

## Family Protection

By Chris Morgan

Do you have enough insurance to protect your family?

We have recently been helping one couple increase their Life Assurance and look after their family in the event of sickness. They already have one insurance policy in place, but this was taken before they received the good news that a baby is on the way.

Laura and Samantha currently have Level Term Life Assurance policy with added Critical Illness cover for £100,000. They're not certain it will meet all of their needs once their new baby comes along, because it was taken out nearly five years ago.

### Laura and Samantha Said,

*'We're really excited that we have our baby boy due to arrive next month and feel that the time is now right to review our insurance circumstances. Our existing policy was taken out to protect each other before we even thought we might have children'.*

*'We are both aware that childcare costs would be between £800 and £1000 per month if one of us was not here, or unable to work. It would be sensible to protect ourselves for at least that amount, plus some extra to make certain that all essentials are looked after'.*

Many couples expecting new children have doubts whether their current Life Assurance is enough for their needs. In Laura and Samantha's case they currently have around £130,000 of existing Life Assurance including their employer's death in service.

The couple have always avoided taking any Income Protection because Samantha has suffered from problems with her hip since an early age. They have presumed that she would not be able to get any sickness insurance because of her pre-existing medical conditions.

### Here's some Insurance advice for any expectant new parents

When making a calculation using a nominal rate of interest of 5% it would take £200,000 of Life Assurance to provide £10,000 annual income, £400,000 of cover to provide £20,000 income and £600,000 to provide £30,000 income for looking after a family.

When compared against their current £130,000 of cover it is apparent there is a shortfall, as this will only provide around £6500 income. It is recommended that the couple increase their cover by between £70,000 and £100,000 to at least protect the cost of child care.

With their employers only covering the first year of sickness, it is also advisable to protect their incomes in the event of illness. Income Protection is a product that pays benefits should people not be able to continue in their own occupation due to illness.

### And Laura and Samantha?

We arranged £400,000 of additional Life Assurance for the couple at a monthly premium of £44.57 per month and we also recommended an Income Protection company that was willing to insure Samantha's previous medical problems. It's not unusual to find cover for people with pre-existing medical conditions.

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