ML FINANCIAL ASSOCIATES

Protection Planning: The Financial Plan Nobody Wants To Need

When people think about financial planning, they often think about pensions, investments and growing their wealth.

Protection can feel rather different.

Nobody particularly enjoys thinking about what could go wrong.

But protecting your financial position can be just as important as building it.

What Would Happen If Your Income Stopped?

For many households, their biggest financial asset isn't their home or their pension.

It's their future income.

Imagine that your household income suddenly reduced because you were unable to work due to illness or injury.

How long could your existing savings cover the mortgage, household bills and normal cost of living?

What about school or university costs?

Car finance?

Family holidays?

Helping children?

Pension contributions?

For some households, the answer may be "not very long".

That's where protection planning can play an important role.

Income Protection

Income protection is designed to provide an income if you are unable to work because of illness or injury, subject to the terms of the policy.

For someone whose lifestyle depends heavily on their salary or earnings, this can be an important part of financial resilience.

It's particularly relevant for people who have significant monthly commitments and limited savings.

Life Insurance

Life insurance can help provide financial support for those left behind if you die.

For families with mortgages, dependent children or significant financial commitments, it can provide an important safety net.

But protection isn't only relevant to young families.

Older clients may also have reasons to consider life cover – particularly where they have a partner who relies on their income, have significant estate-planning considerations or want to provide financial support to the next generation.

Critical Illness Cover

Critical illness cover is designed to provide a lump sum if you are diagnosed with one of the specified illnesses covered by the policy.

That money could potentially be used to reduce a mortgage, fund modifications to your home, replace lost income or simply provide financial breathing space while you focus on your recovery.

The important point is that the policy wording matters. Different policies cover different conditions and circumstances.

Protection Isn't Just About Insurance

There is another side to protection planning that is sometimes overlooked.

Your financial plan should also consider what would happen if you were unable to make decisions for yourself.

Wills and Powers of Attorney can be important parts of wider financial and estate planning.

A Will can set out how you want your estate to be distributed, while a Lasting Power of Attorney can allow someone you trust to make decisions on your behalf if you are unable to do so.

These aren't necessarily pleasant things to think about.

But putting them in place can mean difficult decisions are made <u>before</u> they become urgent.

Protection Changes As Life Changes

The cover you needed 10 years ago may not be the cover you need today.

You may have:

- Paid off part of your mortgage

- Had children
- Seen your children become financially independent
- Changed jobs
- Started a business
- Built up substantial investments
- Received an inheritance
- Taken on new financial commitments
- Approached retirement

That is why protection should be reviewed alongside your wider financial plan.

A Simple Financial MOT

You don't necessarily need to make major changes.

Sometimes a protection review simply confirms that the arrangements you already have remain suitable.

But it can be useful to ask: "If something unexpected happened to me tomorrow, would my family and finances be okay?"

If the answer is yes, that's reassuring.

If you're not sure, it may be worth taking a closer look.

Financial planning isn't just about preparing for the future you hope for. It's also about protecting yourself against the future you haven't planned for.

If you're not sure whether your existing arrangements still provide the right level of protection, we're here to help.

A simple conversation with the ML Financial Associates team could give you reassurance that you've got the right plans in place – and if you do, that's one less thing to worry about.

Protection policies are subject to eligibility, underwriting, policy terms and exclusions. Professional advice should be sought to determine whether a particular policy is suitable for your circumstances.