

# Guide to Personal Protection

Secure the future for you, your family,  
and your business by planning for  
life's unexpected events

# Introduction

## Helping you understand the importance of financial protection

Welcome to our *Guide to Personal Protection*

**Life is unpredictable, filled with unexpected twists that often catch us off guard. While it's natural to look forward with hope, preparing for unforeseen challenges is essential to safeguard your financial stability.**

By ensuring you and your family are protected, you can face life's uncertainties with confidence and uphold the lifestyle you've worked hard to build.

This guide will help you understand the importance of financial protection, outline the different types of cover available, and explain how Fitch & Fitch can assist you in creating a

personalised plan that meets your needs.

If you're ready to safeguard your future, contact an adviser from **Fitch & Fitch** today to discuss **your requirements in more detail**.

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Independent Mortgage Advice

# Contents

- 06.** What is protection?
- 07.** Why protection matters
- 08.** Tailoring your protection to life's stages
- 09.** Types of protection policies
  - Life Insurance
  - Critical Illness Cover
  - Income Protection
  - Mortgage Protection
- 13.** Other methods to safeguard your loved ones
- 14.** How Fitch & Fitch can help







# What is protection?

Providing financial security when you need it most

Protection, whether in the form of life insurance, critical illness cover, or income protection, aims to provide financial security when you need it most. Typically, these solutions involve paying regular premiums in exchange for a safety net during life's more challenging events.



## Here are some situations where protection can offer peace of mind:

- Providing financial security for your family in the event of your death.
- Ensuring your income and lifestyle remain stable if you fall seriously ill or are injured.
- Repaying a mortgage or covering debt in the event of a specified critical illness, or worse.
- Preserving the full value of your estate for your loved ones.

# Why protection matters

Having the right plans in place if illness, injury, or worse disrupts your life

You are your most valuable asset.

Just as you insure your car or home, protecting yourself and your income should be a priority. Having the right plans in place ensures that if illness, injury, or worse disrupts your life, you can maintain financial stability.

## Ask yourself these questions to assess your current protection needs:

- What would your family's situation look like if you were unable to work due to illness or an accident?
- How would your current finances or cover address these challenges?
- If events were to change today, would your loved ones be adequately protected?

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# Tailoring your protection for each stage of life

Your protection needs change over time, and regular reviews are essential to keeping your plans appropriate.



## Young adults starting their careers

Income protection can shield your earnings if illness or injury prevents you from working, giving you a financial fallback early in life.



## Moving up the property ladder

Buying a home often involves significant debt. Life insurance or mortgage protection can safeguard your property, making sure the mortgage is covered if the unexpected happens.



## Getting married or entering a registered civil partnership

When you combine finances with a partner, safeguarding against the loss of one income is essential for maintaining your lifestyle.



## Welcoming children

Raising a family brings joy and additional responsibility. Protection policies can cover living costs, educational expenses, and other significant milestones if you or your partner are no longer able to provide financially.



## Life after work

Even as mortgages decrease and children gain independence, the role of protection continues. Life insurance can be used to safeguard retirement savings or leave a financial legacy. ●





# Different types of protection policies

## Life Insurance

Life insurance offers financial security for your family if you pass away. These policies provide a tax-free lump sum called a "death benefit," which can cover immediate costs, settle debts, or replace lost income.

### **Policies include:**

**Term life insurance:** Provides cover for a set period, making it ideal for those seeking affordable, straightforward protection during high-responsibility years, such as raising a family or paying off a mortgage.

### **Types of term life insurance:**

## Level term life insurance

This is the most common and straightforward option. With level term life insurance, the death benefit remains the same throughout the policy's term. You know precisely what your family will receive if the worst happens. This type is ideal for individuals seeking consistent cover over a specified period, such as parents raising young children or homeowners securing their mortgage.

## Decreasing term life insurance

With decreasing term policies, the death benefit decreases over time, usually aligning with a specific financial

commitment such as a mortgage or loan repayment schedule. If you are mainly concerned about covering major debts that reduce as you pay them off, this option may suit you well while keeping premiums lower.

## Increasing term life insurance

For those concerned about inflation or shifting financial needs, increasing term life insurance gradually boosts the death benefit over the policy's duration.

However, this added benefit comes with higher premiums over time, so it's essential to balance increasing coverage with affordability.

It's important to recognise that while many employers provide sick pay, it is often limited in duration and may not fully cover your financial needs during a prolonged absence.

## Family income benefit

Instead of providing a lump sum payout, a family income benefit offers regular monthly payments to beneficiaries for the duration of the policy. This setup can be especially useful for households that depend on steady income for daily expenses.

## Whole-of-life insurance

This is a comprehensive solution designed to provide lifelong financial protection for you and your loved ones. Unlike term life insurance, which only covers you for a set period, whole-of-life insurance remains active for your entire lifetime, as long as premiums are paid. This ensures that no matter when you pass away, your beneficiaries will receive a guaranteed death benefit, offering them a financial safety net during a difficult time.

The main benefit of whole-of-life insurance is the peace of mind it offers. Knowing that your family will be financially secure if you pass away allows you to enjoy life without worry about leaving debts or financial burdens. This type of policy can help cover crucial expenses such as funeral costs, outstanding debts, or even ongoing living costs for your loved ones, ensuring they are supported when they need it most.

Beyond providing financial security, whole-life insurance also functions as a useful tool in estate planning. For individuals with significant assets, it can help manage potential inheritance tax liabilities, ensuring your wealth is

preserved and passed on to the next generation. By releasing funds upon your death, this type of insurance can facilitate a smooth transfer of assets, helping to avoid financial strain or delays for your beneficiaries.

## Critical Illness Cover

Critical illness cover is a type of insurance designed to provide financial support when it is most needed. If you are diagnosed with a specified serious condition, this policy pays a tax-free lump sum, providing you with the resources to focus on what truly matters: your health and recovery. The payout can be used in various ways, such as covering medical treatment costs, funding rehabilitation, or simply helping you maintain your lifestyle during a difficult time.

Unlike income protection, which provides ongoing payments to replace lost earnings, critical illness cover offers a one-off payout. This makes it especially valuable for addressing the immediate and often substantial financial impact of a serious diagnosis. Conditions typically covered include life-changing illnesses such as cancer, heart disease, or stroke, although the exact list of covered conditions may vary depending on the policy.

### Source data:

[1] Cancer Research

[2] Macmillan, UK cancer statistics factsheet

*These figures are a stark reminder of how common critical illnesses*

*are, and they emphasise the need for financial protection to help navigate such challenging times.*

*This type of insurance is not just about covering medical expenses; it's about giving you the freedom to make choices during a difficult time. Whether it's paying off part of your mortgage, adapting your home to meet new needs, or simply taking time off work to focus on recovery, critical illness cover provides a financial cushion that allows you to prioritise your wellbeing without extra financial stress.*

## Income Protection

Income protection insurance is an essential safety net that provides a regular income if you are unable to work due to illness or injury. Life can be unpredictable, and this type of policy helps maintain financial stability during difficult times. By covering vital expenses such as mortgage or rent, utility bills, groceries, and other daily living costs, income protection insurance helps minimise financial stress. This allows you to concentrate on what truly matters: your recovery and wellbeing, without worrying about how to pay your bills.

It's important to recognise that while many employers provide sick pay, it is often limited in duration and may not fully cover your financial needs during a prolonged absence. This gap in income can leave you vulnerable, especially if your recovery takes longer than expected. That's why understanding the details of your workplace cover is essential. By assessing what your employer offers, you can identify any shortfalls and decide whether additional income protection insurance is required to protect your financial future.

## Mortgage Protection

This specialised insurance cover is designed specifically for homeowners, providing an important layer of financial



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## Facts of life

- Nearly 1 in 2 people born in the UK in 1961 will be diagnosed with some form of cancer during their lifetime<sup>[1]</sup>.
- On average, someone in the UK is diagnosed with cancer every 90 seconds<sup>[2]</sup>.

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protection for one of your most valuable assets, your home. Life is unpredictable, and unexpected events such as death, critical illness, or a severe injury can make it hard, if not impossible, to keep up with mortgage payments. This type of policy steps in during these difficult times, ensuring that the remaining balance of your mortgage is paid off.

By easing this financial burden, the cover offers peace of mind, knowing that your family won't face the risk of losing their home during a challenging period. It enables them to stay in the place they know and cherish, maintaining their sense of stability and safety. Whether you're planning for the future or seeking to protect your loved ones from potential financial hardship, this personalised solution ensures that your home remains a secure refuge, regardless of what life may bring.

## When should you review your protection?

Life is always changing, and as your circumstances shift, so do your financial protection requirements.

**Here are key life events that should prompt you to review your mortgage protection and overall insurance coverage:**

**Marriage, registered civil partnership, or divorce:** Major relationship changes often come with shifts in financial responsibilities. Ensure your coverage reflects your new situation.

**Health changes:** If you or your partner experiences significant health changes, it's worth reassessing your protection to ensure it meets your current needs.

**Welcoming a child:** Whether through birth or adoption, expanding your family means additional financial responsibilities. Updating your coverage ensures your growing family is protected.

**Estate planning:** If you've started reducing your estate by making financial gifts, it's a good time to review your insurance to align with your long-term goals.

**Children becoming independent:** As your children leave home and become financially self-sufficient, your protection needs may shift.

### **Retirement or partial retirement:**

Transitioning into retirement can significantly alter your financial landscape. Reviewing your coverage ensures it aligns with your new lifestyle.

**Mortgage or loan changes:** Taking out, refinancing, or paying off a mortgage or other loan should always trigger a review of your protection.

**Career changes:** A new job or career path may come with different benefits or financial obligations, making it a good time to reassess your cover.

**Property purchases:** Buying a new home or investment property is a significant financial commitment that should be reflected in your insurance.

**Lifestyle changes:** Making positive changes, such as quitting smoking for at least 12 months, can affect your premiums and coverage options.

**Inheritance:** Receiving an inheritance may alter your financial situation, making it a good time to review your protection. ●

# Other methods to safeguard your loved ones



## Draft a Will

A proper Will guarantees your wishes are honoured and helps prevent the complications of intestacy rules when dividing assets.



## Appoint a Lasting Power of Attorney (LPA)

An LPA ensures someone you trust can make financial, health, or welfare decisions on your behalf if you're unable to. This not only simplifies matters but also guarantees your choices are followed.



## Create a Letter of Wishes

This informal document can outline personal preferences, funeral arrangements, or guidance for minor children without being legally binding.

Discussing these measures can help reduce stress for your loved ones during difficult times. Reach out to Fitch & Fitch to connect with a family law adviser about creating Wills, LPAs, or letters of wishes. ●

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At Fitch & Fitch, proactive planning is crucial for navigating future uncertainties with confidence.

# How Fitch & Fitch can help

At Fitch & Fitch, we recognise that life is full of uncertainties. That's why we take a personalised approach to protection planning, tailoring solutions to your goals and needs.



## Our Process:



### 1. Understanding your goals

We take time to learn about your family situation and financial priorities.



### 4. Implementing solutions:

Once agreed, we set your protection plan into motion.



### 2. Risk assessment:

We identify potential shortfalls or vulnerabilities.



### 5. Reviewing your plan:

Life changes, and your protection plan should evolve. We're always here to reassess and adjust.



### 3. Tailored recommendations:

Our experts present plans tailored to your needs, providing you with financial security.

death or critical illness, preventing disputes and maintaining stability.

**Business Loan Protection:** Covers outstanding business debts, ensuring they don't become a burden on remaining partners or family members.

By implementing these measures, you can safeguard your business's future, protect its financial stability, and ensure peace of mind for everyone involved.

## Proactive approach to uncertainty

At Fitch & Fitch, proactive planning is crucial for navigating future uncertainties with confidence. Our team collaborates closely with you to identify potential risks and craft a comprehensive protection strategy tailored to your business's specific needs. Whether you aim to safeguard your business against the loss of a key individual, protect your family's financial stability, or facilitate a smooth transfer of ownership, we are here to support you at every stage.

By taking action today, you can establish a resilient foundation for your business, ensuring it remains strong and stable, regardless of the challenges that arise. Let us help you protect what you've worked so hard to build, because your business deserves nothing less. ●

## Business Protection

Running a business is an exciting journey, but it's not without its challenges. While you may plan for growth, innovation, and success, it's equally important to prepare for the unexpected. Business protection is a vital part of planning, designed to help you anticipate and manage the impact of unforeseen events on the continuity and stability of your business. Whether it's the loss of a key partner, a critical illness, or other unexpected disruptions, having the right protection in place ensures your business can weather the storm and continue to thrive.

At Fitch & Fitch, we understand that every business is unique. That's why we work closely with entrepreneurs and business owners at every stage of the business lifecycle, from startups to established enterprises. Our team of experts takes the time to get to know your business, its goals, and the people

who make it successful. By gaining a deep understanding of your operations, we can provide tailored advice on the most effective forms of cover to protect your business, your partners, and your employees.

## Why business protection matters

Unforeseen events can have a significant impact on your business, from financial strain to operational disruptions.

**Business protection provides a safety net, offering solutions such as:**

**Key Person Insurance:** Protects your business against the financial impact of losing a key employee or partner due to illness or death.

**Shareholder or Partnership Protection:** Ensures that ownership transitions smoothly in the event of a partner's

# How Fitch & Fitch can help

## Take the first step

Protecting your financial wellbeing is an investment in your family's future. From personal protection to holistic wealth planning and business protection, Fitch & Fitch is here to help you secure the peace of mind you deserve.

## Get in touch

Contact us today to speak with a professional adviser about designing the right protection for your life, your family, or your business.

### Helping you go further

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