

# Life protection

## Individual single-life policies or joint-life cover

Life protection is about providing security for your family and dependants when you die. How would they maintain the lifestyle that they're used to when you're gone?

If you're the main earner in your household and you're no longer around to provide for your family, would they be able to continue to afford mortgage or rent payments on your family home? What about childcare or education costs for your dependants?

### How do I set up cover?

When considering cover for yourself and your husband, wife or partner you have a choice of:

- two individual policies on a single-life basis – each policy insures one person, or
- a joint-life first death basis, which insures two people and pays out one benefit.



### What's the difference?

Two policies on a single-life basis	A joint-life first death policy
There's a marginally higher monthly cost for taking out two policies on a single-life basis.	The monthly cost for joint-life first death policies is marginally lower.
You'll get a multi-policy discount for buying two separate policies in one application.	You'll be eligible for a multi-benefit discount if you buy another benefit with the application.
You can make a claim when each insured person dies.	You can only make a claim when the first insured person dies.
Each claim will be paid to the estate or trust of the insured person.	We'll pay the claim to the surviving insured person or the trustees.
After the death of the first insured person, the second insured person will still have cover.	Once the claim's paid, the policy will end and the second insured person will no longer be covered. They may want to apply for new cover – which will be based on their current age and health.

## Example



**John is 45 years old and his wife Jenny is 42 years old.**

They have a family of young teenagers and a mortgage of £175,000.

John wants to make sure that if anything happened to him or Jenny and one of them died, they'd be able to pay their mortgage and monthly bills. They also want the reassurance that their family would still be able to maintain their current lifestyle without too many worries.

Their adviser has suggested that John and Jenny take out level life protection for £180,000 over a 20-year period.

### Scenario 1

John and Jenny take out separate policies with a benefit amount of £180,000 each.

Monthly cost of John's policy:	£18.75
Monthly cost of Jenny's policy:	£15.22
Less the multi-policy discount:	-£2.40
Total monthly cost:	£31.57

**If John and Jenny both die within the 20-year period they're covered for, the total claim payment would be £360,000.**

### Scenario 2

John and Jenny take out a joint-life first death policy with a benefit amount of £180,000.

Total monthly cost: £30.42

**If John and Jenny both die within the 20-year period they're covered for, the total claim payment would be £180,000.**

John and Jenny would pay £1.15 a month more by choosing the two policies on a single-life basis, but could be eligible for two claim payments.

Source: Aegon, 27 September 2018. For illustrative purposes only, based on non-smokers.

These policies don't have any cash in value at any time. Your protection will stop if you stop making your policy payments.

**Speak to your financial adviser about your individual protection needs, and whether you'd be better to take out two separate policies or one joint-life policy.**



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