

The Sentry Advice Protection Guide



Protecting your finances for yourself, as well as your loved ones, in the event of a death or illness is ever more important, as the cost of living continues to increase. We have put together a handy guide to help explain the various products available to you to insure against various scenarios.

Life Assurance

Life assurance is the technical term for life insurance. It is designed to pay out a lump sum upon death, which can be used to clear your mortgage balance and any debts in order for the survivor to continue to living in the family home. This insurance is particularly important if you have children. There are two types of life assurance:

Decreasing Term Assurance

Also known as mortgage protection, this type of life cover is designed to clear your mortgage debt upon death.

As you pay your monthly mortgage payments, the amount you owe reduces over time. This cover reduces in line with those payments, so that as you clear your mortgage, the amount insured also reduces.

Level Term Assurance

As with DTA, this policy is also there to clear your mortgage debt upon death.

The difference is that this policy is designed for those with an interest-only mortgage. As you make monthly interest payments, the mortgage debt does not reduce, so this insurance remains level with the amount you owe.

Additional Policy Benefits

Waiver of Premium

Waiver of premium is an optional extra that means you won't have to pay out monthly premiums after a period of time if you are incapacitated due to illness or injury and are unable to do your normal job.

Total and Permanent Disability

TPD benefit is an optional extra on critical illness cover plans. Providers will have their own definitions, but put simply, if you are totally and permanently incapacitated, they will pay out the benefit.

Terminal Illness Cover

Terminal illness cover pays out the lump sum if the life insured is diagnosed as terminally ill and is eligible to claim. Most providers include this for free, but some have it as an optional extra.



HINT

Now is the time to finally quit smoking!

It has been known for smokers' insurance premiums to cost a third more for 30-year-old smokers and twice as much for 50-year-olds.

For more hints & tips contact us on:
03442 643 575

Critical illness cover is a form of insurance that pays out a tax-free lump sum in the event that you are diagnosed with a specified illness or medical condition. The policy will pay out if you are diagnosed with one of a list of serious conditions within the policy term.

You can spend the money however you wish, but you could use it to clear any debts, pay for medical bills or to adapt your home to suit your particular needs.

The list of conditions may be long, with some insurance companies including more than 60 ailments, conditions and injuries. Common illnesses covered are heart attacks, stroke, certain cancers, blindness etc.

Critical illness can be taken as an add-on policy for your life cover or as a stand-alone policy, depending on your needs.

Income Protection

Have you thought about how you would make mortgage payments and maintain your lifestyle if you were off work for a long-term sickness or injury? Some employers will pay you a normal salary for a while and then you will fall into Statutory Sick Pay, which is around £92 a week for 28 weeks.

Income protection is designed to replace a proportion of lost earnings. The benefit payments are currently tax-free and help you to keep on top of your finances during a stressful time.

If you have savings, or your employer can cover you for a certain period of time, you can build a 'deferred period' into your policy. This is a set time in which you can cover yourself, making the insurance premiums cheap. If you are still off work after this period, the provider will back-date your cover and pay out from the first day of being off work.

Family Income Benefit

Most families, couples or co-habitants rely on at least one regular monthly salary to cover regular household spending. How would your household replace this if one partner died?

For peace of mind, many people choose a type of family life insurance called family income benefit (FIB).

Household bills will always need to be paid. A sudden loss of income can make it tough to manage these and other expenses and this is where FIB can help to provide extra support. If you have a young family, you might want cover to run until your children are grown up, using the income for everyday expenses or specific items such as school or university fees.



REVIEW

“ James Carson Lee explains things very clearly and is very efficient in dealing with queries. He clearly wants to ensure that clients get value for money with the cover he recommends. I wouldn't hesitate in recommending him to advise on life insurance and related matters. ”

T Boyce
Client

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