

# METCALF MOAT UPDATE

YOUR FIRST CALL FOR INDEPENDENT FINANCIAL ADVICE

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## **Advisers**

Colin Moat  
John Riley  
Lee Taylor



**METCALF MOAT**

IFA LIMITED

*'Growing by  
recommendation'*

## **PROTECT WHAT YOU HAVE**

It is a sad fact that whilst most of us are quite happy to insure our car, our house and our travel arrangements to their full value, few of us take quite as much care over our health and loved ones.

**You need to consider your situation carefully.  
Some of the Following questions may help you  
decide what is important to you.**

- Do you have young children or others who are dependent on you financially?
- How old are your dependents?
- Do you pay school fees or nursing home fees for others?
- Will these people become financially independent and if so how long will it be?
- Do you have debts (including mortgage) which your beneficiaries could not manage, even if only for a short time?
- Do you have any investments which might provide income if you were unable to work?
- Do you have any assets which could be sold if you were unable to work?
- Would you need to move house if you were less mobile?
- How do you travel about?
- How far are you from friends, relatives and local amenities?

## **Facts & Figures**

- According to Liverpool Victoria, the cost of raising a child to age 21 is £186,000 – or £24.30 per day.
- In Inner London, the cost is over £193,000  
Source: Annual Cost of a Child Survey, Nov 2007
- Average nursing home fees run around £340 a week or some £18,000 a year.  
Source: Royal Commission on Long Term Care Report 1999
- Britain's personal debt is increasing by £1m every five minutes. Total UK personal debt at the end of February 2008 stood at £1,421bn.
- Average household debt in the UK is £9,100 (excluding mortgages) and £57,050 including mortgages.  
Source: Credit Action as at February 2008
- 2.44 million people have been claiming incapacity benefit for more than six months.  
Source: Dept of Work & Pensions as at March 08, based on May 07
- One in three of us will develop cancer in our lifetime.  
Source: Cancer Research June 2007
- 28% of people over 65 are dependent on some form of care.  
Source: The Royal Commission for Long Term Care (1999)

## **CONTACT US**

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Metcalfe Moat IFA Limited Registration No: 4825993

Please note, Buy to Let mortgages and Commercial Borrowing are not regulated by the Financial Services Authority.

Your home may be repossessed if you do not keep up payments on your mortgage.  
Our charges for mortgage advice are usually £295.00.

## **Why would you need protection?**

For the main breadwinner in a family with small children the need is very obvious. Take away that main income unexpectedly and it would not take very long before the financial stability of the family is seriously affected. Before you make any decisions, therefore, you should consider your situation. This is not just about life, this is also about the effect of being unable to work, perhaps through accident or ill health. Even for single people, if you want to make sure of your future, then you need to consider the options available to help.

### **Life Assurance**

#### **LIFE ASSURANCE IS A STAPLE FORM OF PROTECTION THAT MOST OF US NOT ONLY UNDERSTAND BUT ALSO SEE AS A NECESSITY.**

The most common reason for investing in life assurance will be to cover a mortgage but it is also part of the review we undertake perhaps after getting married or, more likely, when we have children. For a single person with no dependents, life assurance may not be necessary. If you have debts and no savings, then a small amount might be necessary to pay expenses and prevent someone else being landed with those debts. If you have dependents, however, you need to look at the consequences for them if your income were removed. How much do you earn? Do you have debts? How much is your mortgage or rent? Do you pay school fees? How long before your children will be working? Does your partner work? Could they continue to do so without your support? Even if you don't work, there can be a considerable cost involved in replacing what you do to look after children and/or the house. Finally, life assurance can be used in inheritance tax planning. If your estate is above the threshold (£300,000 for 2007/08), it can prevent your beneficiaries from having to sell personal assets and sentimental treasures to meet the bill.

### **Health Insurance**

#### **REGARDLESS OF WHETHER YOU ARE SINGLE OR HAVE 10 DEPENDENTS, IF YOU ARE SUDDENLY UNABLE TO WORK, YOUR INCOME DISAPPEARS COMPLETELY – AND THIS HAS A DIRECT IMPACT ON YOU AS WELL AS ON THOSE AROUND YOU.**

Permanent Health Insurance (PHI) is less well known than life assurance but potentially has more applications. It replaces your income in the event of you being unable to work. Typically, you can cover up to three quarters of your gross income – less any state benefits which you become eligible for. This income is paid until retirement age, until the end of the policy term or until you are able to return to work, whichever is the earlier. Consequently, whilst you are rehabilitating or coming to terms with changes in your life, your financial position is secure and you are able to pay the same bills and keep up the lifestyle. This can be of particular benefit if you are self employed or when your job does not come with any sick pay. PHI comes with a choice of deferment periods and extending this to meet your own needs can reduce the costs. The more savings you have, the longer you can fund yourself before a claim needs to start paying out – and therefore the cheaper the policy will be.

### **Critical Illness**

#### **THE OTHER MAIN TYPE OF COVER WHICH ALL OF US SHOULD CONSIDER IS CRITICAL ILLNESS COVER.**

Like PHI, this pays out while you are still living but have become incapacitated through serious illness or accident. Like life cover it pays out a lump sum, the objective of which is to help you fund changes which may need to be made to your lifestyle as a result of that illness. For example, you may need to move house to be nearer relatives or friends. You may need to make changes to your existing house to meet new mobility requirements. Alternatively, you may simply want to give up worrying about money and make the most of your opportunities whilst you can. Like PHI, critical illness can be just as beneficial, maybe more so, for single people with no dependents as it could be the only source of ongoing financial support in the event of serious illness.

### **Further information**

If you would like to discuss any of the issues raised in this newsletter, please contact us on **01689 891919**.

We can provide a comprehensive review of your position and put together a plan which is tailored specifically to meet your own needs.

**This may even result in you paying less or enjoying more cover for the same outlay!**