

METCALF MOAT UPDATE

YOUR FIRST CALL FOR INDEPENDENT FINANCIAL ADVICE

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METCALF MOAT

IFA LIMITED

'Growing by
recommendation'

PEACE OF MIND (NOW UP TO 40% OFF!)

Most people recognise that they should have some form of Life assurance, but statistics show that 55% of adults in the UK* don't have life cover. There are many reasons for this, however, most advisers would agree that the top three reasons would be:

- 1) 'too young',
- 2) 'it'll never happen to me',
- 3) 'too costly'.

Pension Term Assurance (you don't have to have a pension!)

Good news following 'A day' and the subsequent changes to pension legislation is Pension Term Assurance, no, please, its not as dry as it sounds, keep reading because nearly everyone is eligible. You don't need to have a pension (although it's a good idea) and you don't even have to be a taxpayer to claim tax relief on premiums for this benefit. With Pension Term Assurance, Basic Rate and even non-taxpayers can get 22% tax relief on their premiums, and for higher rate taxpayers, this could be up to a 40% saving.

Review existing policies and save money

This offers a great opportunity to review existing holdings and replace inadequate policies. The grid

Client	Cover	Term	Level Term	Pension Term	Saving Over Term	Extra Cover
M 30	£200,000	25 yrs	£12.95	£10.82	£639	£51,000
F 30	£200,000	25 yrs	£10.28	£8.87	£423	£40,000
M 40	£200,000	25 yrs	£26.40	£21.39	£1,503	£62,000
F 40	£200,000	25 yrs	£21.23	£17.46	£1,131	£55,000

Level v Pension Term Assurance

demonstrates that for a male aged 40 with £200,000 cover over 25 yrs can now save £1503 over the term! However, it is likely if you have had your policy for many years your existing premium may well be less competitive than quoted, making your saving even greater.

Increase Cover

The other alternative, is to keep the same level of premium, but increase the level of cover. As demonstrated in the example shown, the cover could be increased from £200,000 to £262,000, a massive 31% difference. Another option is to use the saving to fund the increasingly important Critical Illness cover or even Income Protection.

'Only two things certain in life: Death and Taxes'

So to address the reasons mentioned in the first paragraph 1) 'too young' the

grid shows the younger you are the lower the premium, and, it's just got lower. 2) 'it'll never happen to me' Benjamin Franklin's quote in the heading answers that one. 3) 'Too costly' is now 22% less of an issue, and could even be up to 40% less, and basic rate taxpayers can get 31% more cover for their money.

The fourth reason

The one response not included in the first paragraph, and possibly the best reason to act now is when a client is 'too ill' to get cover and gets declined! So, whether you have existing cover that needs reviewing, or feel that now is the right time to get yourself (and your family) protected, **NOW** is the time to contact your usual Metcalf Moat adviser.

*Quoted from Invigorating the Life Assurance sector (Mintel) UK Oct 2005.

The value of tax relief you are entitled to will depend on tax rates, legislation and your individual circumstances, and may change. This may increase or decrease the amount you need to pay.

FIXED RATES - WATCH THIS SPACE

The speculation of an inevitable and imminent increase to the Bank of England Base Rate, finally became reality in July, producing frenzied re-mortgage activity as people switch from variable interest

to the security of a fixed rate. The usual supply and demand scenario has contributed to the cost of fixed rate money becoming more expensive on the money markets, with most lenders increasing rates. Despite this, great savings can

be had with fixed rate mortgages well below lenders variable rate, more in line with the current Bank Base Rate of 4.75%. To entice you further, some lenders still offer free legal fees and basic survey, or refund the fees paid.

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