



For customers

What do you value the most?

What do you value the most? Is it:

- your house?
- your possessions?
- your family?

Of course it's your family, but do your protection priorities tell a different story? You may have protection insurance in place to cover your house and your possessions should something go wrong. But do you have protection insurance to help you or your family financially should the worst happen?

If you were diagnosed with a critical illness or died suddenly, have you thought about what your family would need to:

- pay off the mortgage?
- pay the monthly bills?
- bring up your children?
- cover your children's childcare/education fees?

If you haven't thought about this, then now's the time to start planning how to protect your income.

Everyone needs an income

An income gives you the freedom to do so many things. It's the foundation to all financial planning, so it's important you protect it. Family income benefit (FIB) could be the answer.

How does FIB work?

FIB is simple, cost-effective, protection insurance that pays out a monthly income until the end of the benefit term. You can choose for this to provide cover when the insured person dies, is diagnosed with a defined critical illness or both. The policy doesn't have any cash-in value at any time. Your protection will stop if you stop paying your premiums.




Let's look at an example. Chris has a FIB policy with a benefit term of 25 years.

Unfortunately, Chris dies after 10 years. As he had FIB insurance, his family will get a monthly income for the remaining 15 years of his policy. The income is tax free and his family can use it like any other income – to pay regular outgoings.

This is a fictional example. It doesn't represent a real customer.

'But it never pays out...'

 Protection insurance can relieve the financial strain on families following the death or serious illness of a loved one. One of the many reasons given for not having protection insurance is that it won't pay out, so there's no point in having it.




But this simply isn't true. Figures from the Association of British Insurers (ABI) and Group Risk Development (GRiD) show more than £5 billion was paid out in protection insurance claims in 2017, helping more than 190,000 families and businesses – the equivalent of £13.9 million a day. The average claim paid was £78,000 for life protection and £73,000 for critical illness protection.¹

Our own claims experience also backs this up. In 2017, we paid out £120.6 million in protection insurance claims², helping more than 1,400 families and businesses.

¹ ABI news release, April 2018

² Aegon protection claims paid, 1 January to 31 December 2017

'It's too expensive...'

 It's not as expensive as you might think. Taking out FIB or FIB with critical illness can be cheaper than normal life insurance, as the following example shows.



Example



John is 34 and a non-smoker. He has a £120,000 mortgage and a young family.

He wants to make sure that if anything happens to him, his family will be financially secure.

John wants protection insurance that will provide his family with £14,000 a year if he dies or is diagnosed with a critical illness over the next 20 years, plus £120,000 to cover his mortgage. This amounts to a total of £280,000 (£14,000 x 20), plus a lump sum of £120,000 to cover his mortgage.

Option 1

John could take out a life with critical illness policy for £400,000.

Total monthly premium = £117.60

Option 2

John could take out a policy with life protection for £120,000 and critical illness FIB with a yearly benefit amount of £14,000.

Total monthly premium = £43.98

Total monthly saving of option 2 over option 1 is £73.62

Source: Aegon, 6 August 2018, guaranteed rates and includes total permanent disability benefit.

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Speak to a financial adviser to discuss your protection needs.



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