

HEALTH, INCOME AND LIFE PROTECTION



Chase Buchanan

PRIVATE WEALTH MANAGEMENT

MISSION STATEMENT

Chase Buchanan differentiates itself from our local and global competitors by establishing a truly professional organisation that continues to push the boundaries in forward-thinking financial planning in the international financial services industry and truly deliver individually tailored financial solutions.

Chase Buchanan consistently provides world class, international financial solutions and standards of advice and service to our clients. In respect of our approach to client relationships we seek to advise and not simply sell a product. Our aim is to take on each client for the long term and manage their wealth effectively. It is our hope that by doing so we will continue to operate in niche markets and to compete on an equal basis with the larger private banking groups for the attention of wealthier clients.

There are three main pillars of wealth protection – health protection, income protection and life protection.

Surprisingly, many expatriates overlook one or more of these pillars of protection. Yet even a cursory glance at the statistics will show that these three areas of protection are as, or even more important than other components of your financial planning.



THE SERVICES WE OFFER

The primary services we offer are:

Investments and portfolio management	Stocks and shares analysis	Life, medical and critical illness insurance
Retirement and pension analysis	Savings	Wills and estate planning
UK frozen pensions advice including SIPP/QROPS/QNUPS	Bespoke specialist tax planning and repatriation planning	Property and mortgages

THE THREE PILLARS OF PROTECTION

Health, Income and Life.

Protecting the wealth you have now and in the future is a key priority for all of us. By saving and investing wisely you can help guarantee that you and your family enjoy the fruits of a comfortable lifestyle free from money worries. However, wealth protection is only one aspect of financial planning.

The fact is that the chance of contracting a serious illness or injury is on the rise, which means taking the 'it won't happen to me' approach is no longer an option. Figures from Cancer Research UK indicate that by 2027, the lifetime risk of men contracting some form of cancer will be 50% and for women it will reach 44% by 2030.

The statistics on the likelihood of contracting an illness such as Alzheimer's are equally bleak.

While there's little doubt the risk of contracting a serious illness grows with age, there are also other influencing factors to take into account such as lifestyle and family history. All of these factors add up to the realisation that illness or injury can occur at any time.

For an expatriate, risks can be heightened by your location and the healthcare and support available in your country of residence. You should also consider that the need for protection may have increased with your family's financial commitments such as the costs of schools fees or the necessity for private health insurance.

You might well recognise yourself amongst the 65% of people in the UK who feel that they are either 'quite' or 'very' financially responsible. But are you also part of the 29% of the population who have put no provisions in place to take care of the family in the event of your

death? Anxiety at the thought of a serious illness occurring is the thing most likely to prompt people into taking action to protect against it – and yet no more than 13% of us have actually taken the step of putting in place critical illness cover.

Personal financial responsibility is all about making sure you and the people you care about will be protected against the unexpected. You may need cover not only for yourself, but also for your partner, your children and any other dependants, such as your own parents. It is about ensuring a continuity of the lifestyle you enjoy now or want to secure for the future.

Starting a family should be a trigger for a full assessment of how well covered you are against unforeseen health or financial problems, especially if you are the only breadwinner.


How would your family cope with day to day living costs, school fees or housing expenses if you were unable to carry on earning?

Whether you have a family or not, how much of a buffer do you have in place in the event the unthinkable happens and you are unable to work because of injury or serious ill health?

During a period of grief and heartache, how could your family cope with the added financial burden?

The good news is that you can protect yourself and your family by putting in place plans to control and minimise the cost of treating serious illness, as well as disruption to your ability to work and earn. Such cover is not as complicated as many have been lead to believe, and it will guarantee you peace of mind.

Personal financial responsibility is all about *making sure you and the people you care about will be protected against the unexpected.*

A woman with short blonde hair, wearing a white short-sleeved shirt, is in the foreground, performing a Tai Chi movement with her right arm extended forward. In the background, a man with grey hair, also in a white shirt, is performing a similar movement. They are in a lush green park with trees and a path. The lighting is soft, suggesting early morning or late afternoon.

*As an expatriate,
the first of the three
pillars of protection
you will need is
health insurance...*

Pillar one: Health

Possibly the most common type of health insurance for expatriates is international private health cover, or private medical insurance as it's sometimes called.

This is because countries increasingly require expatriates to have this type of insurance in place as a condition of their entrance visa, particularly in the Middle East.

Further east, in popular expat locations such as Hong Kong, free or low cost access to healthcare services for permanent residents is constantly under government review.

It is important to review any private medical insurance you may have already taken out, whether in the UK or abroad, as you may find it is inadequate or that it does not cover treatment in your current location. You should also check whether you are entitled to any free or subsidised health insurance from your employer. This will highlight any gaps in cover.


Taking out a specific international plan will cover you and your family for treatment for a wide range of illnesses and injuries while overseas.

It will ensure that the financial cost of any emergency treatment, inpatient care and medical treatment are covered. Such plans increasingly offer a pick 'n mix approach, enabling you to control cover and cost.

Generally speaking, a top of the range policy will cover you for more or less 100% of costs on a wide range of medical incidents while abroad, including maternity and dental cover. Alternatively, you can save on costs by picking up a larger proportion of the cost of treatment yourself and restricting cover to major illness or injury.

Action points: Health Cover

- Check whether private health insurance is a condition of your visa.
- Assess whether any health cover from your employer is sufficient or, whether you need to top it up.
- If you are located in an isolated region or a country where medical conditions are below standard, ensure any health cover gets you treatment in a better equipped location.
- Control costs by picking up a larger proportion of the medical expenses yourself or restricting cover to major illness or injury.



It's not nice to think about it, but you are five times more likely to fall critically ill than you are to die before the age of 65. *Yet far more people take out life insurance than insure themselves against becoming so ill they cannot work.*

Pillar two: Income

The most common causes of illness for income protection claims in 2012 were psychiatric conditions (30%), orthopedic (21%), neurological (18%), rheumatological (10%) and cancer (8%), according to one provider survey.* The average age of critical illness claimants was 44 years for women and 46 years for men.

There are two main types of cover that protect against loss of earnings power due to ill health. Critical illness cover pays a single lump sum in the event you are struck with certain medical conditions. Income protection insurance pays, as its name suggests, a regular income to cover your outgoings in the event you are unable to work or if you lose your job.

Depending on the amount of cover you opt for, critical illness cover can pay a lump sum big enough to meet all of your financial big ticket items outright, or simply a large enough sum to tide you over for a period of time before you can return to work. It's worth remembering that this type of plan is restricted to one payout and only for those illnesses specified in the policy.


Income protection insurance comes in all shapes and sizes but plans will generally replace between 50% and 65% of your current income as a monthly payment. At the outset you stipulate the time you wish the cover to remain in place, although some accident policies are restricted to a maximum period of payout. If you want to insure earnings against loss of employment then premiums will take into account your occupation, your age and how long you wish cover to pay out for. Unlike critical illness policies, you can claim more than once on income protection plans.

Action points: Health Cover

- Consider how you and your family would cope financially if you could not work due to accident, illness or loss of employment.
- When calculating the amount of cover required, check what your employer offers by way of sick pay – if you can limit the period of cover, you could lower your premiums.
- Reduce premiums by limiting the size and length of cover in place.
- Take into account any redundancy packages you may be entitled to.

The good news is that there are bespoke products that will financially protect you and your family if the worst happens *enabling you to maintain your lifestyle, whatever else life throws at you.*

* Industry survey: Legal and General survey on Financial Responsibility 27/9/13 ** Aviva



Designed to ensure that regular financial commitments are paid in full, Life cover allows your family to continue to enjoy a similar standard of living to the one they have today. *If you are the main bread winner, you need to factor in how long it will be before your children are financially independent when working out how much cover you will need.*

Pillar three: Life

The cost of life insurance will be determined by your age and the amount of cover required. The fact that people are living longer means life cover is very affordable these days. When calculating the amount of cover you need, take into account any life cover you may already have as part of your employment.

This is sometimes called 'death in service benefit'. You may also have life cover linked to a mortgage or even through some types of health insurance plan.

There are different types of life cover. The most cost effective is term cover, which is for a fixed amount of years and will pay out a lump sum should you die within this period. Whole of life cover is more comprehensive as it pays out a lump sum either when you eventually die, or when you are diagnosed with a terminal illness. As a result, this type of life cover is more expensive and has a cash-in value should you decide to surrender your policy. When reviewing or taking out a life policy you must check that the sum assured is adequate to meet your family's needs now and in the future.

Action Points: Life Cover

- Check on whether you have any existing cover through your employment or any financial planning products that may contain an element of life cover.
- Assess old policies taken out in a previous country of residence.
- Insurance is often very specific and changes such as your country of residence, even if only on a temporary basis, can severely limit or even void your cover.
- Consider whether you want life cover for a fixed term or more comprehensive whole of life cover.
- Keep details of beneficiaries up to date to make claiming straightforward in the event the worst happens.

Life cover is the ultimate insurance *when looking to protect your family when you die.*

We at Chase Buchanan are here to help guide you through the key points and ensure whatever protection you do take out is the best plan for you and your family

Assess your options carefully.

Protecting yourself against every eventuality can be an expensive exercise, but incorporating it into your overall financial planning budget will help identify what savings you can potentially earmark to help should the unthinkable happen. This will in turn identify any shortfall and the level of cover you will need in order to protect your family against financial hardship should you become ill or die unexpectedly.

Insurance can be notoriously complicated and the merits and conditions of each plan need to be checked carefully as failure to declare even the smallest, seemingly unimportant piece of information requested can result in the policy not paying out.

Paying attention to the terms and conditions of any insurance plan is vital as it is here you find the all important information of what is covered and, equally importantly, what isn't, along with any limitations on when cover will start and how long it will pay out for.

The good news is that there are bespoke products that will financially protect you and your family if the worst happens *enabling you to maintain your lifestyle, whatever else life throws at you.*

Trusted advice made simple

TALK WITH AN ADVISER

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