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Protection matters

Protecting your family should underpin your financial planning

It goes without saying that protecting your family should underpin your financial plan, but, despite this, one in five (21%) people admit their household would not be financially secure for any length of time if it lost its main income through unexpected circumstances.

COPING WITH MORTGAGE PAYMENTS

The latest protection research from Scottish Widows reveals a quarter (25%) of us could only afford to pay household bills for a maximum of three months if they or their partner were unable to work due to long-term illness, and just over a quarter (26%) could only make a maximum of three monthly mortgage payments. A further fifth (18%) admit they aren't sure how long they would be able to cope with their mortgage payments.

Despite acknowledging the hardships they may face, many people are failing to take action to ensure they have a financial safety net in place. In fact, for many of us, taking out life or critical illness cover falls lower down the priority list than having access to an Internet connection.

PROVIDING FINANCIAL SECURITY FOR DEPENDANTS

Eight in ten (81%) Britons consider an Internet connection as essential, and almost three quarters (72%) see a mobile phone as a necessity. By comparison, only 29% think it's essential to provide financial security for dependants if they become critically ill, and only 40% think it's essential to provide security for dependants if they die.

Despite being acutely aware of their lack of financial provisions, 12% of people would cut back spending on life insurance if they had to make cuts to their outgoings, while one in

seven (13%) would reduce spending on critical illness cover. In comparison, only 9% of people would cut back on Internet access.

FACING A SIGNIFICANT FINANCIAL STRUGGLE

While none of us ever want to think about the worst, the research shows that there are an alarming number of families who could face a significant financial struggle in the event of an unexpected loss of income due to serious illness or death.

No matter what our personal circumstances, it is vital for all of us to ensure we have the appropriate provisions in place to protect our finances, helping avoid the need to dip into our savings – which could present even greater challenges further down the line.

ARE YOU AND YOUR FAMILY FULLY PROTECTED?

Creating and maintaining the right approach to protecting you and your family plays a vital role in securing your financial futures. If you have any concerns or would like further information about your protection options, or a quote, please contact us.

Source data:

Scottish Widows Protection Research is based on a survey carried out online by YouGov, who interviewed a total of 5,161 adults between 28 January and 4 February 2016.

Information is based on our current understanding of taxation legislation and regulations. Any levels and bases of, and reliefs from, taxation are subject to change. Tax treatment is based on individual circumstances and may be subject to change in the future. Although endeavours have been made to provide accurate and timely information, we cannot guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No individual or company should act upon such information without receiving appropriate professional advice after a thorough review of their particular situation. We cannot accept responsibility for any loss as a result of acts or omissions.

