



BETTER OFF DEAD? PREPARING FAMILIES FOR THE UNTHINKABLE

THIS IS FOR FINANCIAL ADVISER USE ONLY AND SHOULDN'T BE RELIED UPON BY ANY OTHER PERSON.

WHAT WE'LL COVER

LEARNING OBJECTIVES

- Why protection should be an important part of long term financial planning
- Understand the disconnect between actual risks and purchased solutions
- Understand the state benefits available for the bereaved and those unable to work as a result of sickness/disability
- Be aware that lump sum protection benefits may not suit all situations
- Appreciate the differences that exist between providers in the way some benefits are paid.

REMEMBER THIS?
A TIMELESS LESSON

**The
Widow's
Story**

PROBLEMS ON DEATH

WHAT PEOPLE MAY HAVE TO FACE

- State support for widows/widowers
 - Tax-free bereavement payment of £2,000
 - Bereavement allowance of between £33.77 a week and £112.55 a week (depending on age) for 52 weeks
 - Widowed parent allowance is a maximum of £112.55 a week payable while receiving child benefit
- Unmarried couples?

Source: Benefits & credits, gov.uk (with effect from 4 March 2016).

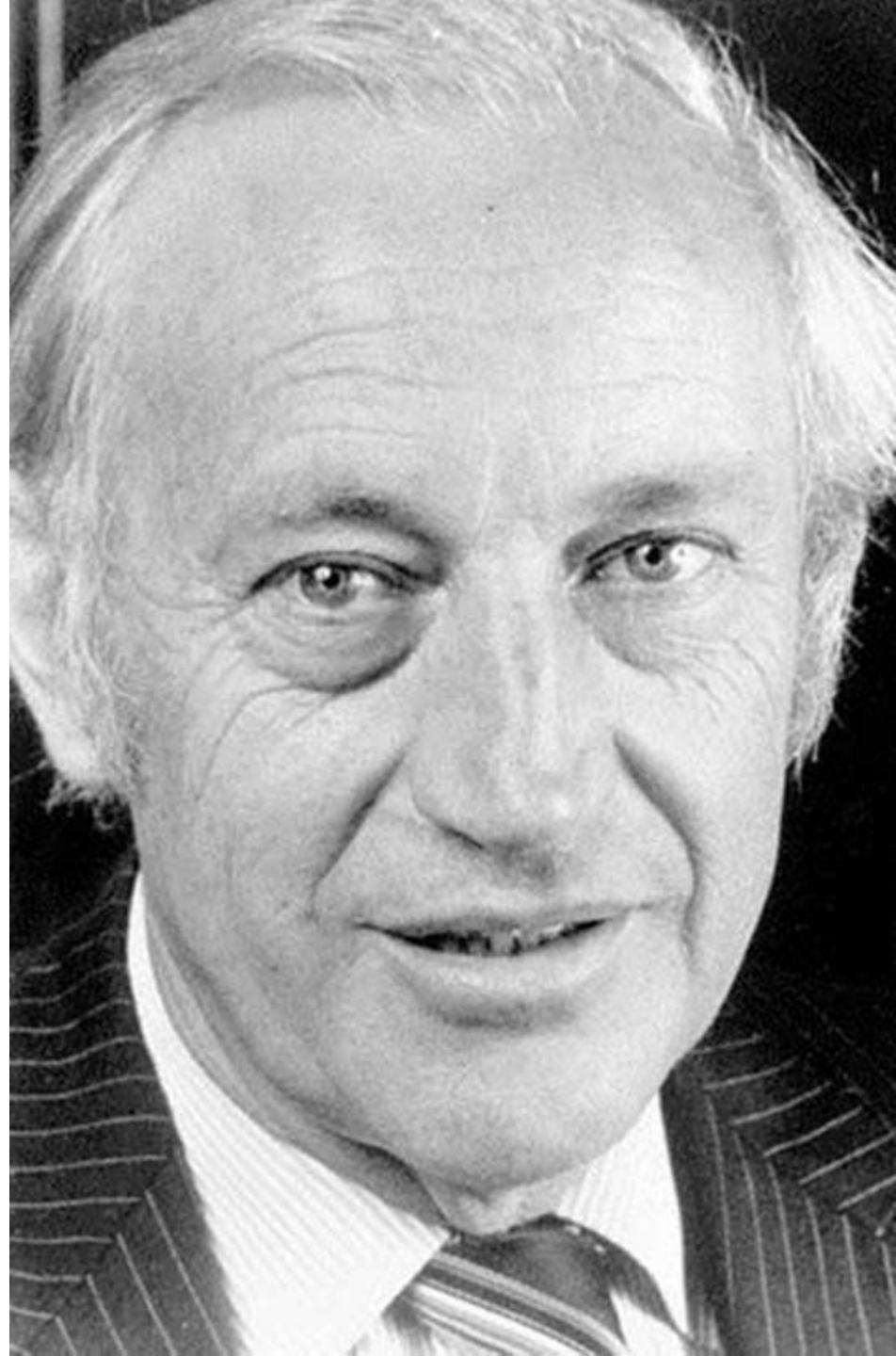
MIGHT IT HAVE BEEN **EVEN WORSE?**

What if the policeman had told my mother that my dad had been run over and was now paralysed?



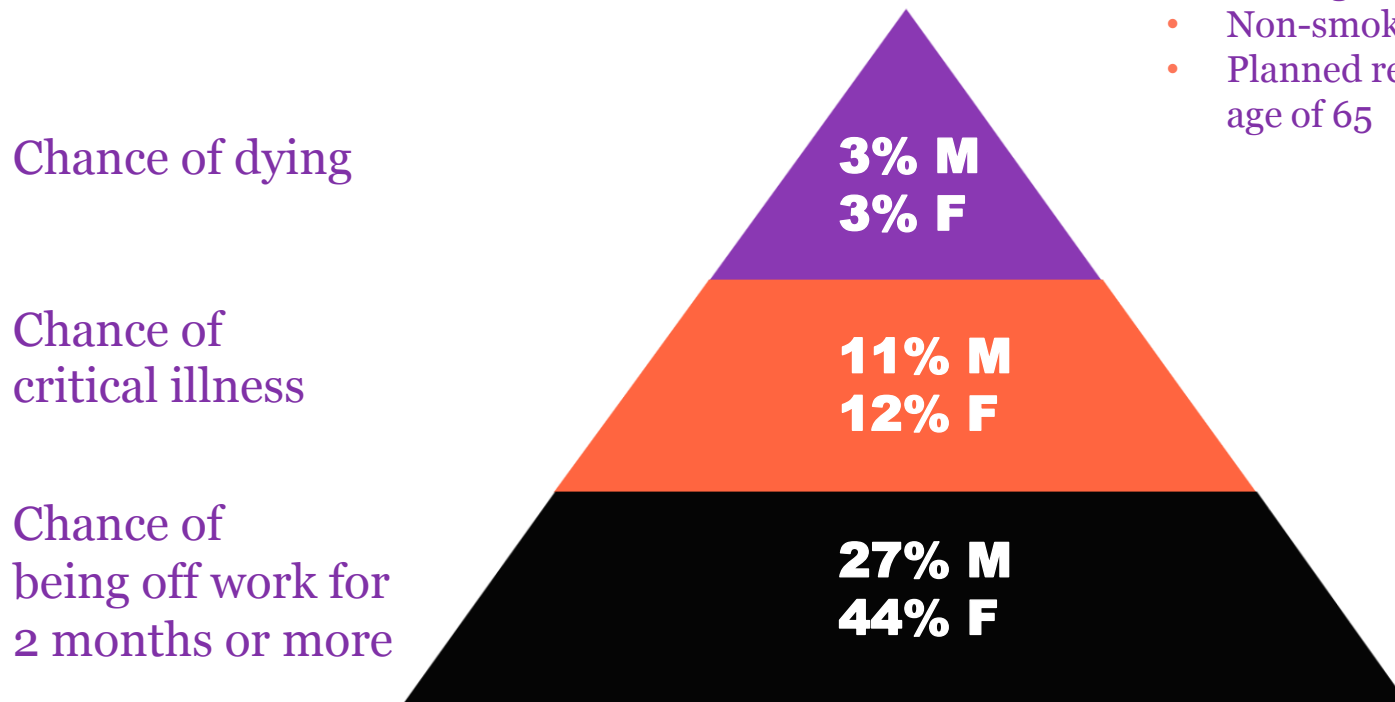
MARIUS BARNARD

Co-inventor of
critical illness cover



RISK REALITY

UNDERSTANDING THE NEED



Risks faced by a male and female of working age:

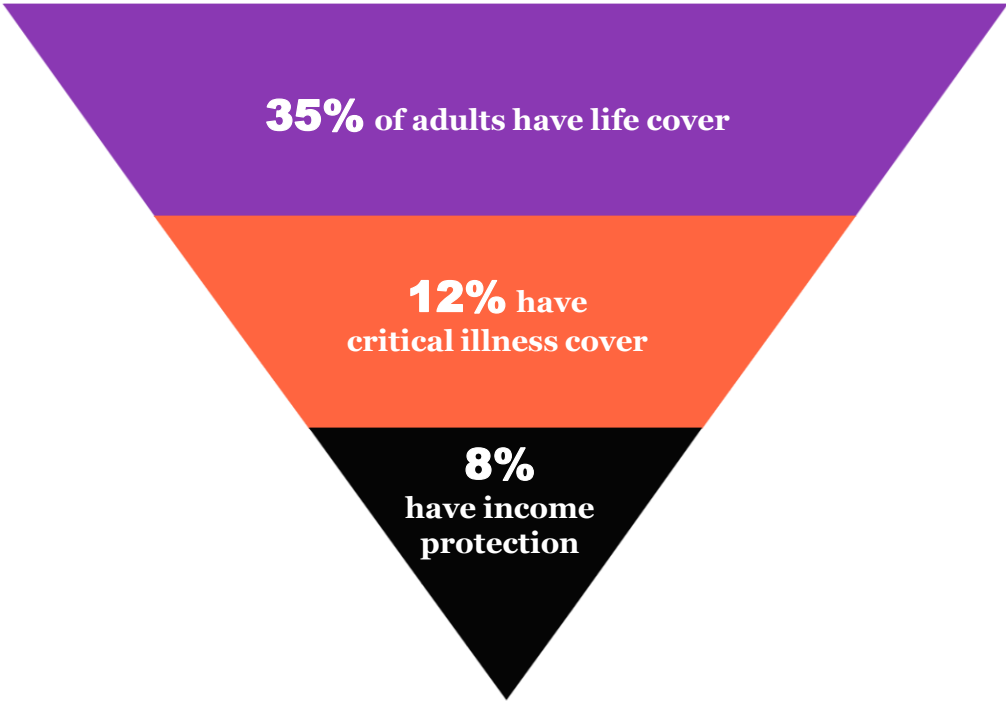
- both aged 30
- Non-smokers
- Planned retirement age of 65

Source: Hannover Re, March 2016. These figures have been produced based on their interpretation of the Institute and Faculty of Actuaries' Continuous Mortality Investigation insured lives incidence rates together with their estimated view of future trends.

Incidence rates for the entire population may be different to those lives that take out insurance products.

RISK REALITY

UNDERSTANDING THE NEED



Source: YouGov Life and Health Protection survey, 2015



STATUTORY SICK PAY (SSP) MINIMUM EMPLOYER OBLIGATION

- Amounts to £88.45 a week¹
- Payable for a maximum of 28 weeks
- Paid by employer
- What does this mean for a client on £40,000 a year?

Income
drops by
nearly 85%
if reliant on
SSP²

Sources: 1 Benefits & credits, gov.uk, Aug 2016 (with effect from 6 April 2016), 2 Salary calculator, Moneysavingexpert.com, Aug 2016.

AFTER ASSESSMENT PHASE

THREE POSSIBLE OUTCOMES

- Fit for work
- Placed in Work Related Activity Group
 - £102.15 a week
- Placed in Support Group
 - £109.30 a week.



Source: Employment and Support Allowance, gov.uk, August 2016

TREATING THE CUSTOMER FAIRLY GIVING PROTECTION ADVICE

The job of the adviser:

- Establish the protection needs
- Establish a reasonable budget
- Create a tailored solution
- Treat the customer fairly.



PROTECTION ON A BUDGET AN EXAMPLE

- Mark 34
- Lucy 30
- Both non-smokers
- Have just started a family
- Mortgage £120,000 over 25 years
- Mark is main breadwinner on £40,000 a year
- Budget for protection is around £60 a month.



PROTECTION ON A BUDGET

PROTECTION MENU

Joint cover
Life cover
£120,000
decreasing 25 years

Cost £11.58

Source: Royal London Personal Protection Menu, September 2016. Couple aged 35 and 31 next birthday, both non-smokers. Cost includes £2.60 plan charge and is based on cover that includes the mortgage repayment guarantee. Critical illness cover, income protection and waiver of premium assume own occupation basis.

PROTECTION ON A BUDGET

PROTECTION MENU

Joint cover
Life cover
£120,000
decreasing 25 years

Mark
Life or CI cover
£25,000
RPI indexed 25 years

Lucy
Life or CI cover
£25,000
RPI indexed 25 years

And
double
Children's
Critical
Illness cover!

Cost £28.62

Source: Royal London Personal Protection Menu, September 2016. Couple aged 35 and 31 next birthday, both non-smokers. Cost includes £2.60 plan charge and is based on cover that includes the mortgage repayment guarantee. Critical illness cover, income protection and waiver of premium assume own occupation basis.

PROTECTION ON A BUDGET

PROTECTION MENU

Joint cover
Life cover
£120,000
decreasing 25 years

Mark
Life or CI cover
£25,000
RPI indexed 25 years

Mark
Family income benefit
£10,000 a year Life cover
RPI indexed 21years

Lucy
Life or CI cover
£25,000
RPI indexed 25 years

Lucy
Family income benefit
£10,000 a year Life cover
RPI indexed 21 years

Cost £40.32

Source: Royal London Personal Protection Menu, September 2016. Couple aged 35 and 31 next birthday, both non-smokers. Cost includes £2.60 plan charge and is based on cover that includes the mortgage repayment guarantee. Critical illness cover, income protection and waiver of premium assume own occupation basis.

INCOME PROTECTION

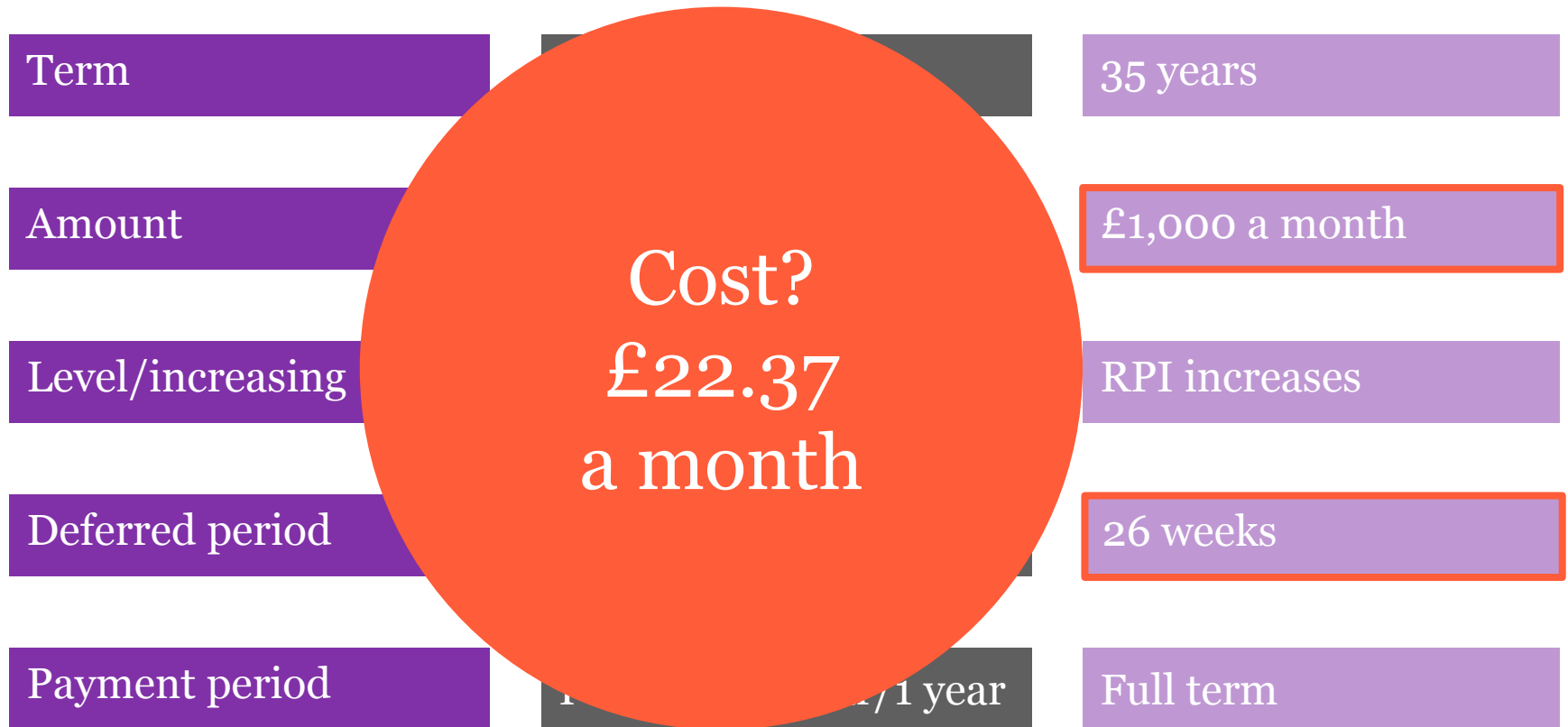
HOW MUCH COULD MARK HAVE?



Source: Royal London Personal Protection Menu, September 2016. Client aged 35 next birthday, non-smoker. Cost excludes plan charge. Quoted on own occupation basis.

INCOME PROTECTION

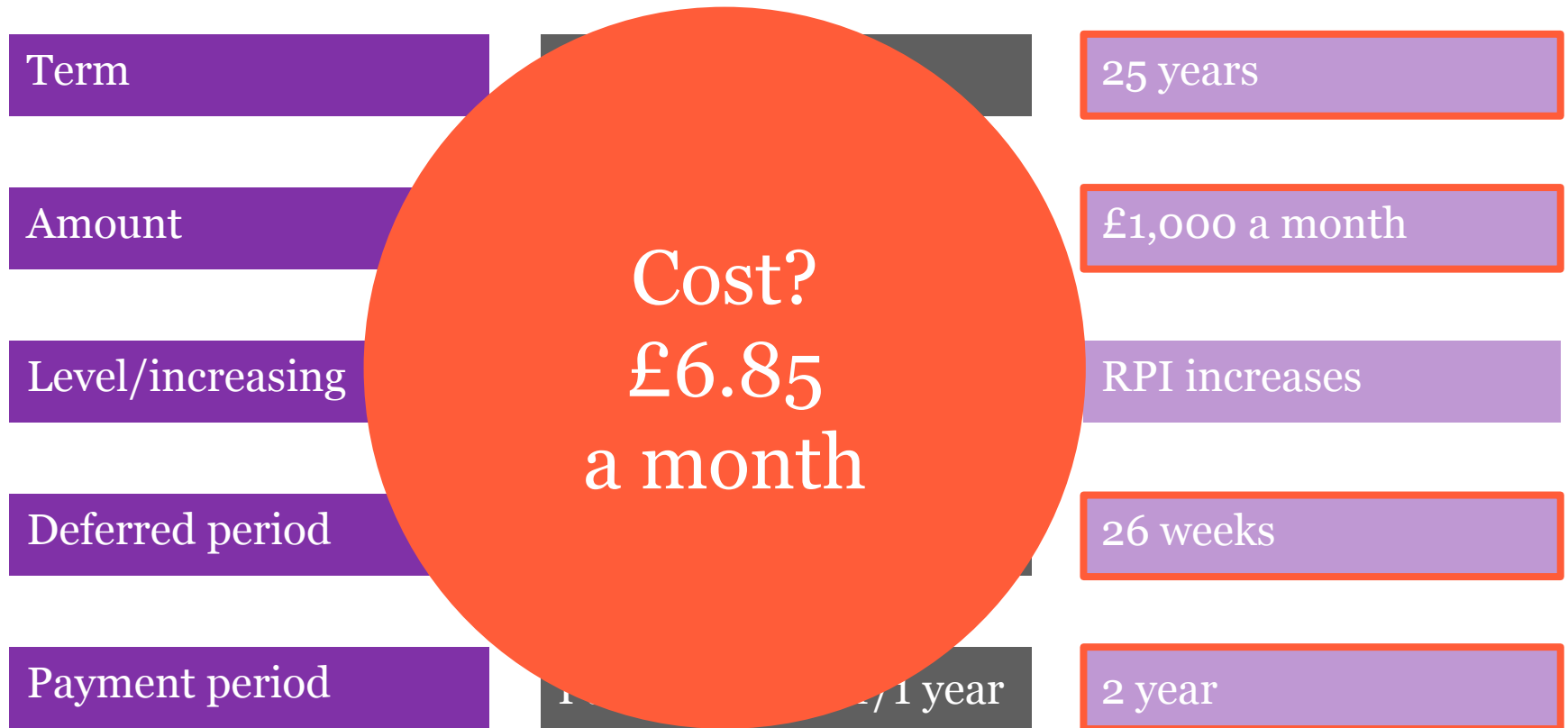
HOW MUCH COULD MARK HAVE?



Source: Royal London Personal Protection Menu, September 2016. Client aged 35 next birthday, non-smoker. Cost excludes plan charge. Quoted on own occupation basis.

INCOME PROTECTION

HOW MUCH COULD MARK HAVE?



Source: Royal London Personal Protection Menu, September 2016. Client aged 35 next birthday, non-smoker. Cost excludes plan charge. Quoted on own occupation basis.

INCOME PROTECTION

HOW MUCH COULD MARK HAVE?



Source: Royal London Personal Protection Menu, September 2016. Client aged 35 next birthday, non-smoker. Cost excludes plan charge. Quoted on own occupation basis.

PROTECTION ON A BUDGET

PROTECTION MENU

Joint cover
Life cover
£120,000
decreasing 25 years

Waiver of Premium,
male only
25 years, deferred 4 weeks

Mark
Life or CI cover
£25,000
RPI indexed 25 years

Mark
Income Protection
£350 a month indexed
full term cover
25 years, deferred 26 weeks

Lucy
Life or CI cover
£25,000
RPI indexed 25 years

1 quote
1 application
1 plan fee
1 DDM

Cost £60.28

Source: Royal London Personal Protection Menu, September 2016. Couple aged 35 and 31 next birthday, both non-smokers. Cost includes £2.60 plan charge and is based on cover that includes the mortgage repayment guarantee. Critical Illness Cover, Income Protection and Waiver of Premium assume own occupation basis.

HOLISTIC PROTECTION ADVICE

THE BENEFITS FOR YOU

- Showing that you're treating your customers fairly
- Establishing your credentials as a protection adviser
- Ring-fencing your advice and encouraging business to stay on the books
- Creating long-term protection clients



SO WHAT NOW?

ACTIONS

- Look at provider adviser sites – are you optimising the opportunities?
- Make sure you know the relevant facts
- Check your process – does it support the holistic protection sale?
- Review existing clients – have you done all you can do?



WHAT WE'VE COVERED

LEARNING OBJECTIVES

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adviser.royallondon.com/protection



**THANK
YOU**

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