ISSUE 4 | 2021

INSIGHT

PLANNING FOR TOMORROW, TODAY

4 pension facts to help you create a happy and wealthy retirement

STATE PENSION AGE RISES

How could the change impact on your retirement plans?

WHY SEEK PROFESSIONAL FINANCIAL ADVICE?

Tackling problems, creating a plan, dealing with challenges

LIFE INSURANCE
Peace of mind knowing that your family is protected

PRIVATE MEDICAL INSURANCE
Quick access to private facilities and treatments

CRITICAL ILLNESS COVER
A helping hand for you and your loves ones

MGP

INSIDE THIS ISSUE

Welcome to the latest edition of *Insight*. For the first time in over a decade, the point at which people can claim a State Pension (the 'State Pension age') is simple. If you have reached your 66th birthday, you can claim it. Otherwise you cannot. On page 3 we look at when men and women born between 6 October 1954 and 5 April 1960 can start receiving their pension and, for those born after that, the phased increase in State Pension age.

Turn to page 4 and discover four pension facts to help you create a happy and wealthy retirement. The future may seem far away. Regardless of your retirement goals, there are things you can do to increase your chances of success.

On page 6 we look at tackling problems, creating a plan and dealing with financial challenges. Whether you're starting out or well into your wealth creation journey, professional financial advice helps you to define your goals and the path to getting there. It gives you a map and ongoing support to help you take control of your future.

Are you protecting what matters most against the financial impact of a life-changing event? The coronavirus (COVID-19) outbreak has led to a tragic number of deaths. On page 8 we explain how life insurance provides peace of mind knowing that your family is protected in case the unexpected were to happen.

A full list of the articles featured in this issue appears below.

PLANNING FOR LIFE'S JOURNEY WITH MGP

Your wealth needs to serve you differently at different stages of your life. Individual life planning should not be a one-off exercise. That's why we're here to support you through life's adventures and provide the right solution at every step of the way. To discuss how MGP can help you plan for life's journey, please contact us. We look forward to hearing from you.

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State Pension Age Rises

How could the change impact on your retirement plans?

FOR THE FIRST TIME IN OVER A DECADE, THE POINT AT WHICH PEOPLE CAN CLAIM A STATE PENSION (THE 'STATE PENSION AGE') IS SIMPLE. IF YOU HAVE REACHED YOUR 66TH BIRTHDAY, YOU CAN CLAIM IT. OTHERWISE YOU CANNOT.

Men and women born between 6 October 1954 and 5 April 1960 start receiving their pension on their 66th birthday. For those born after that, there will be a phased increase in State Pension age to age 67 in 2028, and eventually age 68 from 2037.

'TRIPLE LOCK' PLEDGE IS SAFE

Back in 2010, women could claim their State Pension from age 60, while men could claim theirs at age 65, but in 2018 women had their State Pension age increase to age 65 too. Further increases to the pension age are also expected for younger generations.

It comes as the Chancellor, Rishi Sunak, vowed the 'triple lock' pledge is safe. Mr Sunak said: 'We care very much about pensioners and making sure they have security and that's indeed our policy.'

INCREASING AS PEOPLE LIVE LONGER

Under this pledge, the State Pension increases each year in line with the highest of average earnings, prices (as measured by inflation) or 2.5%. The full State Pension for new recipients is worth £175.20 a week. To receive the full amount, various criteria, including 35 qualifying years of National Insurance, must be satisfied.

The age at which people receive the State Pension has been increasing as people live longer, and the government has plans for the increase to 68 to be brought forward. However, the increases have been controversial, particularly for women who have seen the most significant rise.

PEOPLE RECONSIDER RETIREMENT PLANS

Women born in the 1950s have been subjected to rapid changes and those involved in the WASPI (Women Against State Pension Inequality) campaign lost their legal challenge, claiming the move was unlawful discrimination.

The coronavirus (COVID-19) crisis has led many people to reconsider retirement plans, especially those who feel they are more at risk from the outbreak. Former pensions minister Ros Altmann argued that the crisis meant there was a 'strong case' for people to be given early access to their State Pension, even if it were at a reduced rate. She also pointed out the large differences in life expectancy in different areas of the UK.

FUTURE FOR BOTH IS NOT ENTIRELY CLEAR

Millions of people who will rely on their State Pension in retirement need to know two things: how much will they receive, and when. The future for both is not entirely clear. Firstly, the age at which the State Pension begins has been rising, and will continue to do so.

Secondly, there is always plenty of debate over the future of the triple lock-the pledge to ensure that the State Pension rises by a minimum of 2.5% each year.

LONG-TERM FINANCIAL PLANNING

And if young workers think this has nothing to do with them, they should think again. How long we work before we receive state financial support in retirement is a vital issue for long-term financial planning.

Younger workers have also been urged by pension providers to consider their retirement options, with a strong likelihood of State Pension age rising further as time passes.

A TIMELY REMINDER TO EVERYONE

The increase to the State Pension age provides a timely reminder to everyone to check their pension pots and ask themselves whether the savings they've built up are enough for the kind of life they want in retirement.

As average life expectancy continues to increase, the State Pension age will inevitably follow suit. This means younger savers need to plan and assume they might not reach their State Pension age until 70 or even beyond. Anyone who aspires to more than the bare minimum in retirement needs to take responsibility as early as possible to build their own retirement pot.

DON'T KNOW WHERE TO START?

It's important to think about how much money you might need in the future and whether you'll have enough to give you the lifestyle you want. You might be eligible for the State Pension but can you manage on this alone? Also, you may want to retire before your State Pension age. To discuss your retirement planning options, please contact us.

Planning for tomorrow, today

4 pension facts to help you create a happy and wealthy retirement

THE FUTURE MAY SEEM FAR AWAY. REGARDLESS OF YOUR RETIREMENT GOALS, THERE ARE THINGS YOU CAN DO TO INCREASE YOUR CHANCES OF SUCCESS. IT IS IMPORTANT TO LOOK OBJECTIVELY AT YOUR PLANS AND ADAPT THEM AS YOUR PRIORITIES CHANGE OVER THE YEARS AND YOU GO THROUGH DIFFERENT LIFE EVENTS.

Your retirement will be as individual as you are and it may arrive earlier than you had anticipated. Time really does fly. Planning ahead is almost certainly going to give you more choice and freedom and pensions can be the most tax-efficient way to save for your retirement.

1. TAX RELIEF

Most UK taxpayers receive tax relief on their pension contributions, which means that the Government effectively adds money to your pension pot.

Basic rate tax relief: The pension scheme administrator will claim the basic rate tax relief for you from HM Revenue & Customs (HMRC). With basic rate Income Tax at 20%, for every £80 you pay into the pension plan you receive basic tax relief of £20 which is also paid into your plan. The total amount paid into the plan is therefore £100.

Scottish taxpayers and tax relief: Scottish taxpayers receive tax relief based on Scottish Income Tax rates and bands. If you pay tax at the Scottish starter rate, HMRC will not ask you to repay the extra tax relief claimed by the pension scheme administrator.

Welsh taxpayers and tax relief: From 6 April 2019, the Welsh Assembly has devolved powers to set their own Income Tax rates. Currently they have set the rates at the same level as the UK rates.

Please note that the Scottish and Welsh rates may change in the future.

Higher rate and additional rate tax relief: Intermediate, higher or top rate tax payers may be able to claim further tax relief from HMRC. If you are eligible for further tax relief on your payments, you can ask HMRC to change your tax code by contacting them or you can complete a Self-Assessment Tax Return after the tax year has ended.

2. EMPLOYER CONTRIBUTIONS

The Government introduced auto-enrolment as a way of helping employees save for retirement. It means that employers must automatically enrol certain staff into a workplace pension scheme. When you pay into a workplace pension, your employer and the Government also contribute. The amount paid depends on your employer's pension scheme and your earnings, but minimum contribution rates are set.

Unlike other ways of saving, a workplace pension means you aren't the only one putting money in. Your employer has to contribute too, as long as you earn over £6,240 a year. You will also receive a contribution from the Government in the form of tax relief. This means some of your money that would have gone to the Government as income tax, goes into your workplace pension instead.

You and your employer must pay a percentage of your earnings into your workplace pension scheme. The earnings trigger is one of the three key factors which ultimately governs who gets enrolled into a workplace pension scheme through automatic enrolment (the existing threshold is £10,000 for the tax year 2021/22, which runs from 6 April to 5 April the following year).

Under auto-enrolment schemes, you make contributions based on your total earnings between £6,240 (Lower limit qualifying earnings band) and £50,270 (Upper limit qualifying earnings band) a year before tax.

Your total earnings include:

- salary or wages
- bonuses and commission
- overtime
- statutory sick pay
- statutory maternity, paternity or adoption pay

From April 2019 the amount of total minimum contributions increased to 8% – your employer will contribute 3% and you will contribute 5%. These amounts could be higher for you or your employer because of your pension scheme rules. They're higher for most Defined Benefit pension schemes.

In some schemes, your employer has the option to pay in more than the legal minimum. In these schemes, you can pay in less as long as your employer puts in enough to meet the total minimum contribution.

3. FLEXIBLE ACCESS

A Defined Benefit pension scheme pot is highly flexible from age 55. Almost all pensions allow

you to take some of your money as tax-free cash. With this option, you can take some or all of your 25% tax-free cash first. What's left in your pension pot remains invested, giving it a chance to grow; however, as with all investments, your money can go down as well as up.

After you've taken all of your tax-free cash, any money you take out will be subject to tax. This means that you can take money from your tax-free amount first and then take the taxable amount when you need it. Remember, you don't have to take all of your tax-free cash in one go.

To help you minimise the tax you pay, you can take the taxable money whenever you like. So, for example, you can take it over a number of different tax years. This spreads it out, and if you do it this way it could help keep you in a lower tax bracket.

4. EFFECTS OF COMPOUNDING

While it is never too late to start saving and planning for retirement, the earlier you start, the better. Starting earlier means more time for your savings to benefit from the effects of compounding returns. Conversely, the longer you wait, the less time you have for your money to grow and the harder you'll have to work to reach your retirement goals.

The basic concept is simple. Compounding returns is where the profits you earn on your money are re-invested and start earning more money, which is then re-invested again and so on. With compound returns, it's less about how much you can afford to put aside and more about for how long the money has time to grow, with your money snowballing into a pot.

ARE YOU APPROACHING RETIREMENT, OR ABOUT TO RETIRE?

In the years leading up to retirement, you might start to wonder if you have saved enough to retire comfortably and thought about everything you need to consider. Are you ready to retire? Do you know what you might get? Do you understand your income options, tax and your State Pension? Please speak to us to discuss your options.

ACCESSING PENSION BENEFITS EARLY MAY IMPACT ON LEVELS OF RETIREMENT INCOME AND YOUR ENTITLEMENT TO CERTAIN MEANS-TESTED BENEFITS AND IS NOT SUITABLE FOR EVERYONE. YOU SHOULD SEEK ADVICE TO UNDERSTAND YOUR OPTIONS AT RETIREMENT.

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 RULES ARE COMPLICATED, SO YOU SHOULD ALWAYS OBTAIN PROFESSIONAL ADVICE.

A PENSION IS A LONG-TERM INVESTMENT.

THE FUND VALUE MAY FLUCTUATE AND CAN GO DOWN, WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE. PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

PENSIONS ARE NOT NORMALLY ACCESSIBLE UNTIL AGE 55. YOUR PENSION INCOME COULD ALSO BE AFFECTED BY INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS. THE TAX IMPLICATIONS OF PENSION WITHDRAWALS WILL BE BASED ON YOUR INDIVIDUAL CIRCUMSTANCES, TAX LEGISLATION AND REGULATION, WHICH ARE SUBJECT TO CHANGE IN THE FUTURE.

Why seek professional financial advice?

Tackling problems, creating a plan, dealing with challenges

WHETHER YOU'RE STARTING OUT OR WELL INTO YOUR WEALTH CREATION JOURNEY, PROFESSIONAL FINANCIAL ADVICE HELPS YOU TO DEFINE YOUR GOALS AND THE PATH TO GETTING THERE. IT GIVES YOU A MAP AND ONGOING SUPPORT TO HELP YOU TAKE CONTROL OF YOUR FUTURE.

> The research highlights that people who receive professional financial advice feel more confident about the future and more financially resilient.

Everyone has different goals in life. But whatever your goals, receiving advice can help bring you closer to achieving them. When it comes to managing your money, trying to build wealth, securing your future and drawing up an effective plan for fulfilling your financial objectives, professional financial advice is essential.

REASSURANCE, EXPERTISE AND CONFIDENCE

Now more than ever, households need the reassurance, expertise and confidence that professional financial advice provides during these difficult times. The effects of the coronavirus (COVID-19) are likely to have long-lasting effects on our finances for years to come.

There is a proven direct correlation between a person's financial and mental wellbeing. New research[1] has identified how professional financial advice helps to improve the emotional wellbeing of clients by making them feel more confident and financially resilient when compared to those who have not received advice – especially in times of crisis.

COMMONLY RECOGNISED EMOTIONAL BENEFITS

Around 17 million people in the UK have received financial advice. For advised clients, the most commonly recognised emotional benefits of their adviser's services is having access to expertise, which makes them feel more confident in their financial plans, feeling more in control of their finances and gaining peace of mind.

The research also shows that advised clients feel positive about the service they received – with the key areas of satisfaction being the quality of advice and expertise (82%), communication style (81%) and trustworthiness (81%).

FEELING MORE CONFIDENT ABOUT THE FUTURE

The research highlights that people who receive professional financial advice feel more confident about the future and more financially resilient. Around three in five (63%) who received advice said they felt financially secure and stable compared to just half (48%) who had not received advice. Four in ten (41%) who had not received advice felt anxious about their household finances compared to just a third (32%) of those who were advised.

Advisers also helped people to boost their knowledge and gain a better understanding of their finances – particularly when it comes to protection and retirement planning. Advised clients feel up to three times more confident about understanding products and financial matters, compared with people who don't have an adviser.

A GREATER UNDERSTANDING OF FINANCIAL PRODUCTS

Understanding of financial products was much greater amongst those who were advised compared to the non-advised. A quarter of non-advised individuals said they would not know where to start when asked about life insurance (23%) or protecting against serious illness (24%).

In comparison, just 7% of those who were advised gave this response when asked about life insurance and 8% would not know where to start when asked about protecting against serious illness.

BEING MORE PREPARED FOR LIFE'S SHOCKS

The research also looked at how the coronavirus (COVID-19) crisis made non-advised clients feel about their finances. A third (35%) of people felt anxious about their financial situation and 65% have come to appreciate the value in being more prepared for life's shocks. An experienced adviser offers professional, tailored advice based on your individual circumstances and future aspirations. By understanding the mistakes that unadvised investors make, we are able to demonstrate the value that an adviser brings.

THE VALUE OF PROFESSIONAL FINANCIAL ADVICE

At a time when many people will be worried about their financial future, as the economic impact of COVID-19 continues to be felt, receiving professional financial advice is vital. This research illustrates how advice can offer real help to people in the successful achievement of their goals. If you would like to discuss your particular situation, please contact us.

Source data:

[1] Royal London engaged with a UK nationally representative sample of 4,007 people.
The research found 26% of UK population have received financial advice. Based on the latest population figures from the ONS, this equates to around 17 million (17,367,169) people. https://adviser.royallondon.com/globalassets/docs/adviser/misc/brp8pd0008-feeling-the-benefit-of-financial-advice-adviser-report.pdf

Life Insurance

Peace of mind knowing that your family is protected

ARE YOU PROTECTING WHAT MATTERS MOST AGAINST THE FINANCIAL IMPACT OF A LIFE-CHANGING EVENT? THE CORONAVIRUS (COVID-19) OUTBREAK HAS LED TO A TRAGIC NUMBER OF DEATHS.

The pandemic has made many of us realise the importance of having life insurance as a fundamental part of a sound financial plan. It's understandable that we would rather not think of the time when we're no longer around. But as we've seen over the past year, it's important to protect the things that really matter in case the unexpected happens.

PROTECTED FINANCIALLY

We insure our cars, our homes and even our mobile phones – so it goes without saying that we should also be insured for our full replacement value to ensure that our loved ones are financially catered for in the event of our premature death.

Life Insurance will help you to financially protect your family. It could pay out a cash sum if you die while covered by the policy. You choose the amount of life cover you need and how long you need it for and you can pay your premiums monthly or annually.

It provides a safety net for your family and loved ones if you die, helping them cope financially during an otherwise difficult time. Ultimately, it offers reassurance that your family would be protected financially should the worst happen.

We never know what life has in store for us, so it's important to get the right life insurance policy. A good place to start is asking yourself three questions: What do I need to protect? How much cover do I need? How long will I need cover for? This sum must take into account your family's living costs, as well as any outstanding liabilities, such as a mortgage.

FINANCIAL SAFETY

It may be the case that not everyone needs life insurance (also known as 'life cover' and 'death cover'). But if your spouse and children, partner or other relatives depend on your income to cover the mortgage or other living expenses, then the answer is 'yes.'

Life insurance makes sure they're taken care of financially if you die. So whether you're looking to provide a financial safety net for your loved ones, moving house or a first-time buyer looking to arrange your mortgage life insurance – or simply wanting to add some cover to what you've already got – you'll want to make sure you choose the right type of cover. That's why obtaining the right advice and knowing which products to choose – including the most suitable sum assured, premium, terms and payment provisions – is essential.

PREMATURE DEATH

The appropriate level of life insurance will enable your dependants to cope financially in the event of your premature death. When you take out life insurance, you set the amount you want the policy to pay out should you die – this is called the 'sum assured'. Even if you consider that currently you have sufficient life assurance, you'll probably need more later on if your circumstances change. If you don't update your policy as key events happen throughout your life, you may risk being seriously under-insured.

DIFFERENT STAGES

As you reach different stages in your life, the need for protection will inevitably change. How much life insurance you need really depends on your circumstances, for example, whether you've got a mortgage, you're single or have children. Before you compare life insurance, it's worth bearing in mind that the amount of cover you need will very much depend on your own personal circumstances, such as the needs of your family and dependants.

What do I need to protect?

- Who are your financial dependents: your husband or wife, registered civil partner, children, brother, sister or parents?
- What kind of financial support does your family have now?
- What kind financial support will your family need in the future?
- What kind of costs will need to be covered, such as household bills, living expenses, mortgage payments, education costs, debts or loans, funeral costs?

There is no one-size-fits-all solution, and the amount of cover – as well as how long it lasts for – will vary from person to person.

These are some events that should prompt you to review your life insurance requirements:

- Buying your first home with a partner
- Covering loans
- Getting married or entering into a registered civil partnership
- Starting a family
- Becoming a stay-at-home parent
- Having more children
- Moving to a bigger property
- Salary increases
- Changing your job
- Reaching retirement
- Relying on someone else to support you
- Personal guarantee for business loans

INDIVIDUAL LIFESTYLE FACTORS DETERMINE THE COST

The price you pay for a life insurance policy depends on a number of things. These include the amount of money you want to cover and the length of the policy, but also your age, your health, your lifestyle and whether you smoke.

REPLACING AT LEAST SOME OF YOUR INCOME

If you have a spouse, partner or children, you should have sufficient protection to pay off your mortgage and any other liabilities. After that, you may need life insurance to replace at least some of your income. How much money a family needs will vary from household to household so, ultimately, it's up to you to decide how much money you would like to leave your family that would enable them to maintain their current standard of living.

TWO BASIC LIFE INSURANCE TYPES

There are two basic types of life insurance, 'term life' and 'whole-of-life', but within those categories there are different variations.

The cheapest, simplest form of life insurance is term life insurance. It is straightforward protection, there is no investment element and it pays out a lump sum if you die within a specified period. There are several types of term insurance. The other type of protection available is a whole-of-life insurance policy designed to provide you with cover throughout your entire lifetime. The policy only pays out once the policyholder dies, providing the policyholder's dependants with a lump sum, usually tax-free. Depending on the individual policy, policyholders may have to continue contributing right up until they die, or they may be able to stop paying in once they reach a stated age, even though the cover continues until they die.

REMOVE THE BURDEN OF ANY DEBTS

Generally speaking, the amount of life insurance you may need should provide a lump sum that is sufficient to remove the burden of any debts and, ideally, leave enough over to invest in order to provide an income to support your dependants for the required period of time.

The first consideration is to clarify what you want the life insurance to protect. If you simply want to cover your mortgage, then an amount equal to the outstanding mortgage debt can achieve that.

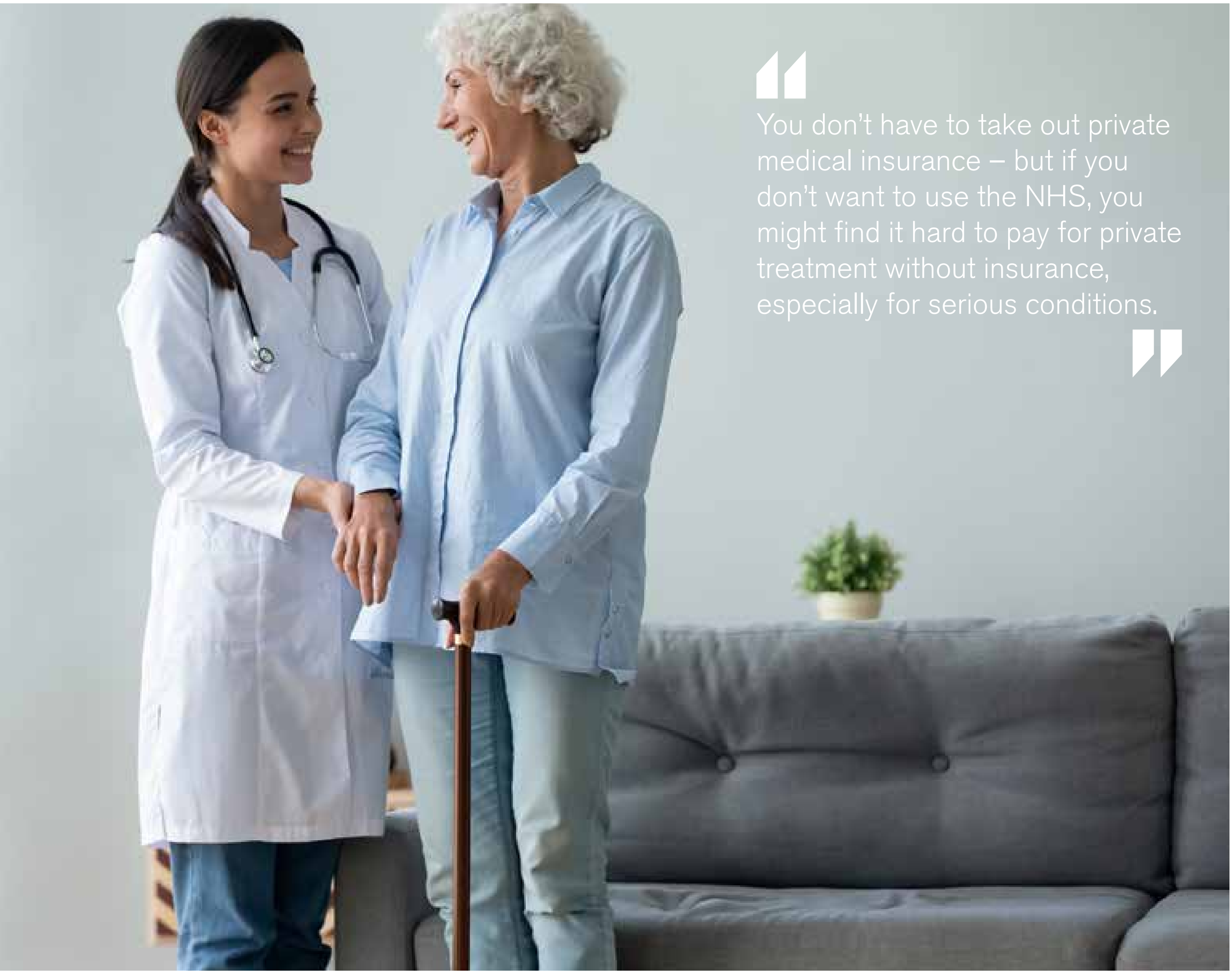
To prevent your family from being financially disadvantaged by your premature death and to provide enough financial support to maintain their current lifestyle, there are a few more variables you should consider:

- What are your family expenses and how would they change if you died?
- How much would the family expenditure increase on requirements such as childcare if you were to die?
- How much would your family income drop if you were to die?
- How much cover do you receive from your employer or company pension scheme and for how long?
- What existing policies do you have already and how far do they go to meeting your needs?
- How long would your existing savings last?
- What state benefits are there that could provide extra support to meet your family's needs?
- How would the return of inflation to the economy affect the amount of your cover over time. ■

Private Medical Insurance

Quick access to private facilities and treatments

NOTHING IS MORE IMPORTANT TO YOU THAN YOUR HEALTH, AND THE HEALTH OF YOUR FAMILY. IF YOU OR YOUR LOVED ONES WERE TO EXPERIENCE WORRYING SYMPTOMS, PRIVATE MEDICAL INSURANCE CAN OFFER REASSURANCE AND CONTROL AT A DIFFICULT TIME.



"You don't have to take out private medical insurance – but if you don't want to use the NHS, you might find it hard to pay for private treatment without insurance, especially for serious conditions."

Many private medical facilities are now accepting new referrals. However, due to the current COVID-19 pandemic, there may be some disruptions to when and where private services are delivered.

Private medical insurance, often also referred to as health insurance, gives you access to private healthcare for conditions that develop after your policy has started. One of the main benefits of private medical insurance is the speed of access to medical treatment. You'll pay a monthly premium, which covers all or some of the costs for your treatment. You'll be covered for conditions that begin after joining which can be cured. These are known as acute conditions

The environment you'll be treated in will vary depending on where you're located and the type of treatment you need. You could be treated in a private hospital, health centre or private section of an NHS hospital.

CONCENTRATE ON GETTING BETTER SOONER

Diagnosis and treatment can be dealt with almost immediately, reducing the anxiety of the unknown and allowing you to concentrate on getting better sooner. With many health experts predicting that patients are set to experience poorer care and even longer waiting times, many people are turning to private health care for that extra peace of mind.

If you don't already have it as part of your employee benefits package and you can afford to pay the premiums, you might decide it's worth paying extra to have more choice over your care.

CHOICE IN THE LEVEL OF CARE

Most UK residents are entitled to free healthcare from the NHS. One of the main reasons people take out private health insurance is to avoid long NHS waiting times. Health insurance pays all – or some – of your medical bills if you're treated privately. It gives you a choice in the level of care you get and how and when it is provided.

You don't have to take out private medical insurance – but if you don't want to use the NHS, you might find it hard to pay for private treatment without insurance, especially for serious conditions.

It may also be possible, under private medical insurance, to access the latest drugs and treatments licensed by the National Institute of Health and Clinical Excellence (NICE), which aren't routinely available on the NHS (outpatient drugs are not covered).

WHAT DOES IT COVER?

Like all insurance, the cover you receive from private medical insurance depends on the policy you buy. Basic private medical insurance usually covers the costs of most in-patient treatments (tests and surgery) and day-care surgery.

Some policies extend to out-patient treatments (such as specialists and consultants) and might pay you a small fixed amount for each night you spend in an NHS hospital.

You might also be able to choose a policy that covers mental health, depression and sports injuries but these aren't always covered.

There are two main types of private medical insurance policy:

Indemnity policies, which meet the costs of having private medical treatment for an acute illness or injury on a short-term basis. This could include a private room in a hospital, surgeons' and other specialists' fees, outpatient treatment like physiotherapy and daycare treatment, including surgical and diagnostic procedures.

Cash plan policies, which provide a lump-sum benefit payment in certain situations. Generally, the consumer will pay a monthly premium in return for cover for up to 100% of costs for treatment like an inpatient stay in an NHS hospital, or dental or optical treatment. These may not be included under an indemnity policy.

Both indemnity and cash plan policies can have additional benefits. For example:

- Cover for partners and/or children
- One-to-one telephone support for cancer and heart patients
- Patient health checks and helplines
- Access to complementary therapies and psychiatric treatment
- Dental and optical treatment
- Treatment at home for intravenous therapies like chemotherapy

Another variation is a six week plan, which covers the costs of private medical treatment when NHS waiting times for that treatment are likely to be longer than six weeks.

International private medical insurance policies (IPMI) provide medical treatment costs cover to expatriates living overseas.

Main benefits of private medical insurance are:

- Shorter waiting times for treatment on the NHS
- Better facilities
- Faster diagnosis
- Choose from a range of private facilities
- Choose a convenient time for appointments and treatments

Whilst the NHS does an amazing job, queues are inevitable for all but the most acute medical emergencies, and private medical insurance policies are often taken to avoid those queues in the future. ■

Critical Illness Cover

A helping hand for you and your loved ones

IF YOU WERE DIAGNOSED WITH A CRITICAL ILLNESS, WOULD YOU BE ABLE TO COPE FINANCIALLY? IT'S EASY TO THINK 'I'D COPE, THAT'LL NEVER HAPPEN TO ME' BUT MOST OF US KNOW SOMEONE EITHER DIRECTLY OR THROUGH FRIENDS AND FAMILY THAT HAS BEEN AFFECTED.

As we've seen from the coronavirus (COVID-19) pandemic, any of us can become ill at any age. Critical Illness cover can help to minimise the financial impact on you and your loved ones. For example, if you needed to give up work to recover or if you passed away during the length of the policy, the money could be used to help fund the mortgage or rent, everyday bills or even simple things like the weekly food shop – giving you and/or your family some peace of mind when you need it most.

SURVIVING FINANCIAL HARDSHIP

After surviving a critical illness, you may not be able to return to work straight away (or ever), or you may need home modifications or private therapeutic care. It is sad to contemplate a situation where someone survives a serious illness but fails to survive the ensuing financial hardship. Preparing for the worst is not something we want to think about when feeling fit and healthy, but you never know what life is going to throw at you next.

TAX-FREE LUMP SUM

Critical illness cover, either on its own or as part of a life assurance policy, is designed to pay you a tax-free lump sum on the diagnosis of certain specified life-threatening or debilitating (but not necessarily fatal) conditions, such as a heart attack, stroke, certain types/stages of cancer and multiple sclerosis.

COMPREHENSIVE POLICY

A more comprehensive policy will cover many more serious conditions, including loss of sight, permanent loss of hearing and a total and permanent disability that stops you from working. Some policies also provide cover against the loss of limbs. But not all conditions are necessarily covered, which is why you should always obtain professional financial advice.

MUCH-NEEDED FINANCIAL SUPPORT

If you are single with no dependants, critical illness cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if you became very unwell. And if you are part of a couple, it can provide much-needed financial support at a time of emotional stress.

EXCLUSIONS AND LIMITATIONS

The illnesses covered are specified in the policy along with any exclusions and limitations, which may differ between insurers. Critical illness policies usually only pay out once, so are not a replacement for income. Some policies offer combined life and critical illness cover. These pay out if you are diagnosed with a critical illness, or you die, whichever happens first.

PRE-EXISTING CONDITIONS

If you already have an existing critical illness policy, you might find that by replacing a policy you would lose some of the benefits if you have developed any illnesses since you took out the first policy. It is important to seek professional financial advice before considering replacing or switching your policy, as pre-existing conditions may not be covered under a new policy.

LIFESTYLE CHANGES

Some policies allow you to increase your cover, particularly after lifestyle changes such as marriage, moving home or having children. If you cannot increase the cover under your existing policy, you could consider taking out a new policy just to 'top up' your existing cover.

DEFINED CONDITIONS

A policy will provide cover only for conditions defined in the policy document. For a condition to be covered, your condition must meet the policy definition exactly. This can mean that some conditions, such as some forms of cancer, won't be covered if deemed insufficiently severe. Similarly, some conditions may not be covered if you suffer from them after reaching a certain age, for example, many policies will not cover Alzheimer's disease if diagnosed after the age of 60.

SURVIVAL PERIOD

Very few policies will pay out as soon as you receive a diagnosis of any of the conditions listed in the policy and most pay out only after a 'survival period', which means that if you die within this period, even if you meet the definition of the critical illness given in the policy, the cover would not pay out.

RANGE OF FACTORS

How much you pay for critical illness cover will depend on a range of factors including what sort of policy you have chosen, your age, the amount you want the policy to pay out and whether or not you smoke.

Permanent, total disability is usually included in the policy. Some insurers define 'permanent total disability' as being unable to work as you normally would as a result of sickness, while others see it as being unable to independently perform three or more 'Activities of Daily Living' as a result of sickness or accident.

Activities of Daily Living include:

- Bathing
- Dressing and undressing
- Eating
- Transferring from bed to chair and back again

MAKE SURE YOU'RE FULLY COVERED

The good news is that medical advances mean more people than ever are surviving conditions that might have killed earlier generations. Critical illness cover can provide cash to allow you to pursue a less stressful lifestyle while you recover from illness, or you can use it for any other purpose. Don't leave it to chance – make sure you're fully covered.

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