FINANCE Q&A's

# Family Income Benefit Life Insurance

**Family income benefit life insurance helps ensure your loved ones can maintain the lifestyle they're accustomed to following your death via regular payouts to cover ongoing bills and living costs. Lakeside Financial Consultant *Rebecca Venton* explains how such policies work and their key benefits.**

## What is family income benefit life insurance?

**R**: Family income benefit is a special type of life cover, which will pay out a regular (monthly or annual) income to your loved ones for a set period to ensure that they do not have a shortfall in income if you pass away.

## Who is this type of policy best suited to, and what are the key benefits of this type of life insurance compared to other options?

**R**: This type of policy is best suited when you feel your loved ones would benefit more from a regular income rather than a large windfall. It is often recommended when children are involved, as it would allow them to maintain the lifestyle they are accustomed to, whether with a sole surviving parent or with guardians.

This type of cover is often referred to as 'guardianship protection'. Family income benefit may also be recommended as a multi-benefit plan, for example, with a fixed term decreasing life plan to cover a mortgage element.

Other options, such as level or decreasing term life cover, may be appropriate where there is a large debt, such as a mortgage or other loans to repay. These types of life cover are also set on a fixed term, as is the family income benefit.

If you wanted to ensure your family would have a pay-out at any point in time - perhaps in later life or for funeral expenses - then a whole of life plan may be more suitable.



## How long does family income benefit pay out for, and can the policy be put into trust?

**R**: Family income benefit would pay out until the end of the chosen term. For example, if you passed away two years after putting in place a 30-year plan, it would pay the benefit amount annually or monthly for the remaining 28 years. If you passed away 28 years into the plan, the benefit amount would be paid for the remaining two years.

All life insurance policies can be written into trust. This is a legal arrangement that is free and essentially means the policy is viewed as being outside your estate, potentially leading to a quicker payout for your loved ones.

## What key considerations would you advise clients to think about when taking out family income benefit life insurance? How can Lakeside assist with such?

**R**: A key consideration is whether or not your loved ones could survive without your household income. Although they may have life cover which may allow them to repay debts, such as a mortgage, this doesn't put food on the table or buy school uniforms, etc.

It's also really important to consider that you may have named friends or family members to act as guardians for your children if you were to pass away. Would these guardians be in a position financially to provide and maintain the same lifestyle that your children are used to without an additional income? If the answer to this is no, you should consider putting in place a policy to ensure that they can.

At Lakeside, we take time to understand your situation, needs and objectives and would build a recommended solution personalised to your situation.

***For further information on family income benefit life insurance, please contact:*** *admin@lakesidefs.co.uk*

LAKE SIDE FINANCIAL SOLUTIONS

25 YEARS SERVING OUR CLIENTS

Lakeside FS Ltd. is an Appointed Representative of Lakeside Wealth Management Ltd. which is authorised and regulated by the Financial Conduct Authority (458204).