

## Financial support

### Looking after your lifestyle during a time of uncertainty

Nobody wants to worry about how they'll pay the bills if they become sick or injured and can't work. But illness or injury can strike at any time and can lead to serious financial trouble. The latest government figures<sup>[1]</sup> report the dramatic increase in the likelihood of long-term sickness absence when we age, leading to an employment absence of four weeks of more.

This highlights a worrying increase in the probability of experiencing long-term sickness absence as we age. 3% of workers under the age of 45 experienced a long-term absence from work as a result of sickness in 2018. This doubled to 6% among the 45-and-over population. In 2018, 773,000 workers aged 45 and over had to take time off due to poor health, of which 59,000 subsequently left work completely.

#### Helping support you financially

There are more than 10 million people in work in the UK aged 50 and above. This is more than ever before, and it is the fastest-growing employee population in the country. It is estimated that by 2025, the over-50s will represent one-in-three workers.

If appropriate to your particular situation, Income Protection Insurance can help support you financially if you have time off work and suffer a loss of earnings because of injury or illness. This type of insurance covers most illnesses that leave you unable to work. For example, it may cover you if you're unable to work due to a stress-related illness, mental health or a physical health condition.

#### Unable to work due to illness or injury

Income Protection Insurance only covers you if you're unable to work due to illness or injury – it does not pay out if you are made redundant. There are different types of Income Protection Insurance, but most are either Individual Income Protection Insurance (often called 'IP') and Employer Provided Income Protection Insurance (known as 'Group Income Protection' or 'GIP').

Individual Income Protection is taken out if you want to independently protect your income in the event of being unable to work due to illness or injury. Employer Provided Income Protection Insurance is a policy taken out by your employer to protect your income if you are unable to work due to illness or injury.

#### Keeping on top of monthly expenses

If you or your employer buy an income protection policy, you will be paid a monthly income if you find yourself unable to work. You or your employer will pay a monthly premium to your insurer for your chosen policy, which will pay out after a pre-agreed waiting period.

Most policies have a pre-agreed waiting period. This is also known as the 'deferred' period. The waiting period is the time between being unable to work and the time at which you will begin receiving payments. Most people rely on their salary to keep on top of monthly expenses. Without this salary, you can be left in a difficult situation when having to cover rent, mortgage repayments or bills.

#### Being off work for a prolonged period

Our lives these days are racked with financial worries, so having the safety net of a policy that pays out a regular income in the event that you're unable to work due to illness or injury could be just what you need to provide that valuable peace of mind.

Having Income Protection Insurance will mean that you can continue to pay your bills, rent or mortgage if you are unable to work. This protection will ensure you receive a monthly income for as long as you need to recover, so even if you have to be off work for a prolonged period, you can protect your finances and lifestyle. ■

#### DON'T LET YOUR WORLD TURN UPSIDE DOWN

Can you put a value on peace of mind? Being unable to work can quickly turn your world upside down. The lifestyle you've worked so hard to achieve could be at risk. We can advise you how to protect your income, your family and your business – speak to us directly, and we'll explain your options.

#### Source data:

[1] <https://www.gov.uk/government/statistics/health-in-the-workplace-patterns-of-sickness-absence-employer-support-and-employment-retention>



# What's important to you?

## Reaching those milestones starts with setting clear financial goals

We all have dreams for the future, and many of those dreams require money and planning to make them become a reality. Reaching those milestones starts with setting clear financial goals. Making decisions with a clear endpoint in mind can make it easier to achieve financial security and allow you to enjoy your life to the full, so we've put together this brief rundown to help you get closer to your goals today.



### Be prepared for any financial emergency

Typically, emergencies don't let you know they're on their way, and in some cases, you can't afford for them to happen – so it's always good to be prepared for any financial emergency with savings. The amount of rainy-day savings you need will of course depend on your situation, but financial experts recommend aiming to have around three to six months' worth of your regular expenses put away.

Savings can act as a safety net until you get back on your feet or until the situation changes. By having an emergency fund, it helps you deal with those surprises without needing to get into debt. Depending on your budget, saving might not be easy, but if you can spend less than you earn, it's recommended to put some money aside for a rainy day.

### Focus on your time horizon

It's important to know the 'when' of your financial goals, because investing for short-term goals differs

from investing for long-term goals. Your investment strategy will vary depending on how long you can keep your money invested. As your priorities or life circumstances change, you may also find that you want to delay certain goals by a year or two, while others you may want to try to meet sooner. And some – such as an expensive family holiday – you may decide to forego altogether.

It's important to stay flexible and adapt your timetable to your changing needs and priorities. While past performance is no guarantee of future results, historical returns consistently show that a well-diversified investment portfolio can be the most rewarding over the long term.

### Be patient

Building wealth for most of us takes time, so you have to be patient. And achieving your financial goals can have its ups and downs. But sometimes, challenges aren't about failing to reach your goals – they're about setting better goals in the first place. Set yourself up for success from the start by

creating realistic, achievable financial goals that are connected to what's important to you.

If you know what your financial goals are, you can start working to accomplish them. And working out what those goals are is the very first step. Setting financial goals is essential to financial success. Once you've set these goals, you can then write and follow a roadmap to realise them. It helps you stay focused and confident that you're on the right path.

### Little and often

Having set clear goals, getting started by saving little and often and seeing your own progress towards your goals can reinforce your motivation. Regular saving from a young age can make life easier when you need to access money quickly for a large purchase further down the line. Gradually watching those small amounts build up into more significant savings will further encourage you to save more.

One of the major benefits of long-term saving is the ability to make substantial gains through compound interest. 'Simple' interest is calculated on the original amount of a deposit. But compound interest is calculated on this amount and also on the accumulated interest of previous periods. Put simply, compound interest is 'interest on interest'. ■

### WANT TO TALK ABOUT YOUR FINANCIAL FUTURE?

Investing for your retirement or the years to come could be the most important financial goal of your life. We'll help you build a goal-based financial plan that reflects what's most important to you. Discover how we can help you grow more than wealth.

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 AND DEPEND ON YOUR INDIVIDUAL CIRCUMSTANCES.

THE VALUE OF INVESTMENTS AND INCOME FROM THEM MAY GO DOWN. YOU MAY NOT GET BACK THE ORIGINAL AMOUNT INVESTED.

PAST PERFORMANCE IS NOT A RELIABLE INDICATOR OF FUTURE PERFORMANCE.

**To arrange a complimentary consultation or review, please contact our Independent Financial Advisers on 01803 652030.**