FrancisCole
Professional Financial Services
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Family Income Benefit Life Cover for Barristers

Your Take-A-Minute Guide

More Than Insurance **It's About Love**

A majority of our clients are self-employed barristers and Family Income Benefit Life Cover is increasingly becoming of interest for a number of reasons.

Many barristers have Income Protection policies in place which pay out a monthly tax-free income if they cannot work due to illness or injury, but how would that issue of lost income be resolved if the worst happened?

Family Income Benefit Life Cover gives you the reassurance and peace of mind that your loved ones will have the ongoing financial support that they need if the worst happens.

What is Family Income Benefit Life Cover?

Very few people know about this and it was created to solve an obvious problem - when someone dies, their income goes with them. Overnight the income disappears yet the remaining family still have bills to pay and a lifestyle to maintain. It goes without saying that this is a situation that no-one would really want their family to be in if the worst happened.

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.

How much cover can I have and how long would the policy last?

The amount of cover can be what you want it to be i.e. it doesn't have to be in line with your income. You may want it to be a figure that is greater than your income, or you may feel that your family wouldn't need as much as that.

You can set up the policy so it runs until you are a certain age (e.g. until age 65), or you can just choose a policy that runs for a specific number of years (e.g. 25 years). For example, you may want it to run until your expected retirement age, or until the time when your mortgage is paid off, or to a moment in time where your children are through full-time education. This known as the TERM of the policy. Ordinarily, the minimum term of a policy is 5 years, and the maximum term would be 40 years.

How would a policy work in a real-life scenario?

Example - Imagine the policyholder, John, has a policy for £3,000 per month which would run until age 65. If John dies at age 52, the policy would pay out £3,000 per month to his spouse/partner/family for the next 13 years i.e. until what would have been the policy end date when John turned 65 years of age. Of course, if John were to die at age 45, then the policy would pay out £3,000 for the next 20 years.

How much does it cost?

The premiums are based on a number of factors such as your age, occupation, smoker status, the amount of cover 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.