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Barristers - 3 Ways To Protect Your Income & Loved Ones

Your Take-A-Minute Guide



More Than Insurance It's About Love

A majority of our clients are self-employed barristers whose partners and families often rely heavily on the income that they earn, so we have produced this simple guide to highlight 3 ways of how you, as a barrister, can protect your income if you cannot work due to illness or injury, get diagnosed with a serious illness or in the event of death.

Income Protection for Barristers

Many barristers take out this type of cover as they have no employer to provide them with any type of Sick Pay entitlement at all. Consequently, this means that they have to make their own arrangements by putting an Income Protection policy in place for themselves.

Income Protection provides you with a monthly income should you be off work through illness or injury. Essentially this is 'sick pay' for barristers and is very important to have in place, even if it is for a low amount of cover. Typically, the maximum amount of cover that you can have is 60% of your approximate annual income. By 'income', we mean your income AFTER expenses and chambers fees, but BEFORE tax.

When setting up the policy at the outset, you can choose when you would like the policy to start paying out. This is known as the 'deferred period'. Typically, the deferred periods available are 4, 8, 13, 26 and 52 weeks. The longer the deferred period the lower the premium.

Some insurers will penalise barristers for aged debt payments being received once a valid claim has begun because they class those payments as 'ongoing/continuing income' and, therefore, deduct that payment from the monthly benefit that they were due to receive that month. Needless to say, at Francis Cole we ensure that we recommend an insurer who do not penalise barristers in this way.

Family Income Benefit Life Cover

When a barrister dies, their income goes with them. Overnight the income disappears yet the remaining family still have everyday monthly bills to pay and living expenses to pay for, as well as possibly other things such as school and university fees if you have children.

Unlike standard Life Cover which pays a one-off lump sum, typically to pay off a mortgage and/or to leave as a financial gift or support for the remaining partner/family, Family Income Benefit Life Cover (FIB) pays out a monthly income (some insurers make the payment once every 3 months).

FIB solves the 'loss of income' problem and is a consistent payment that is manageable, and tax-free. A one-off lump sum can go quickly and once gone, it's gone - FIB is the total opposite and guarantees that your loved ones will receive a regular monthly payment.

Critical Illness Cover

Critical Illness Cover is an insurance in which the insurer will typically make a one-off tax-free lump sum cash payment or a monthly payment if the policyholder is diagnosed with one of the specific illnesses on their predetermined list as part of their insurance policy.

Insurers will have common illnesses that they will pay out on (such as cancer, heart attacks, strokes, etc), but it is true to say that lists do vary from one insurer to another. Therefore, some insurers will offer more comprehensive lists of illnesses than others. In turn, this will increase your chances of a pay-out.

You use the money from a Critical Illness Cover policy to pay off your mortgage, supplement any loss of income or simply to give you every day financial support.

How much do these memberships cost?

The premiums are based on a number of factors such as your age, occupation, smoker status, home postcode, the amount/level of cover that you want and the term of the policy.

There are also occasions when your medical history, BMI reading or hobbies/ lifestyle can affect the premium. For specific quotations, and accompanying information, contact us at either timfrancis@franciscole.co.uk or 07785 921234.

