

Life & Term Assurance

What is Life & Term Assurance?

Not everyone needs life insurance, but if your children, partner or other relatives depend on your income to cover the mortgage or other living expenses, then the answer is yes – you probably do want life insurance, since it will help provide for your family in the event of your death.

What is life insurance?

Life insurance can pay your dependants money as a lump sum or as regular payments if you die. It is designed to provide you with the reassurance that your dependents will be looked after if you're no longer there to provide. The amount of money paid out depends on the level of cover you buy. You can also decide how it is paid out and whether it will cover specific payments, such as mortgage or rent.

There are two main types of life insurance:

Term Assurance runs for a fixed period of time such as 5, 10 or 25 yrs. These policies only pay out if you die during the term. There is no lump sum payable at the end of the policy term.

A whole-of-life policy will pay out no matter when you die, as long as you keep up with your premium payments.

What isn't covered?

Life insurance only covers death – if you can't provide for your family because of illness or disability, you won't be covered.

Most policies have some exclusions (things they don't cover). For example, they may not pay out if you die due to drug or alcohol abuse, and you normally have to pay extra to be covered when you take part in risky sports.

If you have a serious health problem when you take out the policy, your insurance may exclude any cause of death related to that illness or a higher premium might apply.

Do you need it?

If you have dependants – such as school age children, a partner who relies on your income or a family living in a house with a mortgage a life insurance policy can provide for them if you die. You can also buy a policy to cover your funeral expenses. You can't rely on the government to take care of your family – the money they would get from the state is much lower than you'd probably expect. If you want to provide for your family financially if you die, life insurance is a must.

Who doesn't need it?

If you are single, or if your partner earns enough for your family to live on, you may not need life insurance. But you may want to set aside enough money in savings to cover any funeral expenses.

In conclusion

Life insurance can be very good value but premium rates for different companies can vary greatly depending on your medical history and the amount that you wish to cover. This is where AV Trinity as an Chartered IFA can help you to select the right policy.

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