



# Why Indexation?

Indexation provides cover that increases each year with no further underwriting. This protects against rises in the cost of living, known as inflation.

By selecting to include Indexation on your plan, you can make sure you have the cover you need now, and in the future.

## Reasons to consider our Indexation

- ✓ We provide an upfront discount on your premium when Indexation is selected making cover more affordable.
- ✓ Cover will increase over time, protecting your future needs without any further medical underwriting - when cover is often more expensive and harder to get.
- ✓ Flexibility to decline premium increases dependent on your needs - after three consecutive declines, Indexation will be removed and cover revert to level cover.
- ✓ We're the only insurer to offer lower premium increases at higher levels of inflation when you need Indexation the most<sup>1</sup>.
- ✓ When Indexation is added to a plan with Optimiser, you can control your premiums and by taking steps to look after your health can keep your premiums low.

Source: 1. Vitality market analysis, 2023

## How Indexation works in three easy steps

**1** Each year before the anniversary of your plan, we will write to you and invite you to increase your cover. We will confirm the new cover amount and premium.

**2** You decide whether you want to increase your cover. If you do, you don't need to do anything.

**3** We will then increase your cover and premium from your plan anniversary. If you don't want the increase, you just need to let us know. If you decline three consecutive increases indexation will be removed from your plan and will revert to level cover.

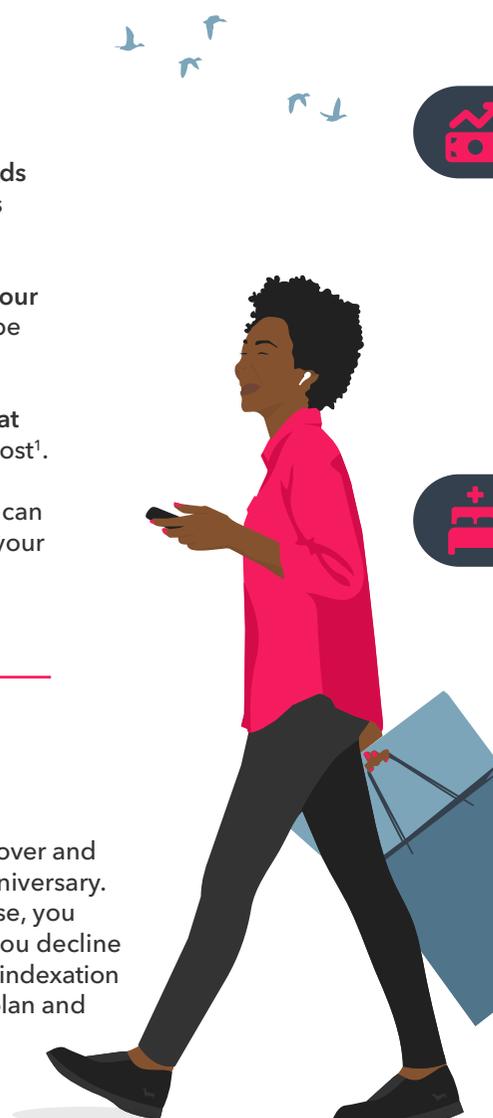
## What's the big deal with inflation?

Inflation is the rise in the cost of living. In other words, you get less for your money. With the inflation outlook more uncertain than it has been for years, indexing your protection plan has become more attractive.

### FOR EXAMPLE

If you had £100,000 worth of Serious Illness Cover, without an indexed plan the value of cover in today's terms in 20 years' time (inflation at 3%) would be £55,370 - this is half the amount of cover you originally started with.

**With an indexed plan, your cover would retain its real value.**



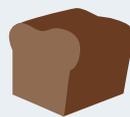
## How the premium increases work

Our Indexation increases are in line with the Retail Prices Index (RPI), where RPI is rounded up to the nearest 0.25% and capped at the maximum of 10%.

Published inflation	Premium increase	If aged over 80
0% and below	0%	0%
0% - 1.75%	RPI plus 1.5%	RPI plus 5%
2% - 7.75%	RPI plus 2.5%	RPI plus 5%
8% and above	RPI plus 3.5%	RPI plus 5%

## The price of goods

The Office of National Statistics (ONS) tracks the cost of 700 products and services from 150 UK areas. It makes over 180,000 price comparisons and if we look over 20 years we can see the increase in prices<sup>2</sup>.



**Loaf of bread**  
2002 - £0.75  
2023 - £1.55



**Cheese (per kg)**  
2002 - £5.20  
2023 - £9.28



**Pint of beer**  
2002 - £2.06  
2023 - £4.50



**Tomatoes (per kg)**  
2002 - £1.45  
2023 - £3.23



**Petrol**  
2002 - £0.70  
2023 - £1.47



**Pint of milk**  
2002 - £0.37  
2023 - £0.70



To find out more about our Indexation option and how you could get more value for your money, speak to your Financial Adviser or visit [vitality.co.uk/life](https://www.vitality.co.uk/life)

Source: 2. ons.gov.uk/economy/inflationandpriceindices, accessed: June 2022.

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