

PARTNERS WEALTH MANAGEMENT

AN INTRODUCTION TO

Protection

HAVE YOU CONSIDERED YOUR PROTECTION NEEDS?

DIFFERENT TYPES OF POLICIES EXPLAINED

UNDERSTANDING THE COST OF PEACE OF MIND

CRITICAL ILLNESS COVER

TOP TIPS



Life is full of the unexpected. While we can't predict what lies ahead, we can prepare for it. Protection gives you the reassurance that, whatever happens, you and your family will be financially supported. Many of us will face health challenges over our lifetime, and being prepared can make all the difference for you and your loved ones.

Protection is important and plays a vital part in every stage of our lives – from starting out when we get our first mortgage – right the way through to helping mitigate Inheritance Tax in the later stages of life. It is important that protection is set up with the appropriate trust documents at the right time in life because protection is a foundation to full holistic financial planning.

We understand that everyone's circumstances are different, which is why we don't offer a onesize fits-all approach. Instead, we work with you to create tailored solutions that meet your personal needs and evolve with your life. It's about knowing that your loved ones will be cared for, your goals stay on track, and life can move forward even in uncertain times.

With the right protection in place, you're not just safeguarding today—you're building the freedom to focus on what matters most, confident that your financial future is protected.

A protection policy should have both you and your loved ones in mind. Many policies are meant to help cover your immediate needs, minimising the financial damage that an unexpected event could create for your children and grandchildren.

It's important that your adviser reviews your protection every time you change jobs, every time you move house and indeed every time you have your review, to ensure that the benefits you would get are still appropriate and right for your current circumstances.







Do I need protection insurance?

If you need convincing about the merits of protection cover, then ask yourself this question: if you were to pass away or suffer a long-term serious illness, how would your family cope? Without a financial safety net, families may find it challenging to maintain their lifestyle during difficult times.

Even if you are not the main 'breadwinner', you may still be the primary carer, providing housekeeping and other home-based services that are essential to your family's wellbeing and would be costly to replace.

In essence, purchasing a protection policy provides much-needed help in fulfilling your responsibilities in your household, whichever they might be. A policy payout can offer vital support at a deeply emotional time, helping your loved ones maintain the lifestyle they're used to and easing some of the financial pressure during a difficult period.

Have you considered your protection needs?

Life stage →	Single	Married	Married with young children	Divorced	Married with grown-up children	Retiree
Types of protection insurance to consider ↓						
Critical illness	✓	✓	✓	✓	✓	—
Total permanent disability	✓	✓	✓	✓	✓	—
Long-term sickness	✓	✓	✓	✓	✓	—
IHT planning	—	✓	✓	✓	✓	✓
Life insurance	—	✓	✓	✓	✓	✓

The value of protection insurance

There are so many events in life that can derail the most carefully created plans, taking us from a position of sound financial strength to one of financial exposure. If the unexpected were to happen, would your family or business be financially supported to continue without added stress? Whilst no amount of protection can stop these events from happening, it can make coping with them a lot easier, ensuring that life can continue without financial pressures.

There is a general feeling that life-changing accidents or illnesses happen to other people. Stroke Association figures show 100,000 people have a stroke each year (which is one person every five minutes) and heart attacks are still a major cause of incapacity, before taking in account debilitating accidents. Considering all of these factors, having income protection alongside life insurance can be a valuable way to help safeguard your family's financial wellbeing.

How much cover do I need?

There's no simple answer to this question, as the amount will vary depending on your individual circumstances. You may want to protect your mortgage, cover household bills or provide a lump sum towards your children's private education. The great thing about protection insurance is that it can be tailored to meet your specific needs. And we can help assess how much cover would be the right amount specifically for you.

What is term insurance?

Term insurance policies run for a fixed period. Your adviser would suggest the best term based on your circumstances and reason for requiring the cover (e.g. until your children are non-dependant, or you retire). There are two main types: level-term, where the cover remains constant; and decreasing-term where the level of cover decreases over the policy term. The latter is typically used with a repayment mortgage, with the intention of repaying any outstanding debt if death occurs during the term. Throughout the life of a term policy, cover will cease if you stop paying the premiums. There is no payment at the end of the term; if you live beyond the term of the policy, the cover terminates.

What is a whole-of-life policy?

As the name suggests, whole-of-life policies provide cover that lasts a lifetime. This type of policy doesn't normally have an end date, so premiums are paid until you die, at which point the policy pays out (sometimes premiums end at a certain age, say 80, but cover continues until your death). While these policies may cost more than term insurance, they offer the reassurance of lifelong cover—ensuring your family will receive a benefit whenever it's needed.

Writing policies in trust to minimise Inheritance Tax

Placing a life policy in trust ensures that the proceeds will not form part of your estate when it comes to calculating Inheritance Tax. Another benefit is life policy proceeds can be paid out before probate is granted and therefore provide an effective means of getting money quickly into the hands of beneficiaries, or of paying the Inheritance Tax due before probate can be granted. Although placing a policy in trust is generally straightforward, it's something that many people understandably overlook when arranging life cover. However, taking this simple step can make a meaningful difference—helping your loved ones avoid unnecessary delays or tax burdens at an already difficult time.

Critical illness cover

People often take out critical illness cover alongside life insurance to provide additional cover to financially protect themselves and their families in case of serious illness. Combining the two policies can result in cheaper premiums compared with taking out two separate policies. As with life insurance, you can specify the level of cover you want. Illnesses covered are set out in the policy and include cancer and heart disease, although the cover does vary between providers and so it's important to check exactly what is covered and any exclusions that apply.

Understanding the cost of peace of mind

Protection probably costs less than you think, particularly as the cost of life insurance premiums has generally declined in recent years. For example, a healthy non-smoker aged 30 could potentially arrange a 25-year term policy that would pay a lump sum of £1m for under £30 per month. It's a modest cost when you think about the reassurance it can provide—and the financial support it could offer your loved ones when they need it most.

The same client taking out a policy with cover of £250,000 of life or earlier critical illness over a 25-year term would pay under £60 per month.

Top Tips

Starting early can save you money

The younger and healthier you are, the lower your premiums are likely to be. As you get older, you'll be seen as a higher risk to insurers. Arranging cover sooner rather than later can therefore enable you to lock into a lower premium for the duration of the cover.

A healthy lifestyle will reduce premiums

The cost of protection is based on several factors. These include not only the amount of cover you wish to take out and the length of the policy, but also your state of health. Adopting a healthier lifestyle, for instance by stopping smoking or losing weight, could therefore result in you securing cheaper premiums.

Don't forget to cover the stay-at-home parent

Although it's essential to ensure the main family 'breadwinner' is adequately covered, it's also important to consider the financial significance of parents who stay at home to look after children.

It's essential that this role is not forgotten when considering your family's life insurance needs, and that stay-at-home parents are adequately covered too.

Joint cover or two policies

Although arranging a joint policy will typically be slightly cheaper than taking out two single policies, most joint policies will only pay out on the first death which leaves the surviving partner without any cover. Taking out two single policies therefore means that if a claim is made on one policy, it does not impact the other.

The importance of full disclosure

Being open and accurate when applying for cover helps ensure your protection works as expected if you ever need to make a claim. While most claims are paid without issue, insurers may review your medical history, so it's important to share all relevant information from the start.

Regularly review your protection needs

Protection is an extremely valuable element of holistic financial planning and evolves as you progress through the life stages. A job change can mean more or less cover is needed; moving home or getting married potentially changes the level or type of cover needed. It is just as important to review cover when reaching retirement - does one party have significantly more pension than the other?

At every life stage, protection planning is about more than just cover—it's about feeling confident in your future. With the right support from your adviser, you can plan for the unexpected, protect what matters most, and move forward with financial freedom.

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