

The logo for Retirement & Investment Solutions (RIS) consists of the letters 'RIS' in a white, bold, sans-serif font, set against a dark blue square background.

Retirement & Investment Solutions

Independent Financial Advisers

GUIDE TO

CRITICAL ILLNESS COVER

DON'T LET A LIFE-CHANGING MOMENT DISRUPT
YOUR HOME AND WORK LIFE AND PUT A STRAIN
ON YOUR FAMILY'S FINANCES

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GUIDE TO

CRITICAL ILLNESS COVER



Don't let a life-changing moment disrupt your home and work life and put a strain on your family's finances

What would life be like if you were diagnosed with a serious illness? Things could change very suddenly. You'd get your family together and tell them what was going on. Before long, you'd start spending time in hospital for treatment. You may also need to take some time off.

It's hard to know what the financial impact of all this would be for you and the people who depend on you. A critical illness can affect anyone at any age and can turn your life upside down. In the event of being unable to work due to a critical illness, having a financial cushion in place would alleviate some of the stress of the situation.

Some people may use their savings to supplement their loss of income, others may rely on an employment benefit package, while others may find that Critical Illness Cover is their best option. Critical Illness Cover can help minimise the financial impact on you and your family if you become critically ill.

For example, if you needed to give up work to

recover, or if you passed away during the length of the policy, the money could be used to help fund the mortgage or rent, everyday bills, or even simple things like the weekly food shop – giving you and/or your family some peace of mind when you need it most.

Surviving a serious illness

After surviving a critical illness, you may not be able to return to work straight away (or ever), or you may need home modifications or private therapeutic care. It is sad to contemplate a situation where you survive from a serious illness but then endure financial hardship. Preparing for the worst is not something we want to think about when feeling fit and healthy, but you never know what life is going to throw at you next.

Tax-free lump sum

Critical Illness Cover, either on its own or as part of a life insurance policy, is designed to pay you a tax-free lump sum on the diagnosis of certain

specified life-threatening or debilitating (but not necessarily fatal) conditions, such as a heart attack, stroke, certain types/stages of cancer and multiple sclerosis.

A more comprehensive policy will cover many more serious conditions, including loss of sight, permanent loss of hearing, and a total and permanent disability that stops you from working. Some policies also provide cover against the loss of limbs. But not all conditions are necessarily covered, which is why you should always obtain professional financial advice to consider your options.

Much-needed financial support

If you are single with no dependants, Critical Illness Cover can be used to pay off your mortgage, which means that you would have fewer bills or a lump sum to use if you became very unwell. And if you are part of a couple, it can provide the much-needed financial support at a time of emotional stress.

Exclusions and limitations

The illnesses covered are specified in the policy along with any exclusions and limitations, which may differ between insurers. Critical illness policies usually only pay out once, so they are not a replacement for income. Some policies offer combined Life and Critical Illness Cover. These pay out if you are diagnosed with a critical illness, or you die – whichever happens first.

Pre-existing conditions

If you already have an existing critical illness policy, you might find that by replacing a policy, you would lose some of the benefits if you have developed any illnesses since you took out the first policy. It is important to seek professional financial advice before considering replacing or switching your policy, as pre-existing conditions may not be covered under a new policy.

Lifestyle changes

Some policies may also allow you to increase your cover, particularly after lifestyle changes such as marriage, moving home or having children. If you cannot increase the cover under your existing policy, you could consider taking out a new policy just to 'top up' your existing cover.

Defined conditions

A critical illness policy will provide cover only for conditions specified in the policy document. For a condition to be covered,

your condition must meet the policy definition exactly. This can mean that some conditions, such as some forms of cancer, won't be covered if deemed insufficiently severe. Similarly, some conditions may not be covered if you suffer from them after reaching a certain age – for example, many policies will not cover Alzheimer's disease if diagnosed after the age of 60.

Survival period

Very few policies will pay out as soon as you receive diagnosis of any of the conditions listed in the policy, and most pay out only after a 'survival period'. This means that if you die within this period (even if you meet the definition of the critical illness given in the policy), the cover would not pay out.

Range of factors

How much you pay for Critical Illness Cover will depend on a range of factors, including what sort of policy you have chosen, your age, the amount you want the policy to pay out, and whether or not you smoke.

Permanent total disability is usually included in the policy. Some insurers define 'permanent total disability' as being unable to work as you normally would as a result of sickness, while others see it as being unable to independently perform certain 'Activities of Daily Living' as a result of sickness or accident.

Activities of daily living include, amongst others:

- Bathing
- Dressing and undressing
- Eating
- Transferring from bed to chair and back again

Make sure you're fully covered

The good news is that medical advances mean more people than ever are surviving conditions. Critical Illness Cover can provide cash to allow you to pursue a less stressful lifestyle while you recover from your illness, or you can use it for any other purpose. Don't leave it to chance – make sure you're fully covered. ■

WANT TO DISCUSS PROVIDING A FINANCIAL CUSHION FOR YOU AND YOUR FAMILY?

What would life be like if you were diagnosed with a serious illness? Things could change very suddenly. Being diagnosed with a critical illness is a life-changing moment. It'll disrupt your home and work life, and it could put a strain on your family's finances.

Critical Illness Cover provides a financial cushion should you suffer a specified serious illness, such as cancer, heart attack or stroke. To review your situation or consider your options, please contact us – we look forward to hearing from you.

IF THE POLICY HAS NO INVESTMENT ELEMENT THEN IT WILL HAVE NO CASH IN VALUE AT ANY TIME AND WILL CEASE AT THE END OF THE TERM. IF PREMIUMS ARE NOT MAINTAINED, THEN COVER WILL LAPSE.

CRITICAL ILLNESS PLANS MAY NOT COVER ALL THE DEFINITIONS OF A CRITICAL ILLNESS. THE DEFINITIONS VARY BETWEEN PRODUCT PROVIDERS AND WILL BE DESCRIBED IN THE KEY FEATURES AND POLICY DOCUMENT IF YOU GO AHEAD WITH A PLAN.

WANT TO MAKE YOUR LIFE EASIER IF YOU EVER NEED TO DEAL WITH THE FINANCIAL STRAIN OF A SERIOUS HEALTH PROBLEM?

Everybody wants to feel that, even if they were diagnosed with a critical illness, they'd be able to cope financially. Critical Illness Cover enables you to choose how much cover you want, how you want it to pay out and whether you want to combine different cover types.

Don't leave it to chance – please talk to us.

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