



CRITICAL DECISIONS: FINDING THE RIGHT COVER FOR YOU

Providing you with peace of mind

Having life cover which protects yourself and your loved ones helps put your mind at ease knowing that you are protected if the worst was to happen. It's important to find a financial safety-net that's a perfect fit for your life and commitments.

Explore some of our protection options below.



Short-term Protection

If you become unable to work, short-term income protection, known as STIP, is one of the options available which can help tide you over. It can provide you with a set monthly income to cover those critical payments, usually for up to a year.

Mortgage, car loan, credit cards – repayments are a regular part of life for most households. If interest rates rise again, the proportion of income devoted to these types of debt will increase. While that's manageable under normal circumstances, things can change quickly and meeting those monthly repayments might become more of a challenge.



Income protection

Income protection can provide peace of mind. It pays out a tax-free monthly sum – typically 50% to 70% of your usual earnings³ – while you're unable to work because of illness or injury. You can keep claiming as long as you need to, within the length of the policy.

If your employer has a group insurance policy, they can pay your salary if you have to stop work long-term. However, most employees find their wages reduced to statutory sick pay after just two weeks' absence. Since that amounts to £109.40² a week – less than a fifth of the average weekly salary – it's unlikely to cover all your financial needs at a difficult time.

¹ <https://portfolio.cpl.co.uk/ABI-KeyFacts/2022/top10/#search:Protection>

² <https://www.gov.uk/statutory-sick-pay>

³ <https://www.unbiased.co.uk/life/family-matters/protecting-your-family/>



Critical illness protection

Critical illness protection helps protect you if you become critically ill. Taking the protection can be a useful fall-back. Policies cover specific conditions, usually including cancers, strokes and heart attacks. Unlike most income protection policies, you are paid a single lump sum that could allow you to pay off the mortgage, for example, or to adapt your home if you become disabled.

You can't know what's around the corner for your health, but you can help make sure you're prepared financially. Think about expenses you'd need to cover if you were critically ill and couldn't work. It might be monthly outgoings like rent and general bills. Getting cover can help take financial worry away while you're recovering or having treatment.



Which cover is right for me?

Income protection and critical illness cover have different features. The right protection for you depends on your earnings, outgoings and family responsibilities.

Many people appreciate the flexibility of the lump sum provided through a critical illness policy. However, income protection is not limited to a defined list of conditions, so it's more likely to cover common reasons for work absence such as accidents, stress or depression.

Protection isn't necessarily an either/or choice. In fact, critical illness and income protection can usefully complement each other.



£17.1m

UK protection insurance policies pay out a daily sum of £17.1 million.¹



£109.40

Statutory Sick Pay is only £109.40 per week for a period of up to 28 weeks²

We're here to help you

To help find the right cover which is suitable for you and your personal circumstances, please contact your financial adviser.

Top tip Opting for the cheapest policy or the most familiar brand won't necessarily give you the best product. Your financial adviser can help you look at the details so you get the right cover – and make sure it's reviewed regularly and adjusted in line with your income.

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