



Protect what you've built, care for what you love

A clear guide to life, business, income and family protection.

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Protection, made clearer

With so many options on the market, navigating financial protection products can be overwhelming. At Wealth Genius, we are dedicated to helping you make informed decisions about your financial future. This guide gives you more information about the key products on the market.

Section 1

Life protection

Life insurance is the most sold protection product in the UK. Its purpose is to provide a death benefit to your loved ones should you die unexpectedly. Usually paid out as a lump sum, it helps your family keep up with everyday payments and meet unforeseen costs. There are many types, with different terms, premiums and benefits, so it is important to consider each carefully before deciding what is right for you.

The main types at a glance



Term life insurance

Covers you for a set period, such as the length of your mortgage. Three sub-types: **decreasing**, **level** and **increasing**.



Whole of life

Covers your whole life rather than a set period, so a payout is guaranteed as long as you keep paying.



Terminal illness

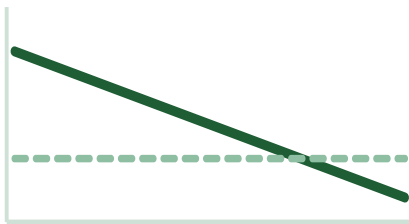
A feature of many policies: your payout can come early if you are diagnosed with a terminal illness.



Term life insurance

Term life insurance covers you for a certain period of time. This could be the length of your mortgage, or until your children move out and become financially independent. You choose the amount of cover you need, and the time frame.

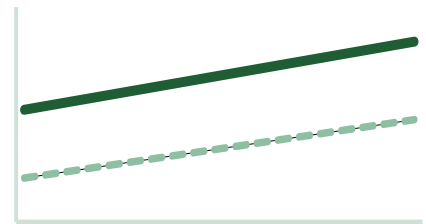
— Payout to your family - - - Your premium Across the policy term (illustrative, not to scale)



Decreasing: payout falls, premium stays the same



Level: payout and premium stay the same



Increasing: payout and premium both rise

i) Decreasing cover

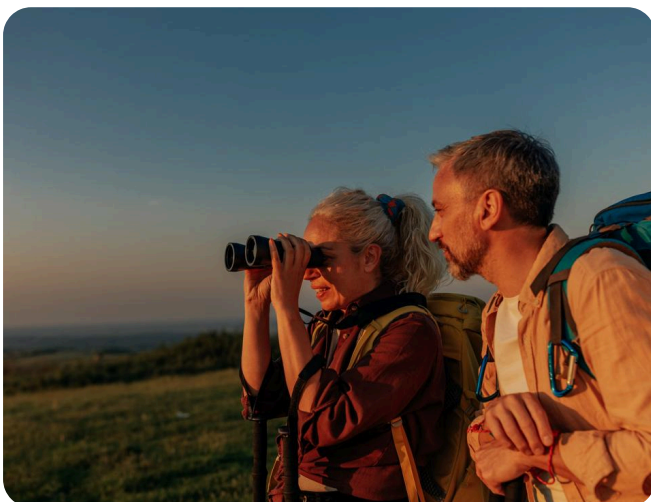
Decreasing life cover is usually used to cover a specific long-term debt, such as a mortgage. Your payout (the amount your family receive should you die) decreases as your mortgage repayments reduce the debt. Your premium (the amount you pay the insurer) stays the same.

Advantages

- ✓ Cheaper than other covers
- ✓ You choose how much cover, and for how long
- ✓ Premiums stay the same, so it is easy to budget for

Disadvantages

- ✗ The payout falls in line with your mortgage, so other costs are not covered
- ✗ If your mortgage interest rate rises above the rate in your policy, the payout may not clear your mortgage



ii) Level cover

Level cover

Level cover is similar to decreasing cover, except the payout does not reduce over time: you would receive the same amount at the beginning of the term as at the end. You choose how much cover you need and for how long, and your premium stays the same.

Advantages

- ✓ A fixed payout can cover costs beyond your mortgage, such as daily living expenses, bills and school fees
- ✓ More security than decreasing cover

Disadvantages

- ✗ Costs more than decreasing cover
- ✗ The payout will not increase with inflation
- ✗ The payout could be subject to Inheritance Tax

iii) Increasing cover

Increasing cover

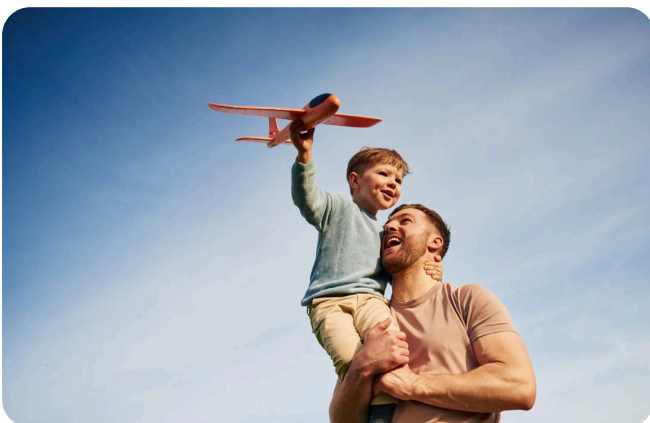
Your payout increases over the term of your policy. The amount of cover is reviewed regularly against inflation or a fixed rate, and rises accordingly. Your premiums are also reviewed regularly and rise over the course of the policy.

Advantages

- ✓ Your payout can meet rising living costs, so your family will not face extra financial pressure from a cost of living crisis

Disadvantages

- ✗ The cost of the cover
- ✗ Premiums are not fixed and rise with inflation



Whole of life cover

Life assurance, like life insurance, pays out a lump sum when you die. However, the policy covers your whole life rather than a set period. As long as you keep up with your premiums, you are guaranteed a payout at some point.

Advantages

- ✓ A guaranteed payout whenever you die, giving peace of mind that your loved ones will be cared for
- ✓ The lump sum is usually tax-free

Disadvantages

- ✗ Significantly higher premiums
- ✗ You might pay more in premiums over your lifetime than the final payout
- ✗ Depending on your policy, premiums could rise over time, especially if you have poor health

Terminal illness cover

A feature of many life insurance policies. You can receive your payout early if you are given a terminal illness prognosis with a life expectancy of 12 months or less. You can use the payout as you wish, so you can make choices about the future and support your loved ones.

Terminal illness cover

Only pays out if your condition is untreatable and expected to lead to death within 12 months. It is usually included in most life insurance policies at no added cost.

Critical illness cover

A separate product that pays out if you become seriously ill with a condition your policy covers. See page 7.

Joint or single cover?

Joint life insurance covers you and your partner under one policy. It can be cheaper than separate policies, as you only pay one premium. But a joint policy only pays out **once**, and ends after the first death. Just as with a joint bank account, it is important to think about the financial implications further down the road.

Family Income Benefit

A lump sum is certainly useful for upfront expenses such as funeral costs, outstanding debts and mortgage payments. But a lump sum is not an income. It pays your most pressing needs, but it will not replace the income lost with the death of a partner. Family Income Benefit (FIB) provides much-needed long-term financial stability.

Lump sum life cover



One payment, used for immediate costs.

Family Income Benefit



Regular monthly payments until the cover term ends.

What is Family Income Benefit?

FIB is essentially life cover paid out in monthly payments rather than a lump sum. It gives you a reliable income from the moment you claim until the cover term ends, so you can be certain of paying monthly bills and regular outgoings.

- ✓ Tailor it around long-term milestones, such as university fees, weddings and retirement.
- ✓ Regular income from a FIB can help raise capital to borrow money if needed, for example if the remaining parent decides to stop working.
- ✓ Place it in trust and name a legal guardian as a secondary trustee, so the monthly income can go to the people raising your children.

Above all, a FIB is a financial safety net for your children. As a parent, your greatest worry is not the mortgage or a lost income, but leaving your children with an emotional and financial burden they can neither manage nor understand. Money can never take away the pain of grief, but it can protect your children's livelihood, so they are cared for responsibly without financial pressure on their guardians.

Critical illness cover

Critical illness (CI) cover provides a **tax-free lump sum** should you become seriously ill. You can buy it on its own or add it to your life insurance policy. It is usually more expensive than life insurance, but it means that if you become seriously ill, you and your family are protected from the loss of income and from unforeseen costs such as specialist care or treatment.



Read the policy carefully

You can only claim for serious illnesses covered by your policy, nothing else. Your policy will define exactly what counts as a “critical illness”. If you become seriously ill but do not meet all the conditions, you might not be paid in full, or in some cases at all.

Children’s critical illness cover

A child’s diagnosis of a serious medical condition could have major financial consequences. You might need to take time off work, modify your home, or even go abroad for treatment.



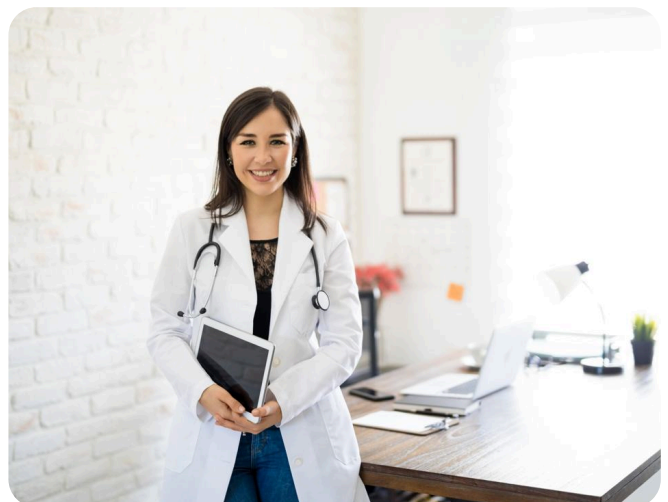
Added to adult cover

Children’s CI has historically been added onto adult CI cover. This usually results in extremely high, and sometimes unaffordable, premiums.



Separate children’s cover

Some insurers have introduced separate children’s CI policies. These generally offer inexpensive cover that can run alongside adult life cover or income protection.



Income protection

If you cannot work due to injury or illness, income protection replaces part of your lost income with regular, tax-free monthly payments. It is not intended to replace your full salary; it is designed to help you meet essential expenses while you recover.

50–75%

Of your income is usually replaced

4 wks–2 yrs

Typical waiting period before you can claim

How a claim works

You fall ill

Or are injured and cannot work



Waiting period

4 weeks to 2 years, covering employer or statutory sick pay



Monthly payments

Tax-free, a share of your income



Payments stop

When you return to work, retire, reach State Pension age, or the policy ends



Check the detail

Income protection policies do not always cover every illness. Some policies that list “stress or mental ill health” as a qualifier may have stricter rules than you expect, and in some cases a doctor’s sign-off is not enough to make a claim. Go through your policy with a fine-tooth comb: the devil, as always, is in the detail.



Remember: Income protection does not cover redundancy.



Short-term or long-term cover?

	Short-term income protection (STIP)	Long-term income protection
How long it pays	Usually 1 to 2 years, with a maximum of 5 years	Until you return to work or reach retirement
Waiting period and cost	Typically shorter waits and less expensive premiums	A substantial safety net rather than a short-term reprieve
If you can never return to work	Temporary cover only	You are covered, and can keep claiming within the length of your policy
Key exclusions	Self-inflicted injuries, injury from alcohol or drug abuse, and certain pre-existing conditions	

Guaranteed increase options

For most of us, income and spending rise over our lives, so income protection cover should keep pace. A guaranteed increase option (GIO) lets you increase your cover after certain events, known as triggers, without new medical examinations. This can save you time, stress and money.



Marriage or civil partnership



Birth or adoption of a child

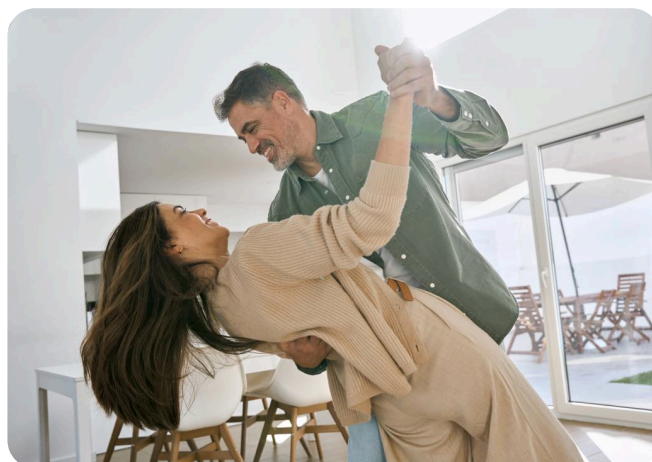
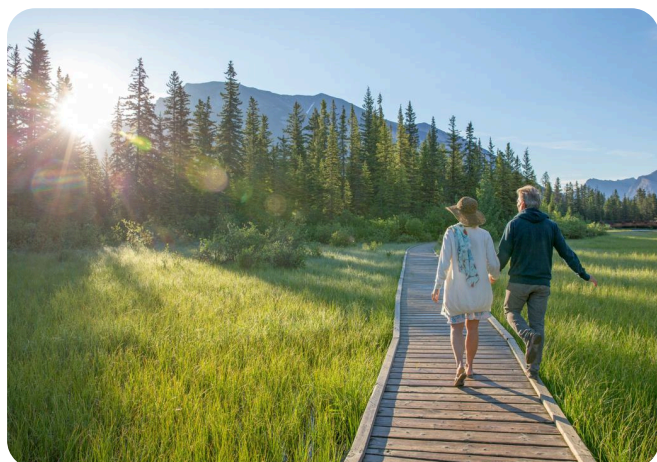


Salary increase or promotion



Increase in mortgage or rent

Some insurers also offer triggers on policy anniversaries, letting you increase your cover on those dates.



Underwriting

Underwriting is simply an insurer's process of risk assessment, and a standard part of personal protection cover. It lets the insurer assess your level of risk, decide what cover and terms to offer, and set your premium. When you apply, you will be asked for detailed and accurate information on:



Age

Insurance generally costs more as you get older.



Occupation and hobbies

High-risk jobs, such as the armed forces, and high-risk hobbies, such as underwater diving or mountaineering, may mean higher premiums or exclusions.



Health and medical history

Conditions such as high blood pressure, diabetes, heart disease and cancer can carry greater risk. Income protection may also be affected by chronic back or joint problems, or mental illness.



Build

Your BMI and waist measurement might affect your premium, or an insurer's willingness to offer cover if very high.



Family history

Hereditary conditions could develop later in life. Heart disease, diabetes and cancer are known to run in families.



Alcohol and drug consumption

Regularly drinking above government recommendations, or a history of alcohol or drug abuse, can affect cover.



Smoking

A history of smoking, or smoking regularly, can affect your health.



Living or travelling abroad

Countries with increased risks, such as war, political instability or prevalence of disease, could affect cover. Government legislation also restricts who can receive cover outside the UK.



Please note: Some policies require a medical examination or medical evidence if you are a higher-risk applicant. You may need further examinations or evidence if you want to change your policy later.

Business protection

The UK has a dynamic business landscape but, incongruously, a large business protection gap. For small businesses with fewer than 50 employees especially, business protection is essential. Small businesses generally rely on a founder, key stakeholder or team member. What would happen to the business if they died or became seriously ill?



Key person protection

Financial support for your business if a key member dies or becomes seriously ill. It is a form of life insurance, but paid to your **business** rather than to a dependant.

- ✓ Helps cover lost profit
- ✓ Helps with recruitment costs to replace your key person



Shareholder protection

A lump sum that lets surviving shareholders buy the shares of an owner or shareholder who has died.

- ✓ Helps surviving shareholders keep control of the business
- ✓ Gives time to agree its future management



Disclaimer: Tax treatment varies according to individual circumstances and is subject to change.

Talk to us about protecting your family

We can help you compare the options in this guide and find cover that fits your family, your income and your business.

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