FIDELITY INTERNATIONAL WORKPLACE PENSIONS

Protection: Looking after what's yours

Make sure that you and your family are taken care of should the worst happen

You may be familiar with insurance for your home or car, but there will come a time when you need to protect things even more important – your life, health and income. Insurance for these things means that you and your family are taken care of if the worst should happen. The price you pay for these insurances depends on your health, lifestyle and the sum you want to be paid out.

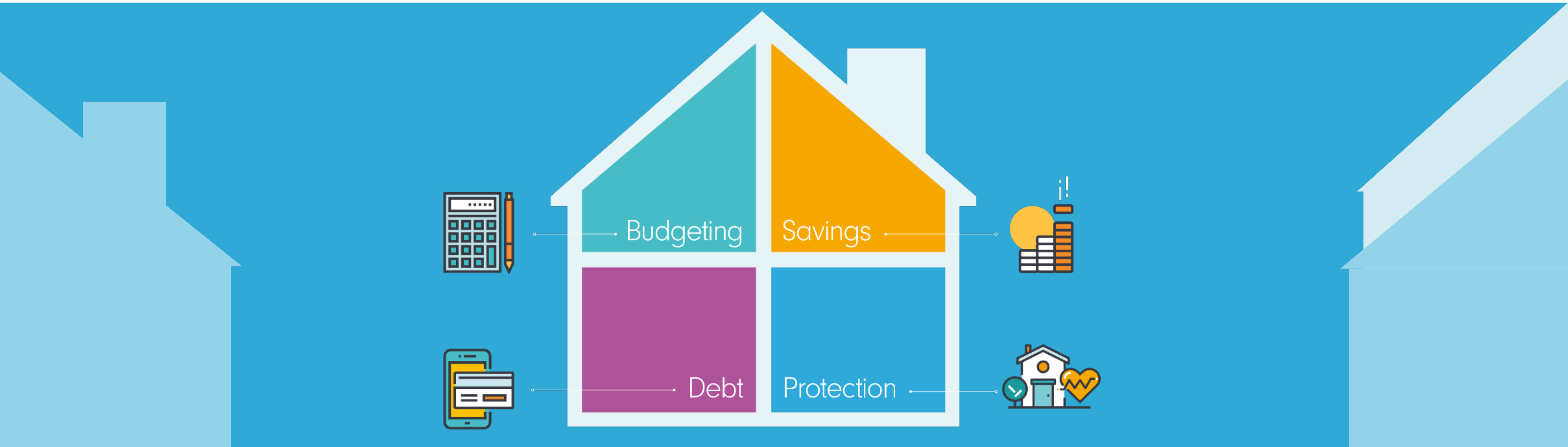
Life assurance

Life cover pays a set sum to your family or dependents if you die within the term of the policy. Think about what you want the money to cover when you set the amount – it could be to clear a mortgage or other debts, pay funeral costs, or money to support the living costs of your family for a period. Check to see if you get a death-in-service benefit from your employer, as this could reduce the sum you need from life assurance.

Any pre-existing medical conditions may not be covered or push the price higher. Answer all health-related questions as fully as possible, because your insurer may not pay if it believes you have not disclosed important information.

Critical illness cover

This can be bought as a separate policy or alongside life assurance. It pays a set sum if you are diagnosed with one in a list of serious medical conditions, such as cancer, even if you recover.



When you set the sum to be paid out, consider the bills you would want it to cover, and perhaps costs that could arise from your recuperation, including adapting your home.

Income protection

Income protection substitutes your income if you become unemployed due to an accident or sickness. It pays out for a fixed period, or until you start working again, retire or die. You can set the policy to pay a replacement income, or just to cover essential bills.

Make a will

We know that making a Will is often as task that is overlooked but it's important to know that if the worst were to happen, the courts will be the ones to decide how to distribute your assets. So, in order to ensure that your loved ones get what's yours when you die, you must have a Will in place that clearly states your wishes.

Your pension account isn't covered by a Will, so make sure you fill in an expression of wish form (and keep it up-to-date). You can do this by logging in to PlanViewer and choosing to nominate beneficiaries or by speaking with your employer.

Plan for inheritance tax

Currently, everyone is allowed to leave an estate valued at up to £325,000 without Inheritance Tax to pay. Then there's the extra 'main residence' band of £175,000 if the estate includes a primary residence passed on to someone other than a spouse or civil partner.

Including the main residence band means individuals have a total allowance of £500,000. Above that amount anything you leave is subject to 40% tax.[1]

There are ways to plan for inheritance tax – including giving money away to reduce your liability. For instance, the tax rate drops to 36% if you leave at least 10% of your assets to charity. However, there are strings attached. Those facing a large bill should consider professional help from a financial adviser.

Married couples and civil partners can pass unused allowance between them. Any assets left to your spouse or civil partner are exempt from inheritance tax. On top of this, your partner's inheritance tax allowance rises by the amount of your allowance that you didn't use, meaning a couple can currently leave £1,000,000 tax-free.

[1] Source: gov.uk - https://www.gov.uk/inheritance-tax

Take the next steps

Log into PlanViewer, or speak with your employer, to complete an expression of wish form and nominate your beneficiaries. And find out your personal score in budgeting, debt, savings and protection with the Fidelity Financial Wellness Score.

Important Information – The value of investments can go down as well as up, so you may get back less than you invest. This information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment you should speak to an authorised financial adviser. Withdrawals from a pension product will not normally be possible until you reach age 55. Tax treatment depends on individual circumstances and all tax rules may change in the future. UKM0122/33082/SSO/0123