Family Protection is different things for different people. Some people think that just having a life insurance policy is sufficient cover, this may be the case, however in many cases this will not be sufficient to ensure the family is adequately protected in the event of accident, illness or death. This may be due to a combination of factors like an insurance policy may only have been sold with your mortgage by the bank, no real opportunity or access to sit down with an adviser to discuss your protection requirements or work commitments prevent you from speaking to an adviser. However, these should be overcome and an effort should be made to get the correct protection in place to protect you and your family. The last thing you or your family would want in the event of an illness/death is to say ‘I/We should have put this in place when I/We had the opportunity’ – hindsight is not a wonderful thing sometimes.

What have you got and what do you require?
A few protection policies to consider are described below to help you fill in any gaps.

Life insurance
Life Insurance pays out in the event of your death. This tends to be the most common type of policy and is normally sold with a mortgage, it is a decreasing term policy, ie it normally follows the ‘curve’ of the mortgage and decreases in line with the mortgage balance.

You can also get a level term policy which would be a fixed amount for the term of the policy, for example, £100,000 for 25 years, this can also be regarded as family protection, but also to cover other debts like HP agreements, personal loans, credit cards, etc. The premiums are normally fixed for the term of the cover. The policy can be arranged as a single or joint life policy. Life Insurance should be put in a Trust and most insurance providers supply a Trust form for this.

Critical illness cover
This can be bolted onto a life insurance policy or taken as a standalone policy, however it is normally part of a life insurance policy. A critical illness policy normally pays out on the diagnosis of a critical illness, like cancer, stroke, heart attack, loss of limbs, etc. Insurance providers disclose what critical illness they would cover or not, generally most cover between 30 to 40 critical illness. There is a new insurance provider which offers a unique policy which would cover part payments on critical illness claims and would cover up to 161 serious illnesses.

Critical Illness cover can be taken as a different amount to Life insurance, for example, you can have £500,000 life insurance and £200,000 critical illness cover. Like basic life insurance the policy can be taken out as single or joint life, the policy can also be put in Trust.

If you have an old existing critical illness policy it is best to get advice before replacing it, as some of the older policies may cover more critical illness definitions than newer ones.

Most Critical Illness policies also offer a set amount of cover for children for free.

Critical Illness should not be taken as an alternative to Income Protection and vice versa, they are separate policies and cover different situations. Critical Illness pays out a lump sum payment whereas Income protection would pay out a monthly income.

Income protection
Virtually every home in the UK has an ‘ATM’, every month it pays out a set amount to the household to pay its bills, buys food, pays school fees, etc. What would happen if it broke?
policy would payout a percentage of your income, based on your last 12 months earnings. It is important that the policy is set up with an "own occupation" definition, there are various types of policies, deferred periods, pay periods, etc an adviser would advise you on the correct policy for your needs.

Most dentists are Self Employed and it is essential to have Income Protection in place, as there is no "employer" to fall back on, even if there was an employer there may be little or no benefits available anyway. State Benefits are also limited to very small payouts and would not cover a dentist's income requirements.

**Partnership insurance**

You may be wondering why Partnership Insurance has been included in this article on Family Protection?

If you are a partner in a dental practice, it is essential to have a proper Partnership Agreement in place. Solicitors are normally best placed to set these up. A correct Partnership Agreement will have a double option clause and also insurance policies setup in Trust. In the event of a death of a partner, the policy will payout to buy out the deceased partners share and the business can continue, the deceased person's family can receive the money and move on.

Should there be no policies setup, the remaining partner may attempt to raise finance to buy out the deceased partners share or the business may need to be sold to payout the deceased share. This may take months, even years sometimes to finalise, however the deceased person's family still has their normal bills and may be put into financial difficulty while they are waiting for everything to be sorted out, an insurance policy and agreement for both partners would solve this issue.

Are you in a Partnership with an NHS contract? What would be the implications on the NHS Contract if one of the partners died?

**Life insurance policy for inheritance tax**

The level at which inheritance tax becomes payable might have lagged behind the rate at which your wealth has increased. Property values may have increased and this may put your estate past the current threshold of £525,000 currently (Single Person, no Inheritance Tax payable under £25,000). For Married/Civil Partners this would be doubled to £650,000. (£525,000 can passed on to the surviving spouse). By 'Estate' this means the legal term for the total value of everything you own. Any amount over £650,000 for example for Married Couples/Civil Partners or £525,000 for single people will be liable for a 40 per cent tax charge. For example if there is £100,000 over the estate limits previously mentioned this would incur a tax charge of £40,000. This £40,000 can be covered by a life insurance policy.

**Making a will**

The only way of ensuring that your money goes to the people you want it to when you die is to make a Will. Dying without a will is known as ‘dying intestate’ and could cause problems for people you care about.

A solicitor that specialises in wills is the best person to draught your will and make sure it is clear and satisfies legal requirements. Basic Mirror Wills are not expensive, but can save a lot of time, money and effort in the event of death.

It is important to review what you currently have in place and what you should have in place to protect your family, and do something about it.

After all...Can you put a price on some peace of mind? ■

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**About the author**

Dino Charalambous works for Frank Taylor and Associates and has been a Mortgage and Protection Broker for more than seven years and provides a personalised service for his clients in mortgages, life insurance, critical illness cover, income protection, general insurance. Where possible, he likes to provide face to face interviews so as to get a full understanding of his client's requirements. Dino will later charge or your application and chase it to the end so that there is less hassle for the client. This also ensures his clients have the appropriate cover for their needs. The dental sector is his main focus as he has worked with many dentists over the past seven years and has an insight into the sector as most of his friends are dentists! For an informal chat, please call Dino Charalambous on 02039 457580/08456 127424 or get in contact by email dino.charalambous@ft-associates.com.