



## **Permanent Health Insurance for active members of the Rolls-Royce Retirement Savings Trust\***

(\*not applicable for members of the top-up section of the scheme)

Permanent Health Insurance (PHI) provides an income in the event that you are unable to work due to illness or injury. The provision of PHI is subject to acceptance by the PHI provider and the terms of the arrangement as amended from time to time. Eligible members will be able to receive PHI benefit after 26 weeks of continuous sickness absence, or upon cessation of Company sick pay. For a successful claim, you will have to satisfy the insurer's definition of eligibility which currently requires that "*you are unable, by reason of illness or injury, to perform the material and substantial duties of your usual occupation and you are not following any other occupation*". Any claim will be reviewed on a regular basis by the insurer to ensure that you continue to qualify for benefit and in any event the benefit would cease on reaching Stage Pension Age.

Any benefit payable is dependent on the claim being accepted by the insurer. Medical evidence will be required in support of any claim which may require you to complete documentation and attend a medical examination. If you are in receipt of any other income in respect of your incapacity or if your benefit exceeds the insurer's maximum benefit level, any benefit payable may be restricted.

The benefit would continue to be paid following the termination of employment on medical grounds, subject to the former employee being unable to perform their job or other occupations for which they are suited by reason of education, training or experience. All members whose employment has been terminated on medical grounds will be eligible to 2 years continued life cover of 6 x Basic Pay (or All Inclusive Rate) applicable at the date of termination. The cost of providing this cover will be met by the Company.

The level of benefit will be 50% of Basic Pay (or All Inclusive Rate) plus employer pension contributions whilst the employee remains employed. The benefit will be 60% of Basic Pay (or All Inclusive Rate) following termination of employment and will continue to be paid until attainment of State Pension Age. Any PHI benefit will be paid monthly in arrears and would be subject to the usual PAYE deductions.

The Company meets the total cost of providing the PHI cover and reserves the right to amend or cancel the arrangement at any time subject to agreed consultation with the Central Negotiating Committee.