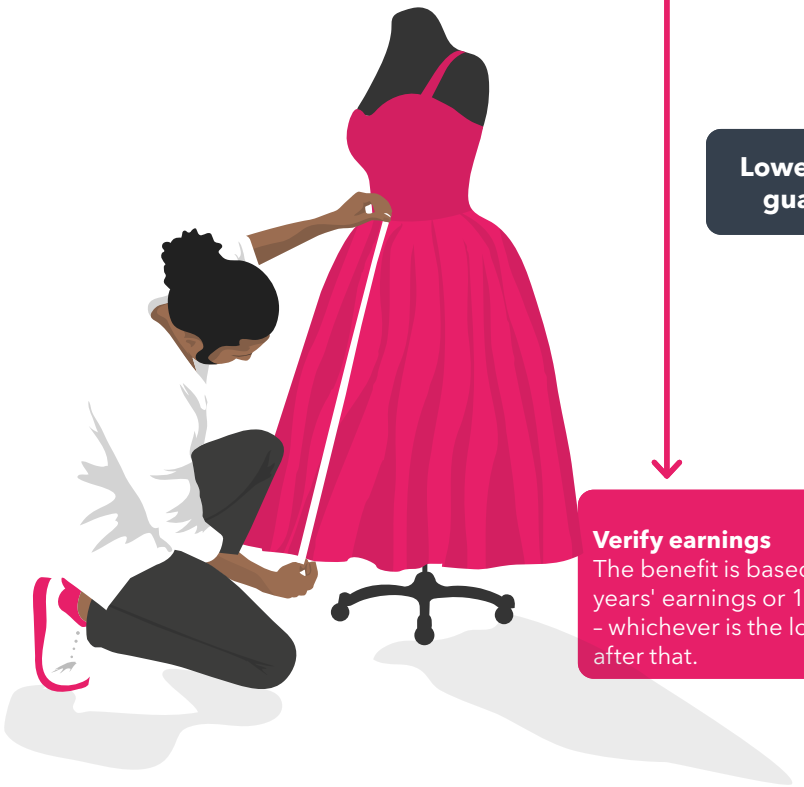
OR

**Don't verify earnings**
Their benefit will include regular bonuses and is based on the average base salary for the previous year – 60% of the first £60k, 50% after that.

## If your client is self-employed

**What you'll need:**

- Your client's tax calculation form, SA302, for the last three years
- Their accounts that relate to these



Are the last 3 years SA302 returns fairly consistent?

If your client's SA302 returns are too inconsistent, the level of income we can guarantee might be too low for your client.

They'll need to choose between a higher, non-guaranteed benefit or a lower benefit that's guaranteed once verified.

**Lower benefit – guaranteed**

**Verify earnings**
The benefit is based on the average of the last 3 years' earnings or 120% of the worst year's earnings – whichever is the lower. 60% of the first £60k, 50% after that.

OR

**Higher benefit – not guaranteed**

**Don't verify earnings**
Their benefit is based on the average total earnings for the last 3 years – 60% of the first £60k, 50% after that.

## Find out more

Visit adviser.vitality.co.uk or speak to your dedicated Vitality Business Consultant

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