

**Key Features of  
Dentists' Provident  
Income Protection**  
Commuted Members

DENTISTS'  
PROVIDENT



The Financial Services Authority is the independent financial services regulator. It requires us, Dentists' Provident, to give you this important information to help you decide whether our membership is right for you. You should read this document carefully, so you understand what you are buying, and then keep it safe for future reference.

If you are unclear about any part of this document or have any questions, please contact your financial advisor or our Member Services Department.

## Its aims

- To allow you to continue building up your cash lump sum beyond the maturity of your insured membership.
- To provide smoothed, tax-efficient, long-term growth in your Member's Bonus Account.
- To give you immediate access to the funds in your Member's Bonus Account.
- To give you the facility to make regular withdrawals from your Member's Bonus Account.
- We do not guarantee what you will get back in the future, as the continued build up of your cash lump sum is dependent on our overall claims experience and market conditions generally and could be smaller than shown in your Personalised Illustration.

## Your commitment

- To fulfil your obligations as a member of Dentists' Provident as set out in the Rules.
- To make all the regular premium payments for the duration of your Commuted membership.
- In the event of adverse conditions, the bonus rates could be reduced or a Bonus Account Reduction applied, which could reduce the amount we pay out. (Please refer to the "Bonus Account Reduction" section.)
- Inflation will reduce the spending power of the cash lump sum you get back in the future.
- Your circumstances may change, forcing you to reduce your shareholding or cash in your Member's Bonus Account and you may get back less than you expect.
- The rules regarding tax treatment of premiums and benefits may change in the future.

## Risks

- The premium rates are not guaranteed and in future we may change the premium payments for all members because of factors such as our claims costs and expenses.

All of the information in this document is subject to the terms set out in the Society's Memorandum and Rules. Full details of the standard contract are given in the Memorandum and Rules, a copy of which is available on request or on our website.

## Questions & answers

### What is Dentists' Provident Commuted membership?

Commutated membership is an open-ended regular premium membership of Dentists' Provident, but without the income protection insurance cover. The contract works by pooling the members' premiums, which are used to pay the income protection insurance claims and management expenses. The members share the remaining surplus and any income from the Society's investments. The annual allocation of bonuses accumulates to provide a cash lump sum at retirement, which is currently exempt from UK income tax and capital gains tax.

Commutated membership is designed to provide enhanced financial returns to members through higher rates of dividend per Share compared with other categories of membership.

You select the features to ensure membership of Dentists' Provident meets your individual needs.

- ▣ You decide:
  - The number of Shares you require;
  - How long you wish to remain a Commuted member of Dentists' Provident; and
  - Whether you require regular withdrawals from your Member's Bonus Account.
- ▣ You pay regular premiums to keep your membership in force.
- ▣ We provide a cash lump sum on cancellation of your membership, or regular withdrawals, as requested by you.

### Who can apply to become a Commuted member

Commutated membership is only available to:

- ▣ Existing members of the Society, who:
  - Are over the age of 50 years;
  - Currently have income protection benefits with the Society; and
  - Are fully or part-retired from full-time

work or, for some other reason, no longer require the insurance benefits provided by the Society.

- ▣ Employees of the Society.

### How long does membership last?

- ▣ An upper age limit does not apply to Commuted membership. You can remain with the Society as a Commuted member for as long as you wish.
- ▣ Your membership will automatically cease upon your death.

### How much will my premiums be?

Your Personalised Illustration will show the normal cost of the Shares you have chosen.

The premiums you pay are based on the level of your shareholding and do not increase with age.

Premiums are payable by direct debit in advance either monthly, quarterly, half yearly or annually. You can also choose to pay your premiums by regular partial withdrawals from your Member's Bonus Account.

### Changes to your premium payments in the future

All premiums are reviewable, which means your premium may be changed to reflect updated views on the expected cost of providing benefits. Your premium can only be changed on 1st January of any year. Your premium may go up or down, or may remain unchanged as a result of the review and there is no limit to the size of the potential change.

The reviews will compare the costs allowed for in your premium with the updated view on future costs. We will not look to recoup past losses or redistribute past profits as part of a review. When conducting the reviews, we will consider in detail the future impact of the following factors:

- ▣ The Society's claims experience, including morbidity, mortality and lapse rates;



- The Society's income and expenditure;
- The statutory solvency requirements;
- The gender, occupation and geographical distribution of members;
- The legal and regulatory environment;
- Taxation;
- The terms of any reinsurance arrangements; and
- The benefit criteria.

We will give you at least 60 days notice of any change as a result of such a review. If we advise you of an increase in premium, you have the option to leave your premium unchanged and reduce your shareholding instead.

### **What are the charges?**

The costs of administration, underwriting and any fees and commissions payable in becoming a Commuted member are included in the premiums shown in your Personalised Illustration.

### **What is a Share?**

A Share has no value in its own right (unlike a stock market share which increases or decreases in value). It gives you the right to participate in the surplus made by the Society, and how much of the surplus is allocated to you depends on the number of Shares you hold. You must hold a minimum of 1 Share.

Subject to an overall limit of 2,000 Shares, the maximum number of Shares available is calculated as the level of your cover (in Pounds Sterling), immediately before applying to become a Commuted member, divided by 0.6, rounded down to the nearest whole number.

You will need to pay a regular premium for the Shares you hold.

### **Can I change my level of shareholding?**

You can choose up to the maximum shareholding permitted for your cover at the time of becoming a Commuted member. If you choose a lower amount,

you may not subsequently increase your shareholding. Similarly, if you reduce your shareholding, you may not subsequently increase it.

Subject to a minimum holding of 1 Share, you can reduce your shareholding at any time.

### **How does my cash lump sum accumulate?**

Your cash lump sum accumulates in your Member's Bonus Account. At the end of each year, a dividend is added, based on the number of Shares you have held. We also credit your account with interest, based on the balance of your Member's Bonus Account and the performance of the Society's investments. These dividends and interest accumulate to form your cash lump sum.

Depending on the Society's financial performance over the duration of your membership, a one-off terminal bonus may also be payable on full or partial withdrawal of funds.

The rates of dividend, interest and terminal bonus are reviewed regularly and take into account expected future returns from investments, the Society's current and projected financial performance and the decisions we make about the distribution of surpluses. The aim is to provide a smooth rate of growth, ironing out extreme fluctuations.

### **What might I get back?**

The premiums you pay for your Shares give you a right to share in our future surplus. There is no explicit link between the amount you pay and what you might get back.

We do not guarantee our future bonuses, and the amount you get back will depend on several factors. For example, the length of your membership; the number of Shares you hold; how well the Society and its investments perform; what withdrawals you make; and whether any Bonus Account Reductions apply.

Subject to the amount available in your Member's Bonus Account, there are no limits on the number or size of withdrawals you may make.

Unlike other members, full or partial withdrawal of funds by Commuted members are not subject to any early cancellation penalties. Depending on the Society's financial performance over the duration of your membership, a terminal bonus may also be payable on the withdrawal of funds.

We reserve the right to change the bonuses paid on withdrawals at any time, particularly in the event of a significant adverse movement in the investment markets or change in the financial performance of the Society. (Please refer to the "Bonus Account Reduction" section.)

### **What happens if I stop my contributions?**

You cannot suspend payments or leave funds invested once premium payments have ceased. We may cancel your membership if your premiums are more than 45 days in arrears. We will deduct any outstanding premiums from any amounts payable to you.

### **Where is my cash lump sum invested?**

The funds are invested through a number of specialist managers in a mixed portfolio which includes Government and other fixed interest stocks, equities (both UK and overseas), property and currency. The asset mix is chosen with a view to maximising the long-term return on investments while paying attention to meeting the Society's obligation to fulfil its liabilities. Further details are available in the Dentists' Provident "Shares Guide & Fund Factbook", a copy of which is available on request or on our website.

### **How will I know the value of my Member's Bonus Account?**

Bonus statements are sent annually, showing the amount of dividends and interest added to your Member's Bonus

Account for the previous year. If you require interim values, please telephone our Member Services Department on the number at the back of this booklet.

Alternatively, login to the secure members' area of our website at [www.dentistsprovident.co.uk](http://www.dentistsprovident.co.uk)

### **What about tax?**

Due to our status as a Holloway Friendly Society, we benefit from certain tax concessions in the UK, which mean the Society does not pay tax on capital gains and income received from cash deposits, gilts and fixed interest securities. However, we cannot reclaim tax paid on the dividend payments received within the fund. Under current UK tax legislation, the balance on your Member's Bonus Account and the annual bonuses credited to you are exempt from income and capital gains tax. You cannot claim tax relief on the premiums you pay the Society. If you die whilst a member of the Society, any amount paid into your estate could be liable to inheritance tax.

The tax rules could change in the future. Please note that, in the event of a change, you and / or the Society may be liable to taxes or other costs in the future. Members resident outside the UK should seek professional tax advice regarding the impact of membership of Dentists' Provident on their tax affairs.

### **What happens to the contract if I die?**

Your Commuted membership will end when you die and the balance on your Member's Bonus Account, including any bonus accruing to you up to the date of death, will be paid to your estate after payment to any nominees you have chosen. We will not apply any Bonus Account Reduction on death.

### **Bonus Account Reduction**

If you cancel your membership or withdraw funds from your Member's Bonus Account, we may make an adjustment to the value of your Bonus Account and / or to any amounts paid, if the value of the underlying assets is



less than the balance on your Member's Bonus Account. This adjustment is known as a Bonus Account Reduction. It is designed to protect members who are not taking their money out and its application means all members receive a fair share of the Society's assets.

We currently do not apply Bonus Account Reductions, but we reserve the right to change our practice at any time, particularly in the event of a significant adverse movement in the investment markets or increase in the level of withdrawals by members.

Any change in our practice will be without prior notice and would apply to all members of the Society.

### Can I change my mind?

As a Commuted member, you can cancel your membership at any time. If you do not wish to remain with the Society as a Commuted member, just write to us at the address below and we will arrange for your membership to be cancelled and any funds due to be remitted to you.

### How to contact us

If you would like any additional information, your financial advisor will normally be your first point of contact. We are not able to give you financial advice.

If you have any questions at any time, you can phone, fax, e-mail, or write to us.

**T** Call us on **+44 (0) 20 7222 2511**  
Monday to Friday – 9am to 5pm.

We may monitor calls to improve our service.

**F** Fax number: **+44 (0) 20 7222 5312**

**E** E-mail address:  
**memberservices@dentistsprovident.co.uk**

#### Office address

Dentists' Provident  
9 Gayfere Street  
London  
SW1P 3HN

## Complaints

We are committed to giving you the highest standards of service and, in order to maintain these high standards, we need you to tell us if we fail to live up to your expectations. We take all feedback extremely seriously and are committed to listening to our members and taking action where necessary.

In the first instance, please contact your financial advisor or write to our Chief Executive at the address above. If you are not satisfied with our response, you can contact:

**Financial Ombudsman Service**  
**South Quay Plaza**  
**183 Marsh Wall**  
**London**  
**E14 9SR**

Complaining to the Ombudsman will not affect your legal rights. For further information about your legal rights, please contact your solicitor or Citizens Advice Bureau.

## Terms & conditions

These Key Features are a summary of the Dentists' Provident Commuted membership. They do not include all the definitions, terms and conditions.

If you would like a copy of the Memorandum and Rules, please ask your financial advisor or contact us. Alternatively, you can download a copy from our website,

**[www.dentistsprovident.co.uk](http://www.dentistsprovident.co.uk)**

We have the right to change the terms and conditions. We will write and explain the changes if this happens. All members have the right to vote on any changes to the Rules. Further details are set out in section VI of the Society's Memorandum and Rules.

We will also send you a copy of anything that has changed.

## Law

This contract shall be subject to the exclusive jurisdiction of the laws and courts of England.

## Language

All our documents are in English and all our communications with you will be in English.

## Compensation

If a financial advisor recommends this contract, you have a legal right to compensation if the Financial Ombudsman Service decides it was not suitable for your needs at the time.

You may qualify for compensation from the Financial Services Compensation Scheme if we cannot meet our obligations due to financial difficulties. The compensation depends on the type of business and the nature of the claim.

Most investment business is covered for 100% of the first £50,000 per person per firm. Insurance contracts are covered for 90% of the claim with no upper limit.

You can obtain further information from the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS or the Financial Services Compensation Scheme, 5th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

## About Dentists' Provident

Dentists' Provident was established in 1908 with the specific objective of providing income protection insurance for dentists in the UK and Ireland.

Today, we serve over 13,000 dentists and do not have any shareholders. As a mutual organisation, we exist only for the benefit of our members. Our objective is to provide our members with a total income protection solution, which is relevant not just today but flexible enough to adapt to your changing needs.

As a member of Dentists' Provident, your interests always come first, and this is the basis of our highly respected brand and our exceptional reputation for honesty and fairness.

Dentists' Provident is authorised and regulated by the Financial Services Authority (Registration Number 110015).

## Dentists' Provident Society Limited

Registered office:  
9 Gayfere Street  
London  
England  
SW1P 3HN



Telephone number: **+44 (0) 20 7222 2511**  
We may monitor calls to improve our service.

Fax number: **+44 (0) 20 7222 5312**  
Website: **[www.dentistsprovident.co.uk](http://www.dentistsprovident.co.uk)**

Dentists' Provident is the trading name of Dentists' Provident Society Limited which is incorporated in the United Kingdom under the Friendly Societies Act 1992 (Registration Number 407F) and is authorised and regulated by the Financial Services Authority (Firm Reference Number 110015)