

Fact Sheet | Life Assurance

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Policy Benefits *(Term Assurance)*

A Term Assurance plan is a cost efficient way of providing a tax-free lump sum of money payable upon death of the policyholder during the specified term of the policy. This type of plan has no surrender or maturity value. Once the term of the plan has expired or if you stop paying the premiums the plan will cease.

Policies of this type will provide the necessary cover to meet future financial requirements in the event of your death by repaying your commitments. These types of policy are generally used for Mortgage Protection or Family Protection. If used to repay a mortgage debt the purpose of the plan is to repay the mortgage to ensure that your home remains for the benefit of the family.

If used for Family Protection the sum assured could be used to maintain the family's standard of living when an individual passes away.

Sum Assured on these types of policies can either be level or decreasing. Level term, means that the sum assured will remain level and constant throughout the policy term. Whereas decreasing term assurance means that the sum assured will gradually decrease over the term of the policy.

Decreasing Term Assurance is the most cost-effective type of cover available to repay a repayment mortgage, where the outstanding balance reduces during the life of the borrowing providing that mortgage payments are kept up to date, the term has not been altered and that the interest rate does not exactly specified level this will be documented in the Key Features Document.

Policy Benefits *(Critical or Serious Illness)*

If you elect to include Critical Illness Cover within your policy, this means that the sum assured will pay out a lump sum either upon death or upon earlier diagnosis of a specified critical illness or permanent and total disability *(if included)* as defined under the terms of the cover. This means you can be reassured that money will be available at a time when illness might seriously affect your financial position.



Critical Illness policies can be issued separately to Term Assurance Policies or what are termed combined Policies Life or Critical Illness, where the sum assured will pay out in the event of death or earlier critical illness.

Policy Benefits *(Waiver of Premium)*

Should you have the misfortune to have an accident or injury that prevents you from working, the policy will ensure that your life insurance premiums are paid until you are able to return to work *(or otherwise specified i.e. for a certain period, up to a particular age or for the whole of the term of the life insurance contract).*

Policy Benefits *(Income Protection)*

An Income Protection plan is a cost efficient way of providing a regular tax free benefit if you are injured or too ill to work resulting in loss of earnings. The plan has no surrender or maturity value. Once this term has expired or if you stop paying the premiums the plan will cease. The effects of inflation could reduce the purchasing power of your benefits. The income protection premiums are guaranteed. This means the premiums will never increase from the outset of the policy.

Guaranteed or Reviewable Premiums

Premiums for these types of plan are either guaranteed or reviewable. Guaranteed premiums, will guarantee the policy holder that the premiums for the cover will not increase during the term of the policy. Reviewable premiums will mean that the provider will review the cost of providing the benefits at regular intervals; this could be annually or at present 5 years' terms. If the cost of providing the cover has increased, then premiums are likely to be adjusted to meet the increase in cost.

Writing life insurance in trust

When you die, the proceeds from a life insurance policy will normally be paid into your estate free of tax. However, there could be inheritance tax to pay if your total assets exceed a certain limit. There may also be a delay because the insurer cannot hand over the money until legal matters concerning your estate have been resolved – i.e. probate



has been granted. To avoid the possibility of having to pay inheritance tax on what the insurance policy pays out, and to make sure that your dependants get the money as quickly as possible, you can arrange for the policy to be 'written in trust' for the benefit of the person(s) you specify.

Risk Warnings for Life Assurance & Critical Illness Policies

- If you stop paying your premiums the policies will cease.
- If you make a claim on the Critical Illness element, the plan may cease, please refer to the Key Features Document that has been provided.
- Level/Decreasing Term Assurance contracts are policies that have no surrender or maturity value.
- The effects of inflation on a reviewable policy could reduce the purchasing power of your benefits.

Risk Warnings for Income Protection Policies

- If you stop paying your premiums the plan will cease.
- There will be a deferred period before any benefit can be received once a claim is made.
- The policy will expire from age 50 to a maximum of age 65, generally to coincide with your normal retirement date.
- Existing illnesses or injuries may be excluded from the terms of the contract and no benefits paid for claims related to existing conditions. Similar terms may also apply to hazardous leisure pursuits.

Please refer to your Key Features Document.



Underwriting

Your application(s) may require some additional medical information to be provided before the policy can be issued to you. This could be information from you or from the medical records held by your doctor. In a small number of cases the insurance company may ask their clients to attend a medical examination.

This is arranged at their expense and at your convenience. You will be notified shortly if any of these requirements apply to your application.

Please note that the illustrations provided are based on standard rates, dependent on underwriting policies could be rated, postponed or declined.

Duty of Disclosure

It is your responsibility to provide complete and accurate information to both your adviser and Insurance Provider(s) when you take out your insurance policy, throughout the life of your policy and when you renew your policy.

Please note that if you fail to disclose any material information to your insurance provider this could invalidate your insurance cover and could mean that part or all of a claim may not be paid.

Replacement Policies

Please ensure that you do not cancel any existing policies that you may be replacing, until your new policy has been underwritten, placed on risk and the first premium collected from your bank account.

"A MORTGAGE LOAN IS A LOAN SECURED AGAINST YOUR HOME. YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE OR OTHER DEBT SECURED ON IT"

Important Information

This factsheet is based upon our understanding of current regulation, law, tax and other legislation at the release date and may be subject to change in the future. Whilst every care has been taken to ensure the accuracy of this information, My Mortgage & Protection Experts can accept no responsibility for any actions taken as a result of this information.



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