



Family Income Benefit

Paying a monthly income to help families cover their regular bills when a loved one passes away

Client Guide





Protect your family's financial future

Family Income Benefit is a type of life insurance, which pays out a regular monthly income if you die, or are diagnosed with a terminal illness during the term of the policy. And while no one likes to think about dying, it's still important to consider how your family would cope without your income.

Family Income Benefit can help provide financial security for your family, leaving them with one less thing to worry about if you're no longer around.

Why do I need Family Income Benefit?

You may already have some life insurance cover which could be covering your outstanding mortgage if you die. However, the monthly bills don't stop even if the mortgage is paid off.

The Office for National Statistics (ONS) report that, on average, UK households spend £585 a week. Over 40% of this is spent on mortgage, rent, transport, and lifestyle.¹

The Money Advice Service have reported that the average cost of sending a child under two to nursery is £127 per week part time (25 hours) or £242 per week full time (50 hours).²

If the main wage earner is no longer around, how would the family cope? State benefits may replace some of the most essential expenses but others may have to be given up. If you add in the costs of child care and possibly needing to take time out of work, this can all result in additional financial and emotional pressure during an already challenging time.

Family Income Benefit is an affordable way to protect a family's financial future should the worst happen with the death of a parent.

For instance, it could help you to cover the costs of:

- **Rental payments**, which could otherwise become unaffordable for your surviving spouse, resulting in perhaps having to move location and other financial impacts on the family.
- **Education fees** if you are paying the fees for your children's education and would want them to continue.
- **Continuing to pay for childcare** which as we've seen can be significant, even after help from the Government.
- **Continuing divorce maintenance payments** which, if you are in that situation, could mean the difference between a secure financial future for your family or a very uncertain one.

Affordable family protection

Because Family Income Benefit pays a monthly income, it's often more affordable than other types of life insurance, which pay out a fixed one-off lump sum. And the insurance starts from just £5 a month.

The amount you'll pay for your insurance depends on a number of things, such as how much cover you want and how long you want it to last. It also depends on your personal circumstances, for example your age, whether you smoke and your medical history and lifestyle.

How it works

You choose the amount and type of cover you want and how long you want your insurance to last (the policy term). Then if you die during the chosen term, we'll pay an income every month, right up until your insurance comes to an end. Your insurance will also pay out if you're diagnosed with a terminal illness, and not expected to live for more than 12 months.

The money can be used to help cover any outstanding financial commitments, like a mortgage or rent payments and the other usual bills, giving your family more financial security and peace of mind.

And because we know things can change in the future, at the point of a claim or at any point whilst a claim is being paid, your beneficiaries have the option to convert the monthly payments into a one-off lump sum for a reduced amount.

Who can apply?

When your policy starts, you must be:

- permanently living in the UK,
- aged 17 to 79 (for level cover), or
- aged 17 to 59 (for inflation-linked cover)

You can choose to be covered for a fixed period of between five and 45 years, as long as your insurance ends before you reach age 85 for level cover, or age 70 for inflation-linked cover.



Family Income Benefit has no cash in value, so if you stop paying your monthly premiums your policy will end and you won't get anything back.

Sources:

1- ONS Family spending in the UK: April 2018 to March 2019.

2- Money Advice Service: <https://www.moneyadviceservice.org.uk/en/articles/childcare-costs>

What options does the policy offer?

You can choose level or inflation-linked cover

With level cover, the amount you're insured for (and the price you pay for it) is fixed and doesn't change. However, it does mean if you need to make a claim, your cover won't have kept up with the cost of living, so it will buy less in the future.

To make sure your insurance keeps up with inflation, you can choose 'inflation-linked cover' which increases the cover and premium each year in line with the cost of living.



Single or joint cover

You can choose to take out the insurance on either a single or joint life basis. A 'single' life insurance policy covers one person and will start to pay out a regular income if that person dies, or is diagnosed with a terminal illness.

A 'joint' life insurance policy covers two people and will start to pay out a regular income if one of the insured people dies, or is diagnosed with a terminal illness.

However, for a joint life policy it's important to understand the plan only pays out on the life of the first person who dies or is diagnosed with a terminal illness – it won't pay out again if the second person covered also dies, or is diagnosed with a terminal illness.



Guaranteed Increase Options

These allow you to change your cover (within certain limits) without providing medical information on certain life events:

- Marriage or civil partnership
- Having a baby (birth or legal adoption)
- Rent or mortgage increase
- Basic salary increase
- Divorce or dissolution of civil partnership
- Significant career progression increase
- Separation

These options are a convenient way to ensure your insurance cover keeps up with the changes that inevitably occur during your life. Please refer to the corresponding section of the Policy Terms and Conditions for the full details and limits.

Why choose us?

We've been protecting people like you since 1843 – so you know you'll be in great hands.

At LV= we're passionate about helping people protect what they love in life, through a range of good value products backed up by award-winning customer service.

We have 1.3 million members*, and hope we'll soon be helping you protect your loved ones.

* As at June 2019

Supporting you at every stage

We believe that Protection goes beyond just the financial pay out, from the moment you take out your policy through we'll be here to support you every step of the way.

LV= Doctor Services

We know as lives get busier, it can be difficult to find time to keep on top of your health. When you take out a Protection policy with us, you'll get immediate access to LV= Doctor Services.

This gives you fast and convenient use of six expert medical services in one easy to use app or by phone request:



Remote GP

Speak to any UK doctor to talk through any health concerns by video or phone consultation up to 5 times a year.



Prescription Services

Get a private prescription without the need to visit your local GP.



Second Opinion

After being diagnosed with a serious illness, it's understandably a time of uncertainty and worry for you and your loved ones. To help, we can offer a Second Opinion service through LV= Doctor Services*. Getting a Second Opinion on a diagnosis or treatment plan can provide reassurance and support when it matters the most and although it may not mean a change in diagnosis, it may present a choice of treatments plans to consider.



Remote Physiotherapy

Get remote access to up to 5 free sessions with a UK trained physiotherapist and receive a bespoke treatment plan.



Remote Psychological Services

Get remote access to up to 5 free sessions of mental health support from a network of highly trained therapists.



Discounted health MOTs

Provides an assessment of overall health, identifying any health risks and areas of improvement.

LV= Doctor Services is a non-contractual benefit and can be changed or removed at any time.

LV= Doctors Services is provided by Square Health Limited. This service is not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.



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Member Benefits

When you take out a Family Income Benefit policy with us, you'll agree to become an LV= member. As a mutual company, we're owned by our members, and we can continue to invest in supporting them through life. Being a member of LV= offers unique benefits including:

Member Care Line

You'll get exclusive access to our 24/7 Member Care Line, which offers free and unlimited access to nurses, trained counsellors and lawyers.

- **Counselling services** – Private counselling services can be expensive, and waiting lists for NHS-funded counselling are often lengthy. With our Member Care Line you can speak to a qualified counsellor whenever you need to, who can support you on a wide range of issues including emotional worries, relationship difficulties and stress or anxiety caused by a recent life-changing diagnosis.
- **Health advice** – You can speak to a medical professional around the clock for practical help on anything you are worried about, from everyday health concerns through to support or advice on a diagnosis.
- **Legal advice** – Our legal advice line is run by a team of fully qualified solicitors and legal executives, without the associated costs. You can get advice on a number of areas including general law, property-related issues, wills and probate and family law.



Member Support

We understand that in life, a number of challenges can be thrown your way which can make it hard to cope. In times of financial hardship, you can apply for additional support through our Member Support fund*. This could be used to fund specialist equipment following an accident, or adapting the home following a life-changing diagnosis.

*You must be an LV= Member for at least 12 months to be eligible to apply.

LV= Member Benefits are non-contractual benefits and can be changed or withdrawn at any time.

Our Member Care Line services are provided by third parties, and the services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

For more information on Family Income Benefit, please speak to your financial adviser.

You can get this and other documents from us in Braille, large print or on audio by contacting us.

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