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GUIDE TO

PROTECTING YOUR FINANCIAL FUTURE

Taking care of life's journey, no matter what it throws at you

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GUIDE TO

PROTECTING YOUR FINANCIAL FUTURE

Taking care of life's journey, no matter what it throws at you

Welcome to our *'Guide to Protecting Your Financial Future'*.

Life is a series of unpredictable moments, and some events may threaten your long-term financial stability. While we cannot foresee the future, we can establish plans to maximise our life experiences. However, having a reliable financial safety net is crucial when life throws curveballs.

Though contemplating illness or death is daunting, being financially prepared for such circumstances is essential. In unforeseen situations, having a plan ensures that you or your dependents can handle necessary expenses, manage debt and maintain financial stability. This is where financial protection plays a vital role.

Many individuals associate financial planning with mortgages, pensions or growing their savings. Financial protection, however, is often an overlooked aspect that safeguards your wealth and provides coverage for you and your family during challenging times.

This guide explores the numerous benefits of financial protection, including stress reduction for your loved ones, personal peace of mind, debt coverage, assistance in achieving long-term goals, financial security and safeguarding what matters most to you.

Protection should be a fundamental component of your financial planning, regardless of your current life stage. Whether purchasing a first home, starting a family or preparing for retirement, having a safety net is essential. ●

HAVE YOU PROTECTED YOURSELF, YOUR FAMILY AND YOUR FUTURE?

Many families would face financial difficulties if a family member suffered from a severe illness or passed away. That's why it's crucial to have adequate financial protection and insurance in place. If you'd like to discuss your situation or address any concerns, please don't hesitate to contact us – don't leave your financial security to chance.

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LIFE IS UNPREDICTABLE

Helping you stay on track to achieve your financial objectives

Discussing the unforeseen is always a challenging conversation. We can't predict what's just around the corner.

The financial consequences can be overwhelming when life presents unexpected or unfavourable events.

INNATE HUMAN INSTINCT

Although you cannot shield yourself from the emotional toll of such losses, you can take steps to protect your finances and those you care about from further damage.

Caring for our loved ones is an innate human instinct, but the future's unpredictability can impact our financial abilities.

UNFORESEEN CIRCUMSTANCES

How would your family manage financially if you were no longer there? What if you become unable to work? Would you become a burden on your children if you require long-term care? Imagining a future where you can't support your family is complex, as we cannot foresee what life has in store.

Although contemplating death and illness is unpleasant, we cannot ignore their inevitability. Life is uncertain; even the most prudent savers may find their plans disrupted by unforeseen circumstances.

FINANCIAL PROTECTION SAFEGUARDS

If you were to pass away, could your family maintain mortgage payments and continue enjoying their accustomed lifestyle? If illness rendered you unable to work, how long could you cover expenses without depleting your hard-earned savings?

Investing in financial protection safeguards your family's economic well-being during trying and distressing times. It also serves as a shield, helping you stay on track to achieve your financial objectives.

CONDUCTING REGULAR ASSESSMENTS

After establishing the right level of financial protection, it's essential to consistently evaluate your protection to confirm that it offers ample cover for your needs.

By conducting regular assessments, you can determine if any gaps have emerged due to changes in your circumstances, potentially leaving you insufficiently protected. ●

LIFE INSURANCE

Preparing for the unexpected

Life planning is not just about accumulating wealth; it also involves safeguarding the wellbeing of your loved ones. While contemplating the worst-case scenarios can be difficult, preparing for the future is crucial to ensure your family is protected in the event of your passing.

Selecting the right life insurance policy requires determining the necessary coverage to minimise the financial burden on your family. This amount should consider their living expenses and any outstanding debts, such as a mortgage.

Not everyone may need life insurance (called 'life cover' and 'death cover'). However, if your family or other dependents rely on your income to cover living expenses or mortgage payments, then having life insurance is essential.

Life insurance provides a financial safety net for your loved ones in case of your untimely death. Whether providing security for your family, purchasing a home or simply enhancing your existing coverage, choosing the appropriate type of insurance is vital.

That's why obtaining the right professional advice and knowing which products to choose – including the most suitable sum assured, premium, terms and payment provisions – is essential.

FINANCIAL PROTECTION FOR YOUR FAMILY

We insure our cars, homes and even our mobile phones – so we should also be insured for our total replacement value to ensure that our loved ones are financially catered for in case of our premature death.

Life insurance helps protect your family financially. It can pay out a cash sum if you die while covered by the policy. You determine the amount of life cover required and the duration of the coverage, with the option to pay premiums monthly or annually.

Life insurance provides a safety net for your family during challenging times, offering reassurance that they will be financially protected if the worst happens.

As life is unpredictable, obtaining the right life insurance policy is essential. Start by asking yourself three questions: What do I need to protect? How much coverage do I require? How long will I need the coverage? Consider your family's living costs and outstanding liabilities, such as a mortgage.

SECURING YOUR FAMILY'S FINANCIAL FUTURE

The right level of life insurance allows your dependents to manage financially in case of your premature death. When you take out life insurance, you set the amount you want the policy to pay out upon your death – this is known as the 'sum assured'.

Assessing your life insurance regularly is crucial as circumstances change over time. Failing to update your policy in response to significant life events may result in inadequate coverage.

VARIOUS STAGES IN LIFE

As you progress through various stages in life, your need for protection will inevitably change. The amount of life insurance you require depends on factors such as your mortgage status, relationship status and whether or not you have children. It's essential to consider your circumstances before comparing life insurance policies.

WHAT DO I NEED TO PROTECT?

- Who are your financial dependents: spouse, registered civil partner, children, siblings or parents?
- What kind of financial support does your family currently have?
- What type of financial support will your family need in the future?
- What costs must be covered: household bills, living expenses, mortgage payments, education costs, debts or loans, or funeral costs?

There is no universal solution, and the amount and duration of coverage will vary for each individual.

Events that may affect your life insurance needs:

- Buying your first home with a partner
- Covering loans
- Getting married or entering into a registered civil partnership
- Starting a family
- Becoming a stay-at-home parent
- Having more children
- Moving to a larger property
- Salary increases
- Changing your job
- Reaching retirement
- Relying on someone else for support
- Personal guarantee for business loans

FACTORS AFFECTING LIFE INSURANCE COSTS

The cost of a life insurance policy depends on several factors, including the coverage

amount and policy length, as well as your age, health, lifestyle and smoking habits.

REPLACING INCOME AND PROVIDING FOR DEPENDENTS

If you have dependents, you should have enough protection to pay off your mortgage and other liabilities. After that, consider life insurance to replace a portion of your income. The amount needed will vary, so it's up to you to decide how much money would allow your family to maintain their current standard of living.

TWO BASIC LIFE INSURANCE TYPES

Term life insurance – the cheapest and simplest form with no investment element, paying a lump sum if you die within a specified period.

Whole-of-life insurance – provides coverage throughout your life and pays your dependents a lump sum (usually tax-free) upon death.

DEBT RELIEF AND FINANCIAL SUPPORT

The life insurance you need should ideally provide a lump sum to relieve any debts and leave enough for investment to support your dependents. If you want to cover your mortgage, choose an amount equal to the outstanding debt.

Additional variables to consider:

- Family expenses and how they would change if you died
- Increase in family expenditure on necessities like childcare if you were to die
- Drop in family income if you were to die.
- Coverage received from your employer or company pension scheme and its duration
- Existing policies and their adequacy in meeting your needs
- How long your existing savings would last
- State benefits that could provide extra support for your family
- The impact of inflation on your coverage over time

Life insurance offers peace of mind and is a crucial component of a comprehensive financial plan. ●

> **'SINGLE LIFE' POLICIES CATER TO ONE INDIVIDUAL, WHILE A 'JOINT LIFE' POLICY COVERS TWO PEOPLE. UPON THE DEATH OF ONE PERSON WITHIN THE JOINT POLICY, A PAYOUT IS MADE, AND THE POLICY TERMINATES.**

DIFFERENT TYPES OF LIFE INSURANCE

Protecting your financial downside

Life insurance is about securing peace of mind for you and your loved ones, knowing that financial protection is in place should the unexpected occur. In the event of a valid claim, a tax-free lump sum will be provided to offer the necessary financial assistance and breathing room during challenging times.

WITH VARIOUS LIFE INSURANCE OPTIONS AVAILABLE, HOW DO YOU DETERMINE THE RIGHT POLICY FOR YOUR NEEDS?

'Single life' policies cater to one individual, while a 'joint life' policy covers two people. Upon the death of one person within the joint policy, a payout is made, and the policy terminates. Deciding whether the joint policy pays out upon the first or second death is essential, affecting the policy's duration.

When comparing these options, consider the following factors:

Affordability – Joint life policies are more cost-effective than purchasing two separate single policies.

Cover Requirements – Do both individuals have identical life insurance needs, or would it be more suitable to have separate policies with varying coverage levels?

Work Benefits – If one person has a 'death in service' benefit from their employer, it may only be necessary to have one policy.

Health – If the joint policy includes someone with poor health, this could result in higher monthly payments.

By carefully assessing these factors, you can decide which life insurance policy best suits your unique situation, ultimately providing security and peace of mind for you and your loved ones. ●

TERM LIFE INSURANCE

Protection that spans a predetermined duration

> **WHEN SELECTING A TERM LIFE INSURANCE POLICY, YOU DETERMINE THE DESIRED COVERAGE AMOUNT AND THE TERM LENGTH. THIS IS THE MOST FUNDAMENTAL KIND OF LIFE INSURANCE.**

Term life insurance is a form of life protection that spans a predetermined duration (referred to as a 'term') – the payment is made in one lump sum. This coverage is valuable for safeguarding the financial wellbeing of dependents.

When selecting a term life insurance policy, you determine the desired coverage amount and the term length. This is the most fundamental kind of life insurance. If you pass away within the term, your beneficiaries receive the policy payout.

If you outlive the term, the policy does not pay out, and the premiums you've contributed are not refunded.

Every family's situation varies. It's crucial to consider how yours would be impacted if you were no longer present, despite the difficulty of such thoughts.

There are two primary types of term life insurance to evaluate – 'level-term' and 'decreasing-term' life insurance.

LEVEL-TERM LIFE INSURANCE POLICIES

A level-term life insurance policy provides a lump sum payment if you die within the designated term. The coverage amount remains constant throughout the term, hence the name. The monthly or annual premiums typically remain unchanged as well.

Level-term policies can be an excellent choice for family protection, allowing you to leave a lump sum for your loved ones to invest in their future after your passing. It can also be suitable for covering a specific amount of debt for a set period, such as an interest-only mortgage not covered by an endowment policy.

DECREASING-TERM LIFE INSURANCE POLICIES

In a decreasing-term policy, the coverage amount diminishes over the policy's term. These policies are frequently used to cover debts that decrease over time, like a repayment mortgage.

Premiums are generally more affordable than level-term coverage since the insured amount reduces over time. Decreasing-term assurance policies can also be applied for Inheritance Tax planning purposes.

FAMILY INCOME BENEFIT POLICIES

Family income benefit life assurance is a variant of decreasing term policy. Rather than providing a lump sum if you pass away, it offers your beneficiaries a consistent income until the policy expires.

You can arrange for an amount equal to your net income to be disbursed to your family in the event of your death.

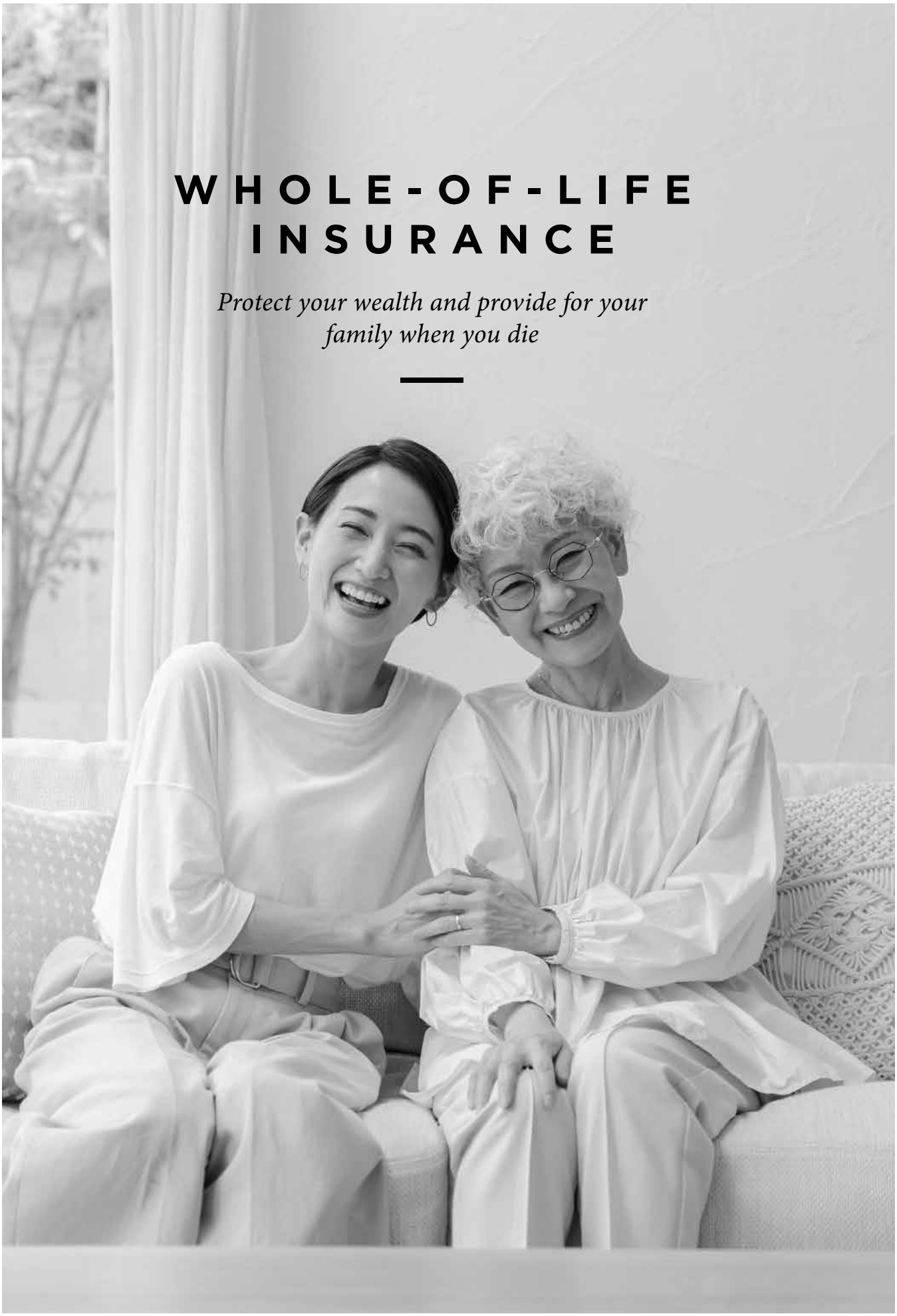
INCREASING-TERM INSURANCE POLICIES

The premiums and coverage will rise during the policy's term. This can be used to keep pace with inflation or cover a growing debt.

You might choose increasing-term insurance to safeguard your policy's value against inflation (the escalating cost of living) – whether for debt repayment or a significant purchase. ●

WHOLE-OF-LIFE INSURANCE

Protect your wealth and provide for your family when you die



> **WHOLE-OF-LIFE INSURANCE IS A POLICY DESIGNED TO COVER YOUR ENTIRE LIFE, ENSURING A SPECIFIED PAYOUT UPON YOUR DEATH, NO MATTER WHEN IT OCCURS.**

Whole-of-life insurance is a policy designed to cover your entire life, ensuring a specified payout upon your death, no matter when it occurs. Some insurers also offer the option to include critical illness coverage as part of an integrated policy when purchasing life insurance.

This type of insurance is ideal for those looking to leave a legacy for their family, provide Inheritance Tax provisions or protect their business after they're gone. Due to the guaranteed nature of the eventual payout, whole-of-life policies are more expensive than term insurance policies, which only provide coverage for a specific time frame.

INHERITANCE TAX SOLUTIONS WITH WHOLE-OF-LIFE INSURANCE

A whole-of-life policy can serve as a valuable tool for addressing potential Inheritance Tax liabilities. Establishing a policy to cover anticipated taxes ensures that a more significant portion of your estate is passed on to your beneficiaries.

To maximise this benefit, it's crucial to have your policy written in an appropriate trust. This complex aspect of estate planning requires professional financial guidance.

By placing the policy proceeds outside of your estate and paying premiums throughout your lifetime, a whole-of-life policy could help reduce your estate's overall value and minimise future Inheritance Tax obligations.

POLICY OPTIONS FOR YOUR UNIQUE NEEDS

Various types of whole-of-life insurance policies are available, each offering distinct features and benefits. Set payout policies guarantee a predetermined amount upon death. Investment-linked policies base payouts on investment performance through unit-linked funds or with-profit policies that offer bonuses. Some policies require premium payments until death, while others become paid up at a specified age and waive future premiums.

Many whole-of-life policies include an investment component and a surrender value, although surrendering the policy results in a loss of coverage. Premium reviews typically occur after the first ten years and every five years after that. Policies without an investment component and with guaranteed or investment-linked premiums are also available from select providers.

NAVIGATING REVIEWS AND COVERAGE OPTIONS

Protection levels are generally guaranteed for the first ten years, after which a review determines the future of your coverage. If the review concludes that your current protection level can be maintained, it will be guaranteed until the next review date.

However, if the review reveals that the same level of protection cannot continue, you'll have two choices:

- Increase your premium payments.
- Keep your payments the same and reduce your level of protection.

Whole-of-life policies offer different types of cover, such as maximum cover, which provides a high initial coverage level at a lower premium, or standard cover, which balances life insurance with sufficient investment to support the policy in later years.

Ultimately, the type of whole-of-life insurance policy you choose should align with your unique financial goals and circumstances, providing peace of mind and protection for the entirety of your life. ●

CRITICAL ILLNESS COVER

Facing the unthinkable and preparing for the unexpected

Critical illness cover offers a financial safety net when you and your family need it most. Adding this option to your life insurance policy can alleviate the monetary burden that may arise if you become critically ill.

Though we often believe that critical illnesses won't affect us, the truth is that anyone can fall victim to such conditions at any age. Investing in critical illness cover could minimise the financial strain on yourself and your loved ones during difficult times.

A HELPING HAND IN RECOVERY

In the event of a specified critical illness diagnosis, you may need to take time off work to recover or even be unable to return to work altogether. You might require home adaptations or specialised care, which can be costly. Critical illness cover ensures you can focus on healing without worrying about mounting expenses like mortgage payments, daily bills or groceries.

SAFEGUARDING YOUR FAMILY'S FUTURE

It's disheartening to imagine surviving a severe illness only to be overwhelmed by financial stress. While preparing for the worst is never enjoyable, having a critical illness cover provides peace of mind, knowing you're ready for whatever life throws your way.

RECEIVING A TAX-FREE FINANCIAL BOOST

Critical illness cover is designed to provide a tax-free lump sum upon the diagnosis of specific life-threatening or debilitating conditions. These may include heart attacks, strokes, certain types of cancer, multiple sclerosis and more.

EXPANDING YOUR PROTECTION WITH A COMPREHENSIVE POLICY

For broader coverage, consider opting for a comprehensive critical illness policy. These policies can include protection against loss of sight, permanent hearing loss, total and permanent disability preventing you from working, and even limb loss.

Not all conditions are covered, so obtaining professional financial advice is crucial to choosing the right policy for your needs.

By incorporating critical illness coverage into your financial planning, you can safeguard your wellbeing and provide much-needed security for yourself and your loved ones during life's most challenging moments.

MUCH-NEEDED FINANCIAL SUPPORT

For singles without dependents, critical illness coverage can be a financial lifeline to pay off mortgages or provide a lump sum in case of severe illness. Couples can also benefit from financial relief during emotionally challenging times.

COVERAGE SPECIFICS AND CONSTRAINTS

Each policy outlines the covered illnesses alongside any exclusions and limitations that may vary among insurers. Since critical illness policies typically pay out only once, they should be considered something other than income replacements. Some insurers offer combined life and critical illness policies that pay out upon diagnosis of a critical illness or death, whichever comes first.

CONSIDERING PRE-EXISTING CONDITIONS

When replacing an existing critical illness policy, be cautious about losing benefits if you have developed new illnesses since obtaining the initial policy. It's crucial to consult a professional financial advisor before replacing or switching policies, as pre-existing conditions might not be covered in a new policy.

ADAPTING TO LIFE EVENTS

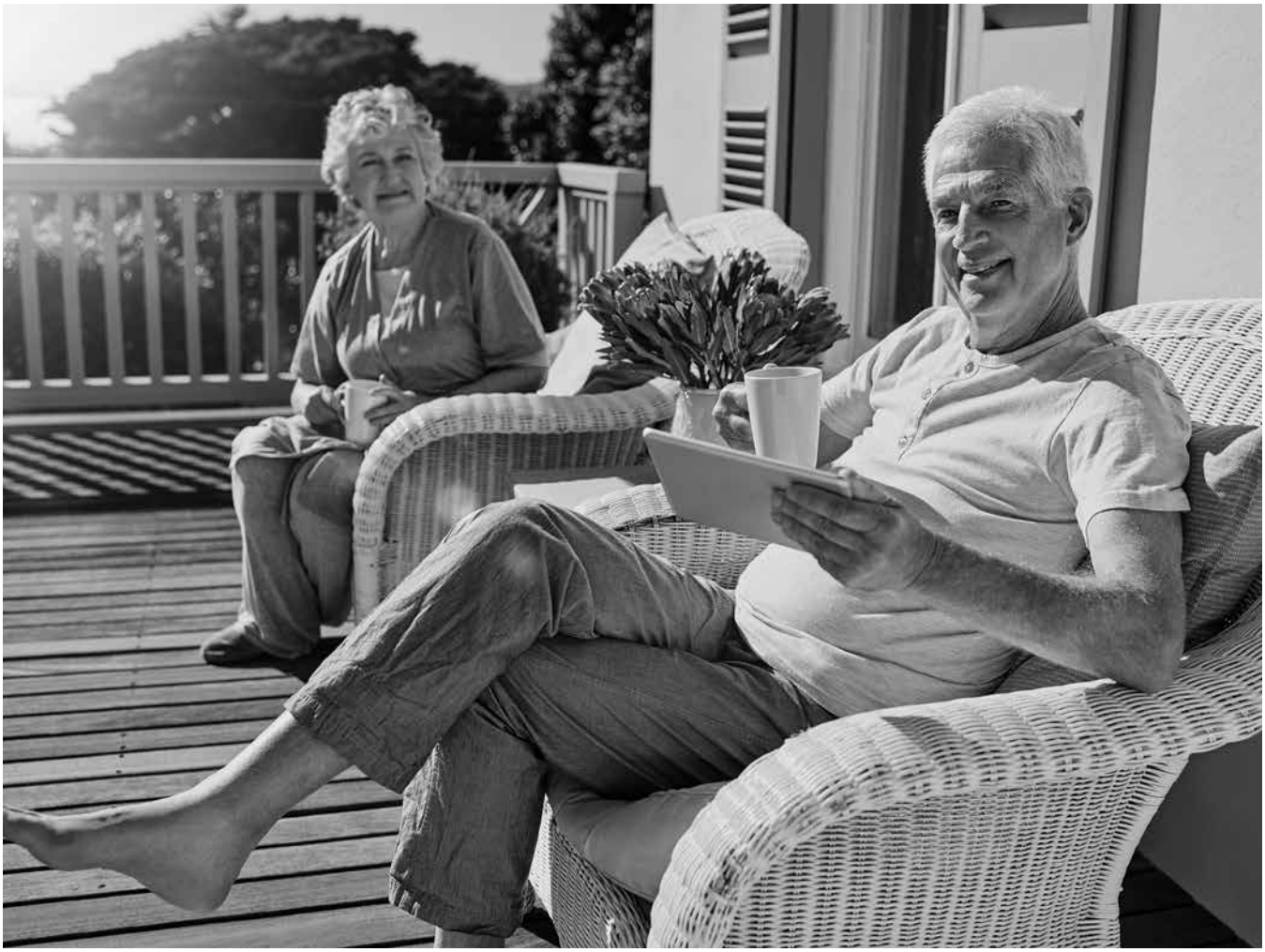
Specific policies permit increasing coverage, especially after significant life events like marriage, relocating or having children. If your current policy doesn't allow for increased cover, consider acquiring a new policy to supplement your existing one.

MEETING DEFINED CRITERIA

Policies provide coverage exclusively for conditions explicitly defined in the policy document. To qualify for coverage, your condition must precisely match the policy definition. This stipulation may exclude some conditions, such as specific cancer types deemed not severe enough. Additionally, some conditions might not be covered if diagnosed past a certain age – for example, many policies do not cover Alzheimer's disease if diagnosed after age 60.

RETHINKING THE SURVIVAL PERIOD

Typically, critical illness policies do not immediately pay out upon diagnosis of a covered condition. Instead, most policies



include a 'survival period', meaning the insured must survive for a specified duration after diagnosis before the policy pays out. If the individual passes away within this timeframe, no payout will be provided despite meeting the critical illness definition.

FACTORS INFLUENCING PREMIUMS

Various factors influence the cost of critical illness coverage, such as the type of policy selected, the individual's age, desired payout amount and smoking habits.

INCLUSION OF PERMANENT TOTAL DISABILITY

Most policies incorporate permanent total disability coverage. Insurers may define 'permanent total disability' as an inability to work in one's usual capacity due to illness or as the inability to independently perform at least three 'Activities of Daily Living' due to sickness or injury.

Activities of daily living encompass:

- Bathing
- Dressing and undressing
- Eating
- Moving between bed and chair

ENSURE COMPREHENSIVE PROTECTION

Advancements in medicine have led to increased survival rates for conditions that previously had higher mortality rates. Critical illness coverage can offer financial support to pursue a less demanding lifestyle during recovery or be used for other purposes. Don't leave your wellbeing to chance – ensure adequate coverage. ●

> **“IN THE EVENT OF A SPECIFIED CRITICAL ILLNESS DIAGNOSIS, YOU MAY NEED TO TAKE TIME OFF WORK TO RECOVER OR EVEN BE UNABLE TO RETURN TO WORK ALTOGETHER.”**

INCOME PROTECTION INSURANCE

Having enough to pay for what you need now and in the future

When the unexpected strikes, our world can be turned upside down instantly. It's never pleasant to contemplate misfortune, but what if a serious illness leaves you unable to work? How would you cope financially?

Would your savings or workplace sick pay be enough to keep you afloat? If not, it may be time to explore other options for covering your expenses – like income protection insurance.

While we all hope that such circumstances never befall us, it's crucial to recognise that no one is exempt from the possibility of illness or accidents. We cannot guarantee that we won't fall victim to a sudden mishap or receive a life-changing diagnosis.

In these situations, mortgage and rent payments and bills don't stop, so choosing to forego income protection insurance could be risky.

LIFELINE DURING CHALLENGING TIMES

Income protection insurance is a long-term safety net, offering monthly payments if illness or injury prevent you from working. This coverage typically continues until you can return to work, retire, pass away or reach the end of the policy term – whichever comes first.

To align with your unique financial needs, you can choose when payments begin – typically after sick pay ends or other insurance coverage ceases. Opting for a more extended waiting period can result in lower monthly premiums.

COMPREHENSIVE COVERAGE FOR PEACE OF MIND

This type of insurance covers a wide range of illnesses and disabilities, both short and long-term, ensuring you're protected regardless of the nature of your incapacity.

As long as your policy is active, you can make multiple claims, ensuring continuous financial support throughout your recovery journey.

WORKPLACE SICKNESS BENEFITS

Some employees enjoy generous workplace sickness benefits until their intended retirement date. However, others might need to rely on state support, which could prove challenging.

TAX-FREE INCOME TO ALLEVIATE THE FINANCIAL STRAIN

Losing your regular income, even temporarily, can lead to financial struggles and dipping into savings. Income protection insurance provides a tax-free monthly income up to retirement age if you cannot work due to long-term sickness or injury.

Income protection insurance aims to restore your financial situation to its pre-illness state without allowing for undue profit. The maximum coverage amount is typically based on your after-tax earnings minus applicable state benefits.

SPECIAL CONSIDERATIONS FOR SELF-EMPLOYED INDIVIDUALS

For self-employed individuals, no work often means no income. Income protection insurance can be customised to account for fluctuating income, with some policies averaging earnings over the past three years. This ensures that self-employed individuals receive appropriate support during their recovery.

COST OF COVER

Premiums for cover are based on various factors, including gender, occupation, age, health status and smoking habits. Insurers employ the 'occupation class' to determine policyholders' ability to resume work.

If a policy only offers payouts for those unable to work in 'any occupation', the benefits might be short-lived or non-existent. More comprehensive options include 'Own Occupation' or 'Suited Occupation'.

The latter allows claims if you can't perform your specific job, while the former requires being unable to perform any job without considering equivalent earnings from your previous position.

Additionally, you can select between level cover or inflation-linked cover:

- **Level cover:** This option provides a fixed monthly income, determined at the beginning of your plan, without future adjustments. It's essential to note that rising inflation could reduce

the purchasing power of your monthly income payments over time.

- **Inflation-linked cover:** With this choice, the monthly income increases according to the Retail Prices Index (RPI) if a claim is made.

When obtaining cover, you typically have two options:

- **Guaranteed premiums:** These premiums remain constant throughout your plan's term. If you opt for inflation-linked cover, your premiums and coverage will automatically increase yearly based on RPI.
- **Reviewable premiums:** This alternative means your premiums may fluctuate over time. Generally, premiums won't change during the first five years of your plan but may afterwards. If your premiums increase or decrease, they'll remain stable for 12 months.

MAKING A CLAIM

How long you must wait after making a claim will depend on the waiting period. Rethinking the Claim Process Opting for a longer waiting period results in lower premiums, but it also means you'll have to wait longer after becoming unable to work before receiving policy payments.

Remember that premiums must be paid throughout the entire term of the plan, including the waiting period. Your specific circumstances may cause plan payments to impact any state benefits you receive. This outcome depends on your situation and the state benefits you claim or intend to claim.

PEACE OF MIND AND FINANCIAL STABILITY

The market is continually evolving, with innovative new products being introduced regularly. You should obtain professional financial advice if you need more clarification about how your state benefits might be affected.

Income protection insurance offers a reliable and customisable solution to maintaining financial wellbeing during recovery from illness or injury. Whether employed or self-employed, this insurance provides peace of mind and financial stability when needed. ●

PRIVATE MEDICAL INSURANCE

Keeping your health on track

When life presents you with unforeseen challenges, obtaining a swift diagnosis and treatment, along with genuine assistance, support and empathy, becomes crucial. Your health and the wellbeing of your family are your top priorities.

If you or your loved ones encounter concerning symptoms, private medical insurance can provide peace of mind and control during trying times.

Private medical or health insurance grants access to private healthcare for conditions that emerge after your policy commences. One of the primary advantages of private medical insurance is the expedited access to medical care.

Even if you can access complimentary NHS services, private medical insurance lets you take charge of when, how and where you receive treatment. This translates to quicker access to diagnoses, treatments and aftercare, and the luxury of a private en-suite room. In essence, it's the care you require without the waiting period.

FOCUS ON A SPEEDIER RECOVERY

With almost immediate diagnosis and treatment, you can alleviate the stress of uncertainty and concentrate on recuperating faster. As more health professionals anticipate declining patient care and longer waiting times, more individuals opt for private healthcare for additional peace of mind.

If private medical insurance is not part of your employee benefits package and you can afford the premiums, it's worth the extra investment for increased control over your care.

FLEXIBILITY IN CARE QUALITY

While most UK residents are entitled to free healthcare from the NHS, many choose private health insurance to bypass extended NHS waiting periods. Health insurance covers all or a portion of your medical expenses if you opt for private treatment, offering flexibility in the quality of care you receive and its timing and delivery.

Although private medical insurance is not obligatory, you may struggle to afford private treatment without coverage, particularly for severe conditions.

Private medical insurance may also grant access to the latest medications and treatments approved by the National Institute for Health and Care Excellence (NICE), which are not routinely available through the NHS (outpatient medications are excluded).

WHAT DOES IT COVER?

Private medical insurance offers a variety of coverage options, depending on the policy you choose. At its core, basic private medical insurance typically covers in-patient treatments, such as tests and surgeries, as well as day-care surgery procedures.

Some policies may also cover outpatient treatments, including consultations with specialists. Additionally, policies might cover mental health, depression and sports injuries, although these are not always standard inclusions.

Common coverage features include:

- Hospital admission expenses
- Diagnostic tests, like MRI and CT scans
- Surgical procedures
- Consultation fees for specialists
- Accommodation and nursing care during hospital stays
- Access to cancer drugs, including those not available through the NHS

Additional coverage options might encompass:

- Outpatient consultations
- Mental health treatment alternatives
- Complementary therapies
- Physiotherapy and chiropody services

There are two primary types of private medical insurance policies:

- **Indemnity policies:** These policies cover short-term private medical treatment costs for acute illnesses or injuries. Benefits may include a private hospital room, fees for surgeons and specialists, outpatient treatments like physiotherapy, and daycare procedures like surgical and diagnostic procedures.
- **Cash plan policies:** These policies offer a lump-sum benefit payment under specific circumstances. In exchange for a monthly premium, consumers may receive coverage for up to 100% of treatment costs, including inpatient stays at NHS hospitals or dental and optical treatments not covered by indemnity policies.

Indemnity and cash plan policies can offer various supplementary benefits, such as:

- Inclusion of spouse and/or children in the coverage
- Personalised phone support for individuals with cancer or heart conditions
- Health assessments and assistance hotlines for patients
- Access to alternative therapies and mental health treatments
- Dental and vision care coverage
- At-home treatment options for intravenous therapies like chemotherapy

An alternative option is a six-week plan, which provides financial coverage for private medical treatments when the anticipated NHS waiting time exceeds six weeks.

International Private Medical Insurance (IPMI) offers coverage for expatriates seeking medical treatment while living abroad.

Key advantages of private medical insurance include:

- Reduced waiting periods compared to NHS treatment
- Enhanced medical facilities
- Expedited diagnostic procedures
- A variety of private facility options
- Flexibility in scheduling appointments and treatments

While the NHS delivers exceptional care, inevitable wait times may occur for all but the most urgent medical emergencies. Many individuals opt for private medical insurance policies in order to bypass these potential delays in the future. ●

> **PLANNING FOR LONG-TERM CARE IS CRITICAL TO SECURING A COMFORTABLE AND DIGNIFIED FUTURE. BY UNDERSTANDING THE AVAILABLE CARE OPTIONS AND DEVISING A FINANCIAL STRATEGY, YOU'LL BE WELL-PREPARED TO NAVIGATE THIS ESSENTIAL FACET OF LIFE.**

LONG-TERM CARE

Planning to secure a comfortable and dignified future

As you plan for your later years, it's crucial to consider how you want your finances managed and how essential expenses will be covered in case of illness or death. Addressing these matters now ensures that you or your family are prepared for future costs and can alleviate undue pressure.

Planning for long-term care is critical to securing a comfortable and dignified future. By understanding the available care options and devising a financial strategy, you'll be well-prepared to navigate this essential facet of life.

Oscar Wilde once remarked, 'The tragedy of old age is not that one is old, but that one is young.' While increased life expectancy is a testament to our advancements in healthcare and overall quality of life, it raises concerns about how we'll finance our long-term care as we grow older. Who will take care of us if we require assistance in our later years?

EMERGENCY SUPPORT

To determine the appropriate level of care, it's essential to consider factors such as the individual's physical, emotional and cognitive health, as well as their preferences and lifestyle. It's important to consider that care requirements can significantly vary and evolve over time.

To maintain autonomy, options like sheltered housing or assisted living could be an initial choice. These alternatives typically offer limited assistance from a supervisor and provide emergency support when needed.

LIVING INDEPENDENTLY

For those whose primary need is domestic aid, in-home care can be arranged to help with daily tasks such as dressing or bathing. As needs progress, a care facility might become more suitable. Care facilities can provide residential, nursing or a combination of both.

Occasionally, short-term care is necessary, known as transitional or reablement care. This type of care aims to reestablish the individual's ability to live independently.

MAKE INFORMED DECISIONS

In cases where an individual has a terminal diagnosis, palliative or end-of-life care becomes essential. These services provide comfort, manage symptoms and address emotional, spiritual and psychosocial needs during the final stages of life.

By understanding the various options available and acknowledging that care needs can change, individuals and their families can make informed decisions and adapt to evolving circumstances. This approach ensures that everyone receives appropriate care and support throughout their life journey.

SPECIALISED MEDICAL CARE

Long-term care encompasses various forms of support tailored to individual needs. This includes everything from assistance with daily activities, such as bathing, dressing and meal preparation, to more specialised medical care provided by skilled professionals. Identifying the most suitable care option is the first step in ensuring a comfortable and secure future.

As we live longer, many of us will need help with daily activities, whether in our homes, assisted living facilities or skilled nursing homes. Long-term care encompasses various needs and settings, including independent living at home, adult day programmes and other community resources.

> **AS WE LIVE LONGER, MANY OF US WILL NEED HELP WITH DAILY ACTIVITIES, WHETHER IN OUR HOMES, ASSISTED LIVING FACILITIES OR SKILLED NURSING HOMES.**

FINANCIAL SUPPORT FOR LONG-TERM CARE

Long-term care can occur in your own home or a residential facility, but regardless of the setting, financing care in old age is becoming an increasingly pressing issue.

Government state benefits may offer some assistance, but they only cover part of the cost of long-term care. The level of state support can vary depending on your location, such as England, Wales, Scotland or Northern Ireland.

LONG-TERM CARE PLAN OPTIONS

Immediate Needs Annuities: These plans pay a guaranteed income for life to help cover care fees in exchange for a one-time lump sum payment if you already have care needs.

Pre-funded Care Plans: These plans allowed you to insure your future care needs before they arose (but are no longer available for purchase).

ALTERNATIVE FINANCIAL SOLUTIONS

Enhanced Annuities: If you have a health problem, long-term illness, are overweight or smoke, you can use your pension to purchase an enhanced annuity (also known as an impaired life annuity). Providers use full medical underwriting to determine a more accurate individual price. People with specific medical conditions or those who have had major organ transplants may be eligible for enhanced annuities.

Equity Release Plans: These plans enable you to receive a cash lump sum as a loan secured against your home, which can be used to fund a care plan now or in the near future.

Savings and Investments: Another viable option is planning and ensuring your savings and assets are prepared for your care needs.

If you're already retired or nearing retirement, seeking professional financial advice is crucial to ensure your affairs are in order. This includes arranging your Will or Power of Attorney and ensuring your savings, investments and other assets are in place should you or your spouse or registered civil partner require long-term care.

When looking at future care needs, consider the following:

- Identify family members in the greatest need of long-term care and estimate its duration.
- Assess the urgency of devising a care plan.
- Decide if you're planning for yourself or someone else.
- Analyse your financial capacity to cover long-term care costs.
- Estimate the time frame for financing a care plan.
- Weigh the options between home care and nursing homes.
- List specific assistance requirements, such as dressing, toileting, feeding or mobility.
- Evaluate your home's need for modifications like stair lifts, accessible baths or in-home help.

DECISIONS AMID EMOTIONAL TURBULENCE

The rise in life expectancy strains the quality of care public services provide. Many individuals overlook long-term care, leaving their families to make costly, emotionally-charged decisions.

Yet, needing long-term care doesn't necessarily reduce one's life expectancy. The required care could span 15 years or more, leading to significant expenses.

DEVISING A STRATEGY

Whether you or a loved one need such assistance now or you're simply looking ahead to prepare for the future, understanding the right type of care and devising a strategy to finance it are crucial. ●

WRITING A WILL

Opportunity to express your preferences and ensure your wishes are respected

For residents of England or Wales who pass away without creating a legally valid Will, the government takes responsibility for determining the allocation of assets.

The Crown will claim your property and possessions if you have no surviving family members. In cases where you leave behind children under 18 years of age, decisions about their care, financial management, education and living situations will be made by others.

By drafting a Will, you have the opportunity to express your preferences, ensuring that your wishes are respected and your assets and possessions (referred to as your 'estate') are distributed according to your wishes after you pass away.

By designating your chosen beneficiaries, such as family members or charities, you can provide for those who matter most to you.

Your estate comprises personal belongings, as well as assets like:

- Your home and any other property you own
- Savings in the bank and building society accounts
- National Savings, such as Premium Bonds
- Insurance, such as life assurance or an endowment policy
- Pension funds that include a lump sum payment on death
- Investments such as stocks and shares or investment trusts
- Motor vehicles
- Jewellery, antiques and other personal belongings
- Furniture and other household contents

Debts may include:

- A mortgage
- A credit card balance
- A bank overdraft
- Personal loans
- Equity release

COMPLICATING MATTERS FOR YOUR FAMILY

Dying without a valid Will can complicate matters for your family, as your estate will be divided following intestacy rules. These regulations allow only married partners, registered civil partners and specific, close relatives to inherit your estate.

Unmarried or unregistered partners living together have no right to inherit under these circumstances.

Creating a Will is essential if you:

- Own property or a business
- Have children
- Possess savings, investments or insurance policies

PROPERTY AND POSSESSIONS TRANSFERRED TO THE CROWN

Without a valid Will in England or Wales, the law determines the distribution of your

assets. Your property and possessions will be transferred to the Crown if no living family members exist.

By drafting a Will, you can minimise Inheritance Tax payments and ensure that your loved ones, friends and favoured charities receive their intended portions. This legal document is a vital component of financial planning and provides clear instructions for asset distribution.

SAME-SEX PARTNERS NOT MARRIED OR REGISTERED IN A CIVIL PARTNERSHIP

Creating a Will is particularly important for same-sex partners not married or registered in a civil partnership. The law doesn't automatically grant cohabitants the same rights as married couples or registered civil partners. Consequently, long-term cohabitants may receive nothing without a Will in place.

A Will is also crucial for those with children or dependents who cannot care for themselves. It eliminates uncertainty regarding their care and provision in the event of your death, ensuring they are looked after according to your wishes.

DISTRIBUTION OF YOUR PROPERTY AND POSSESSIONS

A Will outlines the distribution of your property and possessions (your estate) after your death.

There are numerous reasons to draft a Will:

- Decide how your assets are allocated; without a Will, the law determines the distribution.
- Ensure provision for unmarried partners, including same-sex relationships.
- Specify whether to leave anything to a former partner if divorced.
- Minimise potential Inheritance Tax payments.
- Address potential claims on your estate by financial dependents.
- Include a trust in your Will for various purposes (e.g. providing for minors or disabled individuals, tax savings or asset protection).
- Address situations involving non-UK permanent residency or foreign property ownership.
- Establish provisions for business ownership.

Before drafting a Will, consider its contents:

- Evaluate your financial assets, property and possessions.
- Determine your desired beneficiaries.
- Designate guardians for children under 18 years old.
- Appoint an executor to manage your estate and execute your wishes after death.

PASSING ON YOUR ESTATE

Executors, named in your Will, are responsible for carrying out your wishes after your passing. They oversee various tasks, including arranging your funeral, informing relevant parties and organisations of your death, gathering information about your assets and liabilities, addressing tax bills, paying debts and distributing your estate to designated beneficiaries.

Various gifts, known as 'legacies,' can be included in your Will. You may wish to bequeath an object with sentimental value to a specific individual or provide a fixed monetary amount to a friend or cherished charity.

After determining these gifts, you can designate the remaining estate's distribution and proportions among your chosen recipients. Once your Will is complete, store it securely and inform your executor, close friend or relative of its location.

REVIEWING YOUR WILL

Periodically reviewing your Will every five years or following significant life events (such as separation, marriage, divorce, having children or moving) is recommended.

Life changes may require the preparation of a new Will or amending an existing Will.

These are the most common:

- Buying your first home
- Moving home
- Marriage
- Divorce
- Re-marriage
- Children
- A significant change in your financial situation, i.e. inheriting money
- Starting/running a business

REFLECT ON YOUR CURRENT INTENTIONS

To make any changes, utilise a Codicil (an addition or amendment to a Will) or create an entirely new Will. This ensures that your Will remains up-to-date and accurately reflects your current intentions for your estate's distribution. ●

LASTING POWER OF ATTORNEY

Part of a comprehensive plan for the future

Managing finances and making healthcare decisions can become increasingly challenging when an individual's health declines. Have you ever thought about the consequences of losing mental capacity and becoming incapable of making your own financial and welfare decisions? This is when a Lasting Power of Attorney (LPA) becomes crucial.

A LPA is a separate legal document from your Will which allows you to appoint a trusted person (the attorney) to assist or make decisions on your behalf, providing peace of mind for the future.

Many people establish an LPA alongside their Will as part of a comprehensive plan for the future. Knowing that a trusted individual can make decisions on your behalf if necessary can be reassuring.

DURING YOUR LIFETIME

With an LPA, you can rest easy knowing that a trusted person will manage your affairs if you cannot do so yourself due to illness, old age or an accident.

Your appointed attorney will be able to handle your finances and property and make decisions about your health and welfare. The LPA can include specific instructions and general preferences for your attorney to consider, ensuring your unique wishes are respected and carried out.

REQUIRED LEGAL CAPACITY

To create a Lasting Power of Attorney (LPA), you must have the necessary legal capacity, meaning you can understand the nature and consequences of the document. If you lack the required legal capacity, you cannot establish an LPA, nor can anyone do it on your behalf.

Many people are unaware that their next of kin does not automatically have the legal authority to manage their spouse's affairs without an LPA. As a result, decision-making processes can become lengthy and considerably more expensive.

In England and Wales, there are two types of Lasting Power of Attorney:

LASTING POWER OF ATTORNEY FOR HEALTH AND WELFARE

This type of LPA generally covers decisions related to:

- Your living arrangements
- Medical care
- Dietary choices
- Contact with others
- Participation in social activities

Additionally, you can grant your attorney special permission to make life-saving treatment decisions.

LASTING POWER OF ATTORNEY FOR PROPERTY AND FINANCIAL AFFAIRS

This type of LPA typically involves decisions concerning:

- Buying and selling property
- Mortgage payments
- Investment management
- Bill payments
- Property repairs and maintenance

ENSURING LEGAL AUTHORITY FOR YOUR AFFAIRS

Without an LPA, no one has the legal authority to manage your affairs, such as accessing your bank accounts, managing investments or selling property on your behalf. Many people mistakenly believe that their spouse, partner or children will be able to handle these matters, but that is not the case.

Someone must apply to the Court of Protection without an LPA to gain legal authority over their affairs. The court then appoints a 'Deputy' to manage your affairs, which is more involved and expensive than appointing an attorney through an LPA.

To ensure that a specific person has legal authority over your affairs and to simplify the process and reduce costs, obtaining professional advice and establishing an LPA is essential.

HEALTH AND WELFARE LASTING POWER OF ATTORNEY

This type of LPA allows you to designate attorneys to make decisions about your healthcare, treatments and living arrangements if you lose the ability to make those decisions yourself. Unlike the Property and Financial Affairs LPA, this document only becomes effective if you lack the mental capacity to make decisions for yourself.

If you can't communicate your wishes, you could end up in a care home when you might have preferred to stay in your own home. You may also receive medical treatments or be placed in a nursing home that you would have refused if you could express your preferences. In these situations, your attorney, appointed by the LPA, can speak on your behalf.

PROPERTY AND FINANCIAL AFFAIRS LASTING POWER OF ATTORNEY

This type of LPA enables you to designate attorneys to manage your property and financial assets in England and Wales. The LPA document can be restricted, so it's only used if you lose mental capacity, or it can be applied more broadly, such as during illness, mobility issues or time spent outside the UK.

DON'T LEAVE IT UNTIL IT'S TOO LATE

It might be too late due to a severe injury, accident or illness when you realise you need protection.

Regardless of your perspective, establishing a LPA is the most effective method to safeguard yourself if you lose mental or physical capacity. The sooner you put it in place, the better off you'll be. ●

READY TO FACE THESE CHALLENGES NO MATTER WHAT LIFE THROWS AT YOU?

We can help you face these challenges no matter what life throws at you and help keep your future on the right track. We're here to ensure that the people and things that matter to you are cared for.

To review your situation, please contact us – we look forward to hearing from you.

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