

## Protection Planning

Bad news can strike at any time; our clients know that more than most.

When looking at financial planning, investments get all the headlines; however, protecting your family's financial future is paramount and should be prioritised, like the saying goes "protect before you invest".

There are a range of different financial products available which can be used in different ways; each one could be the subject of an entire article just by itself!

I'm going to give a brief overview of the various types of protection and how they commonly used.

### Term Assurance

Term Assurance provides cover for a fixed term which is payable on death. You can choose amount payable on death (sum assured) and the length of the term i.e. 10,15 or 20 years.

There are a number of different types of Term Assurance policies.

*Level Term*; the payment on death stays the same throughout the term of the policy.

*Decreasing Term*; payment reduces over the term of the policy until the amount is zero. This is usually purchased to run alongside mortgage repayments, so on death the balance of the mortgage can be paid off in full.

*Index Linked Term*; the payment on death increases annually, usually in line with an index (RPI) or a fixed percentage, this is to protect against the effects of inflation.

### Whole of Life

As the name suggests, whole of life policies run throughout the clients life (subject to premiums being paid) and are not restricted to set terms.

On death the policy pays out a lump sum to your estate. This type of policy is usually used to

cover any possible Inheritance Tax due on death.

### Critical Illness Cover

Critical Illness cover pays out a tax free lump sum on the diagnosis of a "specified" critical illness. These change from policy to policy so care needs to be taken when choosing the right plan. Critical Illness policies only pay out once and are usually used to pay off the mortgage or debts.

### Family Income Benefit

Provides a regular income to the beneficiaries on the death of a client. Payments are for a fixed term and usually linked to major life events i.e. spouse reaching retirement age or children reaching adulthood. Payments made from this type of plan are tax free.

### Income Protection

Income Protection policies provides you with an income if you are unable to work due to injury or illness. Policies do not pay out automatically and you



# frenkel topping

INDEPENDENT FINANCIAL ADVISOR

have to have been off work for a specified period (called the deferred period) before they do. The policy pays a percentage of your salary, usually between 50-70%, and benefits are tax free. The policy will continue to pay out until you return to work, retire or death, whichever comes first.

## **Private Medical insurance**

Private Health Insurance allows you to receive private urgent care or treatment that would usually be subject to a NHS waiting list. As you wouldn't be subject to long waiting times, people usually opt for private cover to help speed up recovery so they can return to work quicker.

## **Summary**

With so much choice regarding protecting your financial future, financial advice is key. Protection planning is at the heart of our recommendations for clients where this is a need. All clients' circumstances are different, what may be suitable for one client may not be

suitable for another. If you feel you may need advice in this area, please do not hesitate to contact Frenkel Topping on 0161 886 8000 or [enquiries@frenkeltopping.co.uk](mailto:enquiries@frenkeltopping.co.uk).

---

Frenkel Topping Independent Financial Advisor - Statham House, 4th Floor, Talbot Rd, Old Trafford, Manchester M32 0FP

T: 0161 886 8000 F: 0161 886 8002 DX: 20340 Salford Broadway E: [enquiries@frenkeltopping.co.uk](mailto:enquiries@frenkeltopping.co.uk)

[www.frenkeltopping.co.uk](http://www.frenkeltopping.co.uk)

Frenkel Topping Group Plc Registered in England No: 04726826.

Frenkel Topping Ltd. is a subsidiary of Frenkel Topping Group Plc and is authorised and regulated by the Financial Conduct Authority, no. 145186.