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Providing a full financial review, every time.

YOUR GUIDE TO *Insurances*

Writing a policy *in Trust*

Placing a Life Insurance policy into a trust is a simple step that can make a big difference. It's now a widely used way to pass money to loved ones quickly, efficiently, and often without tax complications.

What is a Trust?

A Trust is a legal arrangement that ensures the payout from your life policy goes directly to the people you choose, such as a partner or children, rather than becoming part of your estate. This means you stay in control of where your money goes.

Why use a Trust?

- Avoids inheritance tax – the payout usually sits outside your estate
- No probate delays – funds can be paid quickly once the claim is agreed
- Control – you choose exactly who benefits, such as your partner or children

How it works

Without a trust, the policy payout goes into your estate, which may mean tax and delays. With a trust, the money is paid directly to your beneficiaries. Most insurers offer this option for free when you take out a policy, though not all types of cover are eligible. This is a small step that can make a big difference for your loved ones.

Family Income *Benefit*

Family Income Benefit works like Life Insurance, but instead of paying out a lump sum, it provides your family with a regular income if you pass away during the policy term.

How it works

- A policy is often taken out by parents of young children
- If one parent dies, the policy pays a monthly or annual income for the rest of the policy term
- Example: with a 20-year policy, if death occurs after 5 years, income is paid for the remaining 15 years

This means your loved ones receive steady financial support, much like a salary replacement, rather than managing one large lump sum

Key points to know

- Provides ongoing income instead of a single payout
- Helps cover everyday living costs such as bills, childcare, or schooling
- Critical illness cover can often be added, paying out if a parent is diagnosed with a serious illness

Why choose it?

Family Income Benefit is a simple, affordable way to give your family financial security and stability at a difficult time.

Critical Illness *Cover*

Critical Illness Insurance pays out a tax-free lump sum if you're diagnosed with a serious illness such as cancer, stroke, or heart disease. The exact conditions covered vary depending on the provider and the policy.

How it works

- Some insurers make a partial payment if an illness is diagnosed at an early stage.
- The amount paid can vary between companies
- The payout can be used for anything, from covering household bills, to funding treatment or making lifestyle changes

What you need to know

- Many people choose a combined life and critical illness policy. This means the insurer pays out either on diagnosis of a critical illness (as defined in the policy) or passing away, whichever happens first
- Combined cover is usually cheaper than buying two separate policies, since only one lump sum will ever be paid out

Why consider it?

Critical Illness Cover gives you and your family financial security at a difficult time, helping you focus on recovery rather than money worries.

Life Insurance VS Life Assurance

The terms Life Insurance and Life Assurance are often used interchangeably and both are commonly known as life cover. However, there is a difference, and understanding it can help you choose the right type of protection.

Life Insurance

- Provides cover for a fixed term (e.g. 10, 20 or 25 years)
- Often called term insurance
- Commonly used to cover specific financial commitments, such as a mortgage or other loans, or to provide protection while children are growing up
- If you outlive the policy term, no payout is made
- The benefit: affordable protection and peace of mind during the years your family may need it most

Life Assurance

- Designed to cover you for your whole life
- Sometimes referred to as whole of life cover
- Guarantees a lump sum will be paid whenever you pass away
- Usually more expensive than life insurance, since cover is lifelong

Key Difference

- Life Insurance = protection for a set period of time
- Life Assurance = protection that lasts for life

Income *Protection*

Income Protection pays you a monthly tax-free income if you're unable to work because of illness or injury.

How it works

- Typically replaces 50–70% of your salary
- Payments continue until you're well enough to return to work or reach retirement age (payout term depends on your policy)
- You choose when the policy starts paying out (known as the deferred period). This could be from one month up to a year after you stop working. Policies with shorter waiting times usually cost more

What you need to know

- State benefits are limited, and few employers provide long-term financial support
- Income Protection can give families valuable financial security through difficult times
- It helps cover everyday expenses such as mortgage payments, bills, or living costs when you can't work

Why consider it

This type of cover offers peace of mind, knowing your income and your family's standard of living is protected if illness or injury keeps you out of work.

Mortgage Payment *Protection*

Mortgage Payment Protection Insurance (MPPI) is designed to cover your monthly mortgage repayments if you can't work due to accident, sickness, or unemployment.

How it works

- Payments usually begin 30 or 60 days after you stop working
- Most policies pay out for up to 12 months
- The benefit is typically capped at £1,500–£2,000 per month, so if your mortgage is higher you'll need to plan for any shortfall
- You can choose how soon the policy starts paying after a claim (known as the waiting period). Policies that pay out sooner generally have higher premiums

What you need to know

- With Statutory Sick Pay currently only lasting up to 28 weeks, many families would struggle to keep up with mortgage payments during a long illness or job loss
- MPPI provides a financial cushion, helping protect your home during difficult times

Accident, Sickness & Unemployment *Cover*

Accident and Sickness Cover provides a monthly tax-free income if you can't work due to illness, injury or redundancy. It's designed to help you keep up with regular bills and living costs while you recover or find a new job.

How it works

- The policy pays a fixed monthly benefit, usually starting 30 or 60 days after you stop working
- Payments are made until you return to work or for a set period of time (often up to 12 or 24 months)
- You can choose the waiting period before payments begin – shorter waiting times mean higher premiums

What you need to know

- Most employers only offer limited sick pay, and state benefits are often not enough to cover household costs
- This cover is typically short-term and more affordable than full income protection
- It's designed to give you and your family breathing space financially during an unexpected illness, accident or job loss

Get in touch

Need help deciding what cover best fits your needs?

01564 791 120

hello@the-right-advice.com