



Financial Protection For You and Your Family

What matters most to people is their family.

When it comes to the crunch, it's family we think of first, family we worry about and family that gives us most happiness. The desire to shelter those nearest to us is a fundamental human condition.

Unfortunately, there is not a huge amount we can do to avoid an untimely death, but at least we can make provision for those we leave behind.

This is where life assurance and other protection policies come in. You pay a regular or single premium and in the event of your death, your family gets a cash amount, generally many times the amount paid in premiums.

However, there are also many variations on basic life cover, which provides a guaranteed death benefit if a claim occurs during the period of insurance. Life assurance can be set up for a specified

period of time (term assurance) or for the whole of your life (whole of life assurance). There are many other protection policies designed to protect you and your family against other life events, such as illness, accident, disablement, redundancy and long-term unemployment.



Spoilt for choice

The abundance of choice may seem like a mixed blessing. With so many options, making a decision can seem overwhelming.

Buying life assurance should not be done without serious thought. Lots of factors need to be considered

such as deciding the right level of cover and how long it should last. It's really worthwhile discussing these questions with an independent financial adviser such as Monahans Financial Services Ltd

The other forms of financial protection

Simply having life assurance may not be enough. What would happen, for instance, if you contract a near fatal disease or illness such as cancer, stroke or heart disease? You may not be able to work and so lose your income, but as you are still alive your life assurance will not pay out. And to compound the problem, you may need expensive nursing care, to adapt your home, or even to move house.



Except for the very elderly, it is more likely that an individual will be diagnosed as having a critical illness rather than die in the short term. As a result a critical

illness policy is more expensive than comparable life assurance. It is the type of protection policy you hope you never need to claim on, but if you do, the benefits can be a financial lifesaver.

Permanent health insurance (PHI)

Also known as income protection - this makes up income lost through illness, accident or disability. Rates vary according to the dangers associated with your job, age, state of health and gender, but PHI is thought to be of particular value to the self employed who do not have an employer to continue paying their salary if they are unable to work.

Critical illness insurance

A critical illness policy pays out a lump sum if you are diagnosed with one of a number of specified 'critical' illnesses during the term of the policy. Many life insurance companies offer policies that cover you for both death and critical illness and will pay out the guaranteed benefit on the first event to happen.

Mortgage payment protection insurance

This is set up with a term specifically matching your mortgage term – say 25 years. The policyholder is covered for the term for the amount of their mortgage repayments as long as they keep on paying the premiums.



You need to read the small print before buying any protection policy as there will be exclusions, such as self inflicted injury or dangerous sports. We can point out and explain the small print of each type of policy.

There is a further choice of protection policies that can be used to protect your income and the financial cost of any loan, mortgage or other financial commitment you may have.

Accident sickness and unemployment (ASU)

This can be taken out for any purpose to protect your income and to give you peace of mind. The benefits normally only pay for one year on a valid claim if you have an accident, are ill or become unemployed.

Most of these protection policies operate a 'deferred period' which is the period from when an event happens, that you can claim for, to when the policy starts paying out. You need to check the policy wordings carefully to ensure the policy matches your financial protection needs.

Private medical insurance

This covers you for private medical treatment and you can choose to add on extra cover, such as dental cover or select hospitals close to home, where you would want to be treated. As always, the more benefits and the more comprehensive the policy you select, the more it will cost.



Life assurance add-ons.

Rather than assessing the need for one or more of a range of policies, some of which overlap, you can add extras to life assurance policies. This may prove more economical – again we can help you to work out the maths. Extras include “waiver of premium”. This means that if you cannot do your usual job because of illness or injury, the insurance provider pays the premiums to keep up your benefits until you recover. You may already have some life insurance or protection offered by your employer, so it is worth checking.



Advice from us will help work out what is right for you.

Even the question of how much cover should you should have is not that easy to calculate. Factors such as the age of your children, who the breadwinner of the family is, how long the benefits need to be paid for and what level of cover is needed are all relevant.

We are used to doing the sums. We can also tell you about the relative strengths of a provider and how quickly they deal with claims. We will also help you with your application form which,

once complete, will be sent to an underwriter at a product provider who will set your premiums.

How do you make the right choices?

It's clear that choosing the right mix of financial protection is not simple, particularly when there are so many providers and products. Among the decisions you need to make are:

- how much cover should I have?
- should I choose a specified term or for the whole of the insured's life?
- which protection policies should I have?
- which fund is most suitable?
- which provider is the most appropriate?
- do I need critical illness cover and/or income protection?



Monahans Financial Services Ltd is the financial services arm of the Monahans Group.

Monahans Financial Services Ltd is authorised and regulated by the Financial Services Authority, but not all topics covered in this leaflet are so regulated.

For further information

Contact either of Monahans Financial Services Limited offices in Trowbridge 01225 785570 or Swindon 01793 818370 or email us at invest@monahans-fsl.co.uk