



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 or is diagnosed with a defined critical illness. The policy doesn't have any cash-in value at any time. Your protection will stop if you stop your policy payments.



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.

i But this simply isn't true. Figures from the Association of British Insurers (ABI) and Group Risk Development (GRiD) show £6.8 billion was paid out in protection insurance claims in 2021, helping almost 300,000 individuals, families and businesses – the equivalent of £18.6 million a day. The average claim paid was £61,944 for life protection and £67,500 for critical illness protection.¹

Our own claims experience also backs this up. In 2021, we paid out over £139 million in protection insurance claims², helping almost 1,700 individuals, families and businesses.

¹ ABI news release, May 2022

² Aegon claims paid, January to December 2021

'It's too expensive...'

? It's not as expensive as you might think. When it comes to meeting your protection needs, your financial adviser will consider the various options available to suit your circumstances. Here we show how using a combination of FIB paying a monthly income, and reducing life with critical illness protection paying a lump sum, could better fit your protection needs than trying to cover them all in one reducing life with critical illness policy, which only pays a lump sum. This could also be cheaper as the following example shows.

Example

i 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 reducing life with critical illness policy for £400,000, for 20 years.

Total monthly premium = £72.02

Option 2

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

Total monthly premium = £63.07

Total monthly saving of option 2 over option 1 is £8.95

Source: Aegon, April 2022, guaranteed rates, includes total permanent disability benefit

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

Speak to a financial adviser to discuss your protection needs.

aegon.co.uk

 @aegonuk

 Aegon UK

 Aegon UK



Aegon is a brand name of Scottish Equitable plc. Scottish Equitable plc, registered office: Edinburgh Park, Edinburgh EH12 9SE. Registered in Scotland (No. SC144517). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial Services Register number 165548. © 2022 Aegon UK plc

PROT 375248 06/22