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CONSULTANCY

INDEPENDENT FINANCIAL ADVISERS

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# MONEY MATTERS

GUIDE TO

## FAMILY PROTECTION

*Three things to put on your  
family protection 'to do' list*

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## GUIDE TO

# FAMILY PROTECTION

## Three things to put on your family protection 'to do' list

Welcome to our *Guide to Family Protection*. There are various complex risks in life that we all face, such as serious illness, an accident or death. What would happen if something were to happen to you? Would your family be able to cope financially with the impact an unexpected event might have?

These are not easy questions to ask but it is important to consider what would happen if an unexpected event or accident took place, and how you could protect your family from the financial effects of serious illness or death.

### Big part in our lives

Deciding what your priorities are and understanding what options you have are key parts of the protection planning process. This helps you ensure that you have the financial protection most suitable for your circumstances.

Every family is different, but they often play a big part in our lives. It's important to think about how we can protect them against the unexpected as best we can.

### Protection for the unexpected

#### Life insurance

Death is an unpredictable event, so it's important to make sure you have the right level of cover in place. The amount of life

insurance you need will depend on your individual circumstances. There are many good reasons to take out a policy. For example, if you have dependents who rely on your income, then life insurance can provide financial security for them if you die.

There are different types of life insurance available, so choosing the right policy for your needs is key. Term life insurance provides cover for a set period of time, while whole of life insurance covers you for your entire life. You can also choose between level term insurance, which pays out a fixed amount if you die during the term of the policy, and decreasing term insurance, which pays out less as the policy progresses.

There is also a variation on the basic term assurance theme that is often worth considering as it can reduce the cost of cover. Family Income Benefit is a policy with a sum assured that reduces uniformly over time but provides regular payments of capital on the death of the breadwinner (the life assured).



If you have any debt, such as a mortgage, then it's also important to take out life insurance to make sure that this is paid off if you die. This will give your loved ones peace of mind and prevent them from being burdened with debt.

#### Income protection insurance

There are a number of reasons why income protection insurance should be a part of your protection planning. Firstly, it can help to protect your income if you are unable to work. This could be due to an illness, injury or disability that means you are unable to work. It can help to cover the costs of your everyday living, such as your mortgage or rent, bills and food.

If you do not have sufficient protection in place this may mean you have to rely on your savings, or on the help of family and friends.



**“THERE ARE DIFFERENT TYPES OF INCOME PROTECTION INSURANCE POLICIES AVAILABLE, SO YOU SHOULD OBTAIN PROFESSIONAL FINANCIAL ADVICE TO ENSURE YOU CAN COMPARE THE DIFFERENT OPTIONS AND FULLY UNDERSTAND THE TERMS AND CONDITIONS OF THE POLICY.”**

Income protection insurance is especially important if you are self-employed or have a family to support. If you are unable to work, your income protection policy will provide you with a replacement income so that you can continue to meet your financial obligations.

There are different types of income protection insurance policies available, so you should obtain professional financial advice to ensure you can compare the different options and fully understand the terms and conditions of the policy.

#### **Critical illness cover**

If you become seriously ill or are diagnosed with a specified critical illness, even if you are still able to work, critical illness cover could provide you with a financial safety net. The tax-free money can help to pay

for treatment, to make adaptations to your home or lifestyle, provide an income for your family if you are unable to work or other costs associated with your illness.

In some cases, it may even pay out a lump sum if you die as a result of your condition.

There is no guarantee that you will not experience a critical illness during your lifetime, so it is important to have this type of cover in place. It will give you the peace of mind of knowing that you and your family are financially protected if the worst were to happen. Critical illness cover is not a substitute for health insurance. ■

#### **READY TO DISCUSS HOW TO CHOOSE THE RIGHT PROTECTION?**

Do your children, partner or other relatives depend on your income? Many families would have to cut their living costs in order to survive financially in the event of the main breadwinner falling ill or dying prematurely. If you are unclear on your protection requirements, we are here to explain your options. Please contact us for more information.

INCOME PROTECTION INSURANCE PLANS HAVE NO CASH IN VALUE.

IF PREMIUMS ARE NOT MAINTAINED COVER WILL LAPSE.

# ARE YOU AND YOUR FAMILY PROPERLY COVERED?

Putting the right insurance policies in place can give you peace of mind that you and your family will have a safety net if the unexpected happens.

**To discuss your plans for the future and how we can help, please contact us.**

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