

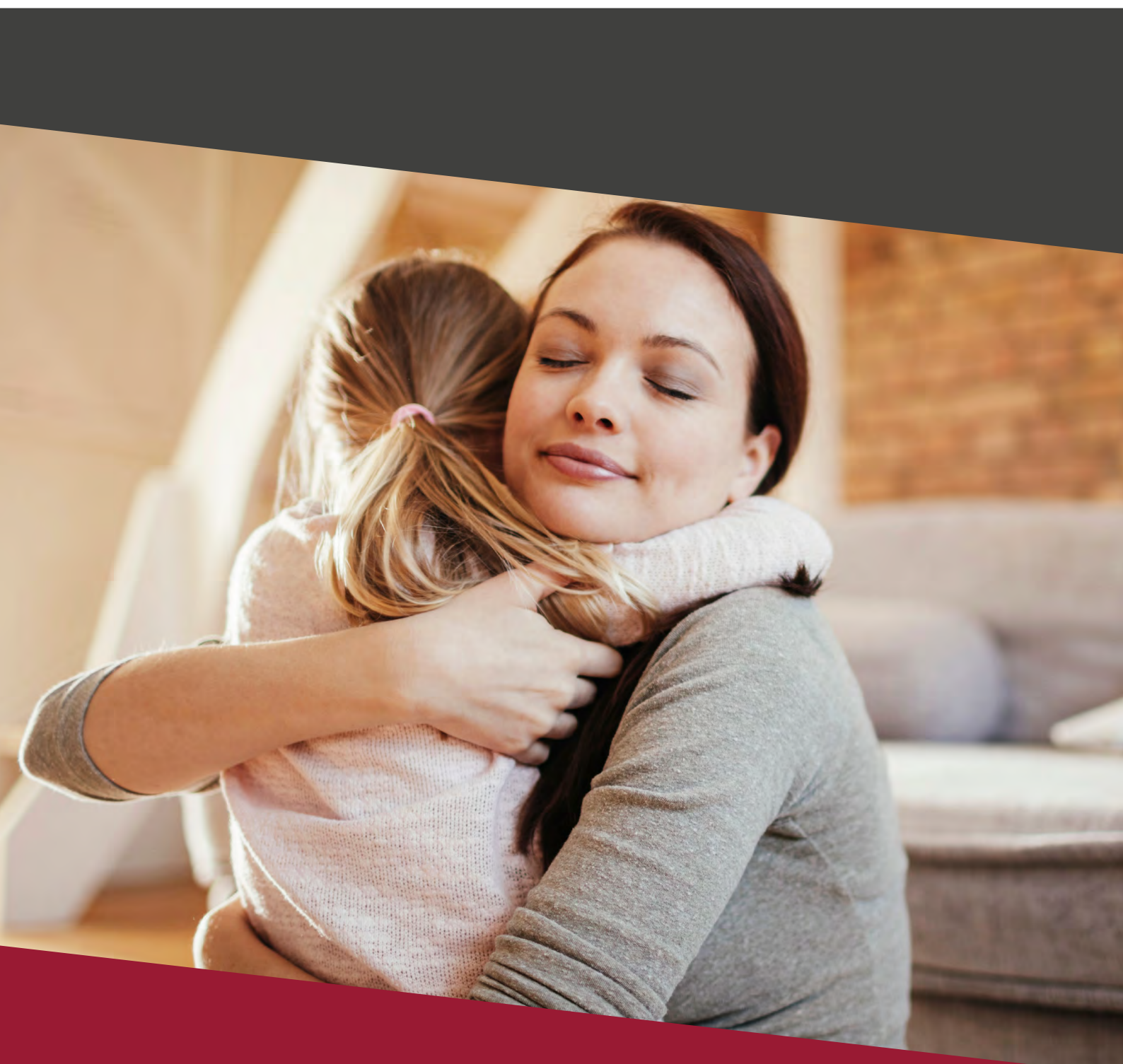


FrancisCole
Professional Financial Services

One Life
Live It
Protect It

Three Ways To Protect Your Income & Loved Ones

Your Take-A-Minute Guide



More Than Insurance It's About Love

Many of our clients are income earners 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 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

As a general rule, the maximum amount of cover that you can apply for is 60% of your approximate annual income but the monthly benefit that you receive is tax free. If you are self-employed then this is 60% of your taxable income. If you're employed it is 60% of your GROSS income. For example, if your income is £60,000 per annum, the maximum benefit you could apply for would be for a policy that would pay out £36,000 per annum i.e. £3,000 per month.

You can set up the policy so it runs until you are 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). This known as the TERM of the policy. For example, you may want it to run until your expected retirement age or until the time when your mortgage is paid off.

When setting up the policy at the outset, you can choose when you would like the to 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. If have a sick pay entitlement at work already then your Income Protection policy will have to dovetail with your staff sick pay scheme.

Family Income Benefit Life Cover

When you die, your income goes with you. 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.

