



Lync Wealth Management

A guide to protection services

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Introduction

However well prepared we think we are, none of us truly know what is waiting around the corner. The reality is that each and every one of us is at risk of finding ourselves faced with sudden, unexpected situations that can be emotionally and financially difficult to manage.

However financially secure you believe yourself to be, it is still essential to plan for the worst-case scenarios to be sure that you, and your loved ones, are able to maintain a high standard of living if the worst should happen.

Protection products can appear simple on the surface but setting up any plans correctly is extremely important and, as with many financial scenarios, protection is not a one-size-fits-all approach. What might be enough, or too much, cover for someone else, may not be enough, or too much for you.

Rather than compare all protection providers for the cheapest available premium available, it's advisable to look at all factors and ensure that any policy you have, or are considering taking out, is ideally suited to your own specific circumstances and is set up in absolutely the right way.

Knowing which protection products are available can be overwhelming. Our job is to let you know what products are appropriate at the relevant stages of your life.

Mortgage protection Insurance

This is a type of term life insurance specifically designed to pay off your mortgage if you die before it's fully repaid. The two main types are:

- **Decreasing Term Insurance:** The payout decreases over time as the mortgage balance reduces.
- **Level Term Insurance:** The payout remains the same throughout the policy term, regardless of the mortgage balance.

Life insurance

Life insurance provides a lump sum payment to your beneficiaries if you pass away during the policy term. It's a fundamental form of protection that ensures your loved ones are financially supported after you're gone. There are two main types of life insurance:

- **Term Life Insurance:** Covers you for a specified term (e.g., 10, 20, or 30 years). If you die within this period, your beneficiaries receive a payout. This is often used to cover specific financial obligations like mortgages.
- **Whole of Life Insurance:** Provides lifelong coverage, guaranteeing a payout whenever you pass away. It's typically more expensive but ensures that your dependents will receive a benefit no matter when you die.

Critical illness cover

Critical illness insurance pays out a lump sum if you're diagnosed with a serious illness covered by the policy. This can provide financial relief during a challenging time, helping to cover medical expenses, loss of income or necessary home modifications. It is important to note that not all 'critical' illnesses are covered as standard, for example certain cancers. Therefore, it is essential to check that the illnesses you want covered are.

Long-term care

Taking out a long-term care insurance policy (also known as LTC or LTCI) can help meet the costs of any potential long-term care required.

Income protection insurance

Income protection insurance replaces a portion of your income if you're unable to work due to illness or injury. Unlike critical illness insurance, which provides a lump sum, income protection offers ongoing payments until you can return to work or reach retirement age.

There are a number of key considerations to take into account with an income protection policy, for example, policies differ based on the risk associated with your job, so your occupation will impact monthly premiums. There is often a waiting period before payments will begin after you become unable to work. This is typically between 4 and 26 weeks depending on your policy provider.

Private medical insurance (PMI)

PMI covers the cost of private healthcare, offering faster access to treatments compared to the NHS. It allows you to choose your own specialists and hospitals, ensuring timely and personalised medical care.

There are different levels of cover that you can get, for example a basic cover will cover essential hospital treatments and some outpatient care whereas a more comprehensive cover includes more extensive outpatient care, mental health support and additional therapies.

It is important to check for exclusions, such as pre-existing conditions or chronic illnesses.

Payment protection insurance (PPI)

PPI covers specific loan or credit card repayments if you're unable to work due to accident, sickness or unemployment. While controversial due to past mis-selling, it can still be a valuable tool for some.

It is important to note that PPI is tied to specific loans or credit cards, so it doesn't provide broad financial coverage and coverage is often limited to 12-24 months.

Family Income Benefit

Family income benefit is a type of life insurance that provides regular payments to your family if you die during the policy term. Instead of a lump sum, your family receives an ongoing income, which can be easier to manage. There are a few things that you need to consider when it comes to choosing the right policy for you. These include:

- **Income amount:** Determine the amount needed to cover your family's living expenses.
- **Policy term:** Set the term to match the period your family would need support, such as until children are financially independent.
- **Combination with life insurance:** Consider combining with a lump-sum life insurance policy for comprehensive coverage.

Life Assurance plans typically have no cash in value at any time and cover will cease at the end of term. If premiums stop, then cover will stop. Income Protection and Critical Illness plans may not cover all the definitions of an illness. If you are diagnosed with an illness not listed within the policy schedule you may not be covered.

Ensuring that you are adequately protected

Protection services are a vital part of financial planning, offering peace of mind by safeguarding against life's uncertainties. Choosing the right protection insurance requires a clear understanding of your financial needs, risks, and goals. Whether it's ensuring your family's future, protecting your income, or covering healthcare costs, these policies provide a safety net that can help you navigate difficult times without financial strain. Always review your protection needs regularly and consult with a financial adviser to ensure your coverage remains appropriate as your circumstances change.





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