Aberdein Considine

property | legal | financial

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Life is full of uncertainties

If the worst were to happen, would your bills still get paid?

Everyone should consider protection, even those who don't have a family or a mortgage! Unless they have substantial savings or inherited wealth, most people rely on their salary to pay for everything.

Over the years, you may have taken out a number of different insurance policies to give you and your family financial security. Perhaps this may have been when you started a family, took out a mortgage or became self-employed.

These policies are designed to give your loved ones peace of mind by helping make sure there will be enough money in place to cover bills and other expenses should you become critically ill, be unable to work or even die.

Although state benefits provide some support, few families want to rely on the state to maintain their standard of living. It is therefore crucial to keep abreast of the level of your cover.

TIME TO REVIEW

Your personal circumstances and needs will almost certainly have changed over time. Perhaps you have children who have since flown the nest, or you've paid off your mortgage.

You may also be entitled to benefits with your current employer that either overlap with policies you already have or leave things now important to you not covered.

It could be time to review these policies, and the level of cover they provide, to make sure they are still suitable.

LIFE COVER PROTECTION

Life cover protection is designed to protect your family and other people who may depend on you for financial support. It pays a death benefit to the beneficiary of the life assurance policy.

If you have dependents or outstanding debts such as a mortgage, at the very least, it should ensure your family can keep their home, but ideally it would also provide an additional sum as a financial buffer at a difficult time.

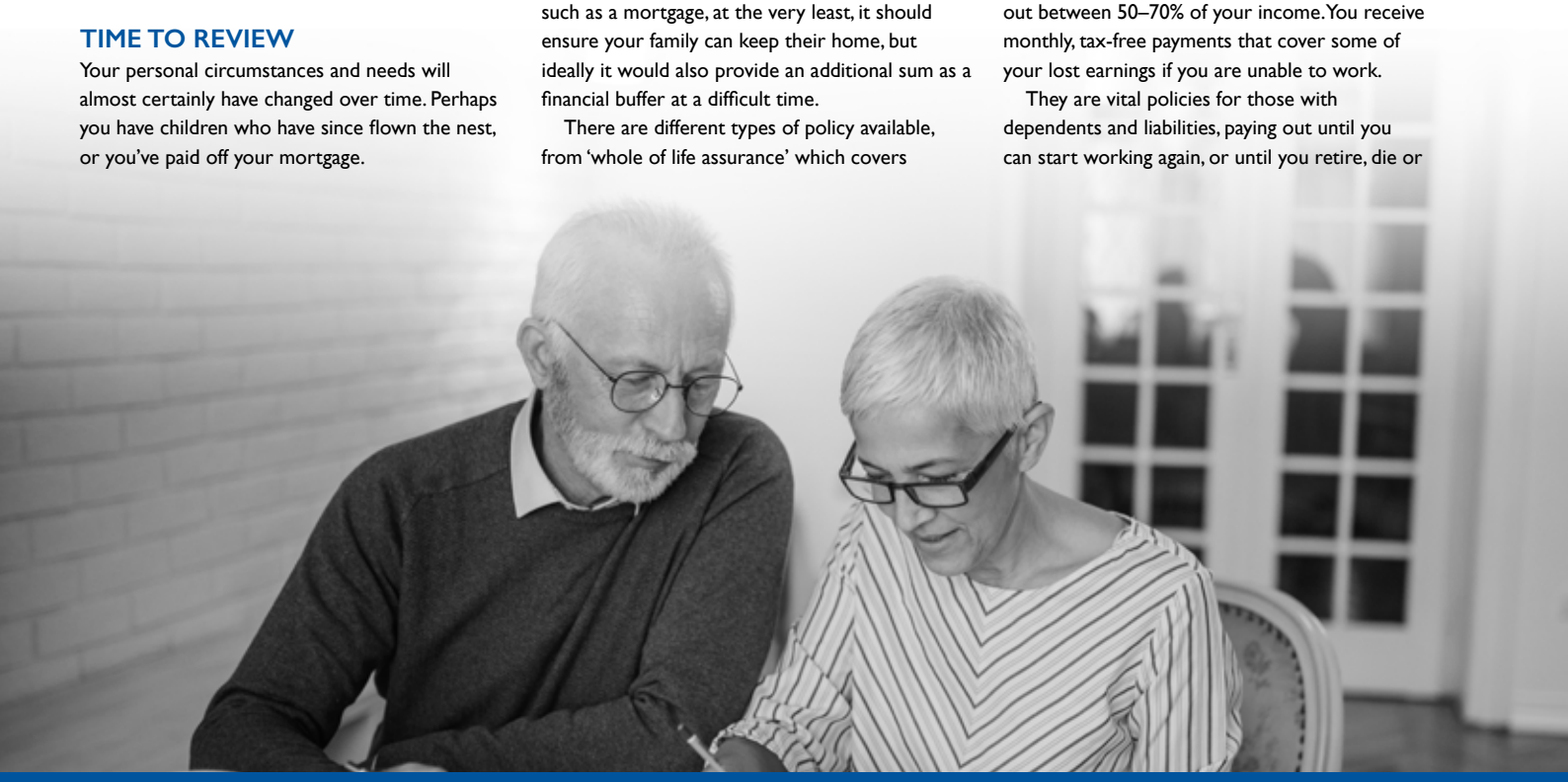
There are different types of policy available, from 'whole of life assurance' which covers you for your entire lifetime, to 'term assurance' policies which provide life cover for a fixed period of time – 10 or 20 years, for example – and are often used in conjunction with a mortgage.

INCOME PROTECTION COVER

If something happened to you, would you be able to survive on your savings or on sick pay provided by your employer? If not, you'll need some other way to keep paying the bills.

Income protection cover is designed to give you protection if you can't earn an income due to ill health, a sickness or disability. These policies protect a portion of your salary, typically paying out between 50–70% of your income. You receive monthly, tax-free payments that cover some of your lost earnings if you are unable to work.

They are vital policies for those with dependents and liabilities, paying out until you can start working again, or until you retire, die or



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the end of the policy term – whichever is sooner. They cover most illnesses that leave you unable to work, and you can claim as many times as you need to while the policy lasts.

CRITICAL ILLNESS COVER

If you are diagnosed with a critical illness, it can have a severe impact on your finances, as you may need to take time off work for your treatment and recovery. Critical illness cover pays out a tax-free lump sum if you're diagnosed with, or undergo surgery for, a specified critical illness that meets the policy definition.

It's designed to help support you and your family financially while you deal with your diagnosis, so you can focus on your recovery without worrying about how the bills will be paid.

Each policy will have its own list of specified conditions it covers, and it is vital to familiarise yourself with the full list and when you can claim for these illnesses before you apply.

FAMILY INCOME BENEFIT COVER

Family income benefit is a term insurance which lasts for a set period of time. If something were to happen to you, you would want to be sure your family is taken care of when you're gone.

The policy will pay out a monthly, tax-free income to your family if you die during the term, until the policy ends. So, if you take a 20-year family income benefit policy and die after five years, it will continue to pay out for another 15 years.

There is no cash in value, so if you stop making premium payments, your cover will end.

PRIVATE MEDICAL INSURANCE

Private medical insurance will pay for the cost of private healthcare treatment if you are sick or injured. If you don't already have it as part of your employee benefits package, and you can afford to pay the premiums, you might decide it's worth paying extra to have more choice over your care.

It gives you a choice in the level of care you get and how and when it is provided. Basic private medical insurance usually picks up the costs of most in-patient treatments (tests and surgery) and day-care surgery.

Some policies extend to out-patient treatments (such as specialists and consultants) and might pay you a small fixed amount for each night you spend in an NHS hospital. Premiums are paid monthly or annually, but most policies do not cover pre-existing conditions. ■

PROTECTING YOURSELF AND YOUR LOVED ONES

Some 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 your income were to stop due to an illness or death, this could mean mortgage repayments are missed, savings depleted, your home being sold and your family's standard of living eroded, with stress and worry all too evident. Putting in place sufficient protection will give you peace of mind that if the worst does happen, the bills will still get paid. Please call us to discuss your situation.

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