

A Guide to Life Insurance

Why take life insurance?

It is important to think about why life insurance is important to you but below are a few reasons why it is important to take out life insurance:

- **Buying a new home** – a payout could help could allow your partner or family pay off the mortgage after your death so that they do not have to worry about it.
- **Having Children** – Could provide a lump sum while they are growing up if they could no longer rely on your income.
- **Funeral costs** – will provide a lump sum to help your family with the costs involved in your funeral.

How much cover do you need and how long should my policy last for?

Generally, the more cover you have the more expensive your premiums will be so it is important to think about how much cover you require.

Depending on what you are looking to protect will depend on how much cover you need. It is important to sit down with a qualified adviser to assess your circumstances and get some advice on how much is right for you.

The term of your policy will reflect what you are looking to protect. For example, if you are protecting the balance of your mortgage then the policy should run for the remaining term of your mortgage. Some policies will continue until death and not have a set end date so again it is important to speak to a qualified adviser to get this right.

Should my level of cover change over time?

This will again depend on what you are protecting. If you have opted to protect a mortgage, the mortgage balance is likely to go down over time as you pay it back and therefore the level of cover should decrease with the balance. This is called a decreasing Term Assurance. The alternative is called Level Term Assurance. The level of cover will remain constant throughout the life of the policy to provide a guaranteed lump sum. With these policies some also opt for the level of cover to increase with inflation over time.

How often should I review my policy?

It is always important to review your cover regularly because circumstances change over time. Big life events such as moving home, having children or getting married should prompt a review of your insurance but regardless of these events you should aim to review your policies every 2-5 years to make sure that you still have the right amount of protection.

What can affect the cost of a policy?

There are lots of factors that go onto calculating premiums but can include:

- Your age
- Yours and Your family's medical history
- Your lifestyle
- High risk jobs or hobbies

