



SUCCESSION  
WEALTH

# Financial Protection

A guide to protecting your health,  
wealth, and family







## SUCCESSION WEALTH

### Welcome to Succession Wealth

Plan for the future, plan for success

Succession Wealth is a national financial advice firm, which delivers independent advice to clients throughout the UK.

When you choose to work with us, our Wealth Planners will provide an exceptional personal service tailored to your unique financial needs and aspirations.

We view assisting you on your wealth journey as a privilege. The relationships we build last longer than a lifetime, and we are proud to advise across generations.

None of us ever know what is just around the corner. Whether it's an accident, a period out of work, a serious illness, or the loss of a loved one, unexpected events can blindside you at any time.

While financial protection can't prevent these challenging moments, it can ensure that you and your family receive financial support during the most difficult times.

Knowing your finances are secure can provide huge reassurance during a stressful and emotional time, giving you one less thing to worry about as you deal with a life-changing event.

Despite the many benefits of financial protection, many individuals and families are worryingly unprepared. For example, [FTAdviser](#) reported in 2024 that just 30% of those aged 30 to 34 and 35% of those aged 35 to 39 had adequate life cover.

The right financial protection can be an effective way to provide a safety net, ensuring that you and your loved ones are financially stable if the unexpected happens.

In this guide, you'll discover:

- Why financial protection is so important.
- Five practical reasons you might need to put financial protection in place.
- How life insurance can provide peace of mind.
- A cost-effective way to ensure you receive financial support if you're seriously ill.
- How to cope with a period out of work through illness or injury.
- Five financial protection myths, and why you shouldn't believe them.



**If you require more help putting the right financial protection in place for you and your family, our experienced team here at Succession Wealth can provide support.**

**Email us at [hello@successionwealth.co.uk](mailto:hello@successionwealth.co.uk) or call us on 0800 051 4659 and we will arrange for someone to contact you.**

## The need for financial protection

No one wants to think about the worst happening. However, considering how you'd cope in a range of challenging scenarios can help you to focus on what is important to you, and how you could navigate these situations.

Thinking about these five questions can help to determine the financial protection you may need:

- Would your family be able to maintain their standard of living if you were no longer around?
- Would your children benefit from the same opportunities if you passed away?
- Could you afford to pay your mortgage/rent and other commitments if you couldn't work for an extended period?
- Do you have enough savings to maintain your lifestyle if you were unable to work?
- Could your family meet the funeral expenses if you passed away?

If you're younger, or in good health, then you may believe that there's no real need to put financial protection in place. However, the statistics tell a different story.

- Research by [Zurich](#) and the Centre for Economics and Business Research (CEBR) found that the number of workers with long-term health conditions has increased by 27% in the last six years to a record high of 10.3 million. These workers took a total of 112.5 million sick days in 2023.
- 56% of UK adults have been injured in what insurer [MetLife UK](#) calls an "everyday misfortune", while 32% have had serious injuries just from tripping or falling down.
- [Cancer Research UK](#) (CRUK) report that someone in the UK is diagnosed with cancer every two minutes, and adults aged between 25 and 49 contribute 9% of all new cancer cases.

- Accidents, serious illnesses, and injuries can happen out of the blue at any time. And, sadly, premature deaths also happen – around 1,800 people died every day in the UK in 2021.

With the right financial protection, you and your family can:

- Repay your mortgage and other debts, giving you the security of knowing you and/or your loved ones can stay in the family home.
- Continue to pay your regular commitments such as mortgage/rent and bills if your earnings fall.
- Pay for one-off expenses such as a funeral or adaptations to your home.
- Focus on grieving or your recovery rather than worrying about financial matters.
- Maintain your savings and pension contributions, protecting your future standard of living.

# Five practical reasons to put financial protection in place

If you have valuable belongings such as jewellery or electrical equipment, a mobile phone, or a pet, you will likely insure them.

But what about protecting your health, income, or family?

Here are five reasons why you may want to think about putting financial protection in place straight away.

## 1. You have children

If you have children – particularly young ones – what would happen to them if you were no longer around? Could your spouse/partner continue to afford to live in the family home? Would there be funds available for their education? Could the other parent maintain the standard of living you want for them?

The [Child Poverty Action Group](#) reports that, in 2024, the cost of raising a child to age 18 was £260,000 for a couple and £290,000 for a lone parent.

If you pass away when your children are young, the surviving parent may need a significant sum to meet their commitments until your children are financially independent. Additionally, these costs could rise if they need additional childcare.

Moreover, if you're unable to work due to ill health, this could have a serious impact on your ability to maintain your regular commitments – including expenses linked to your children.

### Headline from [This is Money](#) in 2024:

"Britons are more likely to have insurance for our pets than ourselves"

## 2. You have a mortgage or other debts

Your mortgage is likely to be the biggest financial commitment you ever make. So, if you were no longer around, could your family continue to make the monthly payments without your income?

Furthermore, if you were ill and couldn't work, would you have sufficient income to be able to keep up with your repayments? Do you have enough savings to avoid slipping into arrears?

Many people elect to protect themselves when they take out a new mortgage – but the [Actuarial Post](#) has reported that 3 in 10 young adults with a mortgage have no life cover in place.

## 3. You would struggle to pay bills on one income

If you had an extended period off work due to ill health, would you be able to maintain your bills?

Your employer may offer a sick pay policy, but this may be:

- Limited to a fixed period – anywhere between one week and six months.
- Restricted to a certain portion of your income – perhaps full pay for a period, reducing to half pay later.

If your employer does not offer sick pay you may have to rely on Statutory Sick Pay (SSP). In 2025/6 this is just £118.75 a week, payable for a maximum of 28 weeks (around seven months).

If you're self-employed the situation could be even worse, as you may not be able to work or generate an income at all if you're recuperating from illness or injury.



#### 4. You have people who are dependent on you

If there are people who depend on you, think carefully about what would happen to them if you were unable to help.

As an example, if you are not currently employed because you are caring for children, you may think you don't need any financial protection as you have no income to replace.

However, if you were to pass away, the other parent may have to give up work, reduce their hours, or increase their reliance on childcare in order to raise your children. This could result in significant additional expenditure.

#### 5. You have a likely Inheritance Tax liability

If your estate is valued at more than £325,000 – or £500,000 if you plan to leave your home to a child or grandchild – then you may have an Inheritance Tax (IHT) liability.

This could mean your loved ones would face a tax bill on your death. They may have to sell assets, including your home, to raise the cash needed to pay any outstanding liability to HMRC.

While life insurance isn't designed to mitigate IHT, it can provide a lump sum on your death that your relatives can use to pay any outstanding IHT bill.

Writing such a policy in trust is important so the payout falls outside your estate for IHT purposes.



## Ensuring your loved ones are protected if the worst happens

If you are single, have no debts, and don't have any dependents, then life insurance may not be essential for you at this stage of your life.

However, if any of the following apply to you, life insurance can provide valuable peace of mind:

- You have financial dependents, such as a spouse, children, or other relative.
- You have a mortgage and/or other debts such as loans or credit cards.
- Your household expenses rely on multiple incomes, so any surviving person would struggle to meet their commitments on their own.
- You are concerned about how you'd pay for funeral expenses.
- You are worried about leaving a large Inheritance Tax (IHT) bill to your beneficiaries.

In all these situations, a tax-free lump sum, or regular income, could provide loved ones with valuable financial support when they really need it.

The payout can enable them to:

- Pay bills.
- Meet the costs of childcare.
- Repay debts.
- Pay for one-off expenses such as a funeral.
- Replace lost income if you're no longer around.

The cost of life insurance depends on factors such as how much cover you need, the term of the policy, your age, your health, and whether you are a smoker.

It can cost as little as a few pounds a month, so you can ensure your loved ones receive vital financial support without breaking the bank.

### Death in service

If you're employed, your employer may offer "death in service" benefit.

This will pay a lump sum – normally around two to four times your salary – if you die while in their employment (the death doesn't have to be work-related).

While death in service can be a useful perk, it's unlikely to provide sufficient funds to meet your needs. For example, it may not be enough to repay your mortgage or to replace your income until your children are financially independent.

In addition, you may lose this financial protection if you move jobs.

Arranging your own financial protection, rather than relying on death in service, can provide you with certainty and the peace of mind that you have enough cover for your needs – whatever your employment status.

## The four main types of life insurance

### Level term assurance

The amount of cover stays the same for the whole term of your policy (for example, £100,000 for 20 years).

If you die within the term, the policy will pay out the sum assured.

If you don't die within the term, your cover will end, and you won't receive a payout.

This is a great choice if you want to know that a fixed sum will be paid to your beneficiaries if you die within a specific term.

### Decreasing term assurance

The amount of cover decreases over the term of your policy.

If you die within the term, the policy will pay out the sum assured depending on how many years have elapsed. So, the payout will be higher in the earlier years than the later years.

If you don't die within the term, your cover will end, and you won't receive a payout.

This is a great choice if you have a repayment mortgage, or if the amount of protection you need will decrease over time (for example, as your children get older).



### Family income benefit

Instead of paying a lump sum, the policy will pay a regular monthly income to your beneficiary if you die within the term.

For example, if you take a £1,000 a month policy over 20 years and die after year 10, the policy would pay £1,000 a month between years 11 and 20.

If you don't die within the term, your cover will end, and you won't receive a payout.

This is a great choice if you have children, and you want to replace your income or provide regular support until they are financially independent.

### Whole of life cover

The policy will pay out on your death whenever that occurs.

As it is guaranteed to pay out, unlike the other three types of life insurance, this type of cover is often more expensive.

This is a great choice if you want to be sure that your loved ones receive a payout when you pass away.

It can also be a useful way to meet the costs arising on your death, such as a funeral or paying Inheritance Tax.



## Ensuring you receive financial support if you're seriously ill

Even if you are currently fit and healthy, you never know what is around the corner.

[Cancer Research UK](#) (CRUK) report that someone in the UK is diagnosed with cancer every two minutes, and there are around 2,300 new cancer cases in young people in the UK every year – more than six every day. 1 in 2 people will get cancer in their lifetime.

As well as cancer, there are many other serious health risks:

- [The British Heart Foundation](#) (BHF) says that, on average, someone in the UK is admitted to hospital due to a stroke every five minutes.
- [The Multiple Sclerosis](#) (MS) Society says that 135 people are diagnosed with MS every week in the UK.
- [The BHF](#) say that, on average, 260 hospital admissions in the UK every day are due to a heart attack.

As you have read, life insurance will provide a lump sum if you pass away within the term of the policy.

However, in some ways, being diagnosed with a serious illness can lead to more significant financial problems. You may have to take an extended period off work to focus on your treatment and recovery while still having to maintain your regular commitments.

Furthermore, your expenses may rise during this period if you have to pay for additional childcare, for travelling to and from a hospital for your appointments, or for adaptations to your home.

Think about these questions:

- Would you and your family be able to maintain your regular commitments if you were seriously ill?
- What would happen to your income if you were off work for an extended period?
- Would you benefit from a tax-free lump sum if you were diagnosed with a life-changing illness?

Putting the right financial protection in place can give you the safety net of a tax-free lump sum if you're diagnosed with a serious condition.

Critical illness cover is designed to pay a tax-free lump sum if you're diagnosed with any of a wide range of serious conditions during the term of your policy, including:

- Serious types of cancer
- Heart attack
- Stroke
- Multiple sclerosis
- Parkinson's disease
- Alzheimer's or dementia
- Total and permanent disability
- Loss of a limb or your eyesight

You can use the payout for any purpose you want, such as replacing income, paying off your mortgage or other debts, adapting your home, or paying for specialist treatment.

[CRUK](#) say that 87% of young people diagnosed with cancer survive for five or more years. So, receiving financial support during your recovery or recuperation means you have one less thing to worry about at what is likely to be a stressful time.

The cost of critical illness cover depends on factors such as your age, health, and whether you are a smoker.

You can normally take standalone cover, or you can include it with your life insurance. If you choose the latter, the policy will normally pay out on the first event – that is, diagnosis of an illness covered under the policy or death within the term, whichever happens first.

You can also opt for cover in your sole name, or you can arrange your financial protection on a joint-life basis – perhaps with your spouse or partner.



### **"I had to keep working"**

TV personality and *A Place In The Sun* presenter, Jonnie Irwin, shared his lung cancer diagnosis in 2022.

Explaining his financial situation, the then 49-year-old father of three noted: "I didn't take critical illness insurance out and therefore I had to keep working.

"Without work, I've got no means of paying the bills. And if I had taken the critical illness insurance out, that could've covered my outgoings and I probably could've told the world a lot sooner."

He added: "I thought I was doing well just taking out life insurance. It's one positive thing and helped me a great deal in getting a financial position in life to know my wife and my boys are more secure.

"But how I wish I'd taken out that extra cover."

Johnny very sadly lost his battle with lung cancer in 2024, aged just 50.

[A Place In The Sun's Jonnie Irwin shares medical insurance regret \(yahoo.com\)](#)



# Ensuring you can meet your financial commitments if you can't work

Accidents happen every day and without warning.

Indeed, research by insurer MetLife UK, reported by [FTAdviser](#), reports that 56% of UK adults have been injured in an "everyday misfortune", while 32% have had serious injuries just from tripping or falling down.

## Top 5 causes of accidents

- Tripping/falling over
- Road traffic accident
- Sporting activity
- Falling downstairs
- Fall from a height

Source: [FTAdviser](#)

The financial impact of an accident or an illness can be significant. You may have to take an extended period off work, losing income in the process. Moreover, you might see your expenditure increase if you need additional childcare or, for example, you're unable to drive.

Many employers will only pay full sick pay for a defined period, so if you're unable to work for several weeks or months, you could see your income reduce substantially.

And, if you're self-employed, you may not be able to work or generate an income at all.

Think about these questions:

- Would you and your family be able to maintain your regular commitments if you were off work for a period with illness or after an accident/injury?
- How long would your employer continue paying full pay if you were absent through illness/injury?
- Do you have enough savings to replace your income while you recover?

Income protection is designed to ensure you continue to receive a regular income if you're unable to work due to:

- Ill health
- Injury
- Accident



This type of financial protection will provide a tax-free payment, usually up to around 60% of your earnings. This enables you to maintain your regular commitments while you recuperate and recover from your period away from work.

Many insurers also offer valuable “return to work” benefits, helping you to recover more quickly.

It can help you continue to pay bills such as your mortgage or utilities and cover any additional expenses.

The policy will normally continue to pay until:

- You return to work.
- You decide to retire.
- The policy ends (in the case of policies that have a fixed term).

The cost of your income protection cover will depend on factors such as:

- Your age.
- How much cover you want.
- Your job (if you work in a more dangerous profession).
- The “deferred period”. This is the period before any payout begins, and is normally four, eight, 13, or 26 weeks. For example, if your employer paid full sick pay for two months, you might choose a “deferred period” of eight weeks.
- Your medical history.

### Protecting your current and future lifestyle

Putting the right financial protection in place doesn’t just help you maintain your lifestyle in the present as you recuperate from your illness/accident.

The financial support you receive can also enable you to maintain your regular savings and pension contributions. This ensures you also continue to build your wealth, protecting your future standard of living.

Without financial protection, you may have to pause or reduce your pension or savings contributions while you recover – and this could mean you may have to work for longer or make compromises to your lifestyle in the future.





## Five common financial protection myths – busted

### 1. “It is too expensive”

Research reported by [FTAdviser](#) revealed that almost half (44%) of UK workers overestimate the monthly cost of income protection, life insurance, and cash plan policies.

In general terms, the younger you are, the cheaper that financial protection will be. Cover typically starts from just a few pounds a month.

[Legal & General](#) give a useful example. A 25-year term insurance policy paying a lump sum of £400,000 would cost just £10.04 a month for a 20-year-old non-smoker. That’s less than the cost of a takeaway or mobile phone contract!

### 2. “It won’t pay out”

If you believe that insurers will do everything they can to avoid paying a financial protection claim, you are wrong.

The latest data from the [Association of British Insurers](#) (ABI) reveals that insurers paid more than 300,000 claims in 2022, with a staggering 98% of all claims paid.

There were more than 287,000 successful individual life insurance, income protection, and critical illness claims in 2022, totalling £4.64 billion.

Group policies, which provide financial protection products through an employer, paid out £2.21 billion in claims.

Insurers pay the vast majority of financial protection claims. Rejected claims are normally due to “non-disclosure” – when a policyholder has failed to declare key information on their application – or where an individual has let a policy lapse – for example, by failing to keep paying the premiums.

So, if you’re honest on your application, and you keep up your payments, your financial protection is highly likely to pay out.

### 3. “I’m young and healthy and I don’t need it”

If you are single, and you don’t have any children, then it’s possible that you don’t need any life insurance.

However, if anyone relies on your income – children, a spouse or partner, or even friends who depend on your contribution to pay bills – then it’s worth considering whether life insurance is appropriate for you.

If you’re young and healthy then you may also think that you don’t need to worry about protecting your income.

However, as you have read, accidents can happen at any time, to anyone of any age. Moreover, data shows that the death rate for people aged 35 to 39 in England and Wales is 13 in every 10,000 men and 8 in every 10,000 women. 6 in 10,000 men will die between the ages of 25 and 29, while 3 in every 10,000 women, on average, will die between those ages.

While less likely, thousands of younger people are diagnosed with a serious illness, are involved in an accident, or die in the UK every year. Adopting an “it won’t happen to me” mentality could put your loved ones at risk.

#### 4. “I don’t earn the main household wage, so I don’t need financial protection”

One of the common myths surrounding financial protection is that “it’s only for the main wage earner in the household”.

However, in many cases, both partners will need cover. For example, if you are a stay-at-home parent and you are seriously ill or pass away, your spouse or partner may have additional childcare costs or may have to reduce their working hours to take care of any children.

In this scenario, the surviving parent may need financial support to continue paying bills and meeting other expenses.

#### 5. “I get enough insurance through work”

As you have read, if you’re an employee, you may receive some life insurance through your employer (“death in service” benefit).

You may also receive some sick pay – perhaps full pay for a period, later reducing to half pay.

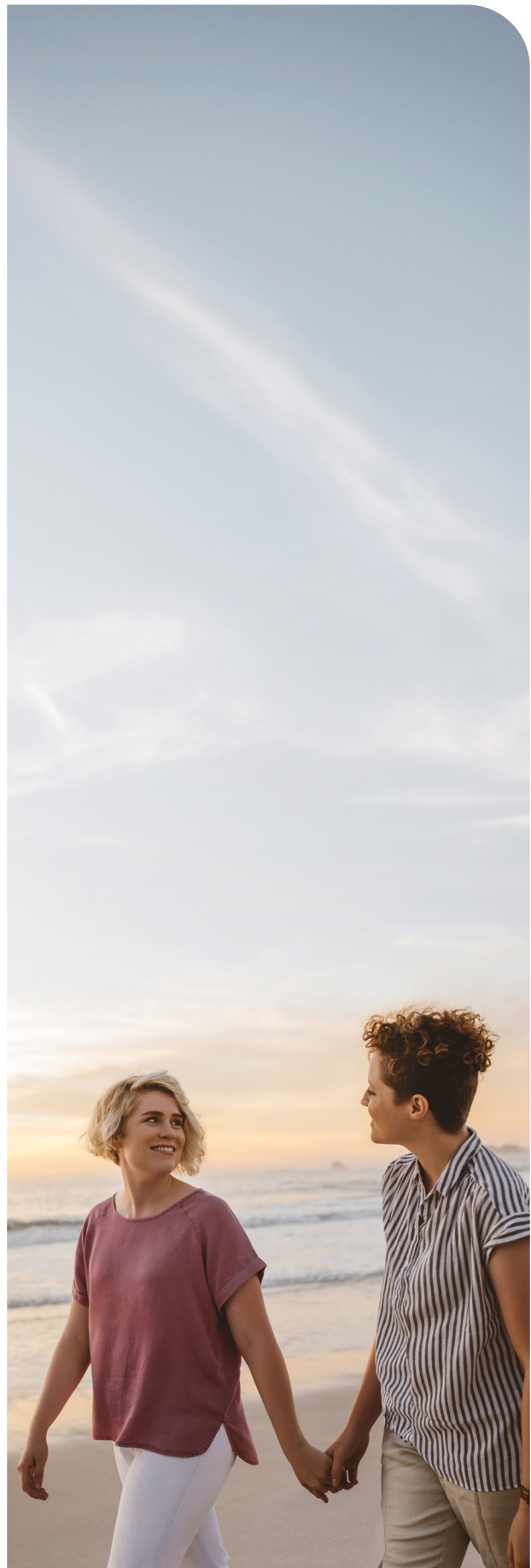
While these benefits are useful, would they be enough for your needs?

For example, [Statista](#) reports the median average salary in the UK in 2024 was £37,430. So, death in service benefit will typically pay out £75,000 to £150,000.

Would this be enough for your loved ones to repay the mortgage, maintain their commitments, and raise your children until they are independent?

Bear in mind also that you may not stay with your current employer throughout your career. So, if you change jobs, your new employer may not offer life insurance or sick pay benefits.

This could leave you underinsured, and the cost of taking out cover would likely be more expensive as you get older.





## We can support you with your financial protection needs

If you want to be sure that you have the right financial protection in place, we are here to support you.

We can help you to understand where you have gaps in your cover, and how best you can provide a valuable safety net to your loved ones.

Email or call us and we will arrange for someone to contact you.



0800 051 4659



[hello@successionwealth.co.uk](mailto:hello@successionwealth.co.uk)



[www.successionwealth.co.uk](http://www.successionwealth.co.uk)

### **Please Note**

This content is for general information only and does not constitute advice. The information is aimed at retail clients only.

The content was accurate at the time of writing, changes in circumstances, regulation and legislation after the time of publication may impact on the accuracy of the article.

### **Third Party Links:**

Links to third-party sites are for information only. These links have been provided as reference resources. However, due to the changing nature of the Internet content, it is the responsibility of the users to make their own decisions about the information retrieved from other websites. Providing these links does not imply any endorsement and Succession Wealth cannot be liable for their content. Users link to other Websites at their own risk and use such sites according to the terms and conditions of use of such sites.



Succession Wealth is a trading style of Succession Wealth Management Limited, which is authorised and regulated by the Financial Conduct Authority. Financial Services Register number 588378.

Succession Wealth Management Ltd is registered in England and Wales at The Apex, Brest Road, Derriford Business Park, Derriford, Plymouth PL6 5FL. Registered Number 07882611.