



**Irish Life**



*Simple Guide to Life Insurance  
for Parents*

# INTRODUCTION



"Your Health is your Wealth" - I genuinely believe that to be true. I work in the A&E Department of a large hospital and every day I see the challenges people face in coping with a serious illness, the aftermath of an accident or the unexpected loss of a loved one. It's a very stressful time for patients and their families and they need resources, on many different levels, to get them through the situation.

You cannot put a value on your family's life as it's so precious. The reality is that when something serious affects our health, it impacts on the emotional and financial aspects of our lives. The last thing any of us need at a time like that is to have financial worries.

Hopefully, this booklet helps you understand more about protecting your family financially. It could be the starting point in making sure your family are protected should your circumstances change.

Protecting your family with life insurance is one of the most important financial decisions you can make. Having the facts and understanding the options out there, means you can make an informed decision on what life insurance you and your family need, and hopefully bring peace of mind, knowing you've protected what's important to you.

Take care.

A handwritten signature in black ink that reads "Dr. Mark Hamilton".

Dr. Mark Hamilton, May 2011

A&E Doctor and Presenter of "How Long Will You Live" and "Health of the Nation"

Mark is married with two children.

# LIFE INSURANCE FOR PARENTS MADE EASY

As parents we know that we need to protect ourselves, our families and homes against the financial hardship that could be caused by an illness or death in the family.

But with so many life insurance options available, it can be very confusing and complicated.

This guide aims to give you - the parents - straightforward information about the different types of life insurance you can get so that you can make your decisions with confidence.

We hope it helps you understand some of the key things you need to think about to take the first step towards protecting your family.

To make this guide simple and easy for you to follow, we've worked with Plain English Campaign, an independent organisation that campaigns for crystal-clear communication.

# HOW TO FIND YOUR WAY AROUND

We've divided this guide into four stages to make it easy for you to follow.

1

## GETTING STARTED (the basics)

Life insurance. What is it?  
Why is it so important?  
How much might it cost?  
Comparing the costs  
Where to start?

2

## EXPLORING YOUR OPTIONS

Helping you understand what type of  
life insurance you might need

3

## PLANNING YOUR JOURNEY

How much life insurance do I need?  
Protecting what's important -  
examples

4

## DELIVERING ON OUR INSURANCE PROMISE

Making a claim  
Why Irish Life?

**NEXT STEPS**

# 1 GETTING STARTED



## LIFE INSURANCE

### What is it?

Life insurance plans (also known as protection plans) can help protect your family financially if something happened to you.

It can often seem complicated, but don't worry. We are here to help make it easier for you. Figuring out what you are hoping to protect, will help you choose which plan you might ultimately need.

- Life insurance can help you protect your family financially if you die.
- Specified illness cover gives your family a lump sum if you suffer from a serious illness covered under your specific plan.

For more information on each of these plans, see [page 10](#) or visit [www.irishlife.ie](http://www.irishlife.ie)

[www.irishlife.ie](http://www.irishlife.ie)

## Why is it so important?

Protecting your family with life insurance is one of the most important financial decisions you can make. It means your family could get a lump sum or a regular income if you die, become seriously ill or are unable to work because of an illness or injury. This could help to maintain their standard of living and make sure that your children could have all of the opportunities you'd love them to have, such as going to university.

Perhaps you're wondering why you should pay for something that may or may not happen. One way of thinking about it is that it's like insuring your car or taking out health insurance. Those plans don't pay out unless something happens either, but they do give you peace of mind. Life insurance gives you this same peace of mind in knowing that if something unfortunate does happen, your life insurance plan from Irish Life could help lighten the financial burden for your family.

## How much might it cost?

Life insurance plans can cost from as little as €15 a month, excluding the government levy which is currently 1% (January 2013). For a quote you can visit [www.irishlife.ie/quick-quote](http://www.irishlife.ie/quick-quote).

The amount you will pay each month depends on:

- Your age and whether you smoke
- The lump sum or regular income you'd like your family to receive should anything happen to you
- How long you want to be covered for
- Your occupation
- Your health

Remember you must keep up your monthly payments to stay on cover.

### Facts:

- Mortgage life insurance is designed to pay off your mortgage and nothing else.

- Almost 60% of families in Ireland with children aged under 18 wouldn't be able to cope if the main earner died or became ill. (Amarach Research April 2011)

## Comparing the costs

We insure our cars, our holidays and sometimes even the family dog, but the very thing we may forget to insure is the most important of all – ourselves and our families.

When it comes to buying our mobile phone, broadband and daily cup of coffee, we often buy these automatically. Take a look below to see how much we might spend every month on these things.

### Would you spend this much on protecting your most valuable asset – your family?

Protecting your family is very affordable. The life insurance cost below is based on our Term Life Insurance plan with €100,000 of cover over a 15 year term for a man or woman, aged 40. The life insurance cost is based on no indexation and no conversion.

ITEM	COST PER MONTH
HEALTH INSURANCE	€179.40
DAILY COFFEE	€69.76
SATELLITE/DIGITAL TV	€33.00
MOBILE PHONE	€53.58
BROADBAND	€49.66
<b>FAMILY LIFE INSURANCE</b>	<b>€15.44</b>

The costs shown in the table above were correct in January 2013. Health insurance is based on the average of VHI Family Plan level 1, Aviva Family Value and Laya-healthsmart. The cost of coffee is based on an average price of €2.30 a day. The price shown for satellite TV is for UPC Digital Select Extra package. The cost shown for mobile phone is based on the average of Vodafone, o2 and three equivalent pay-monthly plans. The price shown for broadband is the average of Vodafone, UPC and Magnet entertainment comparative packages.

## Life insurance - how much do I need?

Figuring out the amount of life insurance you need can be quite straightforward. The amount of cover required will be different for everyone. In general, we recommend you should try and have enough life insurance in place to:

- maintain your family's standard of living;
- pay off your mortgage and any other loans; and
- cover any costs that might arise when your children are older, for example school or college fees.

We will look at this in more detail later. Please see [page 13](#) onwards.

## Next

Now that you know the basics, turn to the next page to get an overview of the main types of life insurance that are available.



## FACT

Over 29,000 people are diagnosed with cancer every year in Ireland (National Cancer Registry of Ireland report 2007-2009).

# 2 EXPLORING YOUR OPTIONS



## UNDERSTANDING LIFE INSURANCE

To help you get to grips with the different types of life insurance, we've split them into two types. For more information, please see [www.irishlife.ie](http://www.irishlife.ie)

1 LIFE INSURANCE

2 SPECIFIED ILLNESS

**REMEMBER:** These plans are life insurance plans, not savings plans. You can't cash in any of these plans at the end of the term.

# 1 LIFE INSURANCE

This is the name generally used to describe life insurance that pays your family a lump sum if you die. You can buy life insurance in a few different ways as described below.

## Term life insurance

- This is the most popular and cheapest way to buy life cover.
- It pays your family a lump sum if you die within a certain period of time, which you choose (usually 20 years).
- It does not cover you for your whole life and this is why it's cheaper than whole-of-life insurance.

## Mortgage life insurance

- This type of life insurance pays off your mortgage if you die.
- You take it out for the term of your mortgage and your cover reduces each month as the amount you owe on your mortgage reduces.
- Mortgage life insurance will only pay off your mortgage if you die – it will not provide any other benefits.

## Whole-Of-Life insurance

- This type of plan provides you with life insurance for your whole life. As long as you make your regular payments, this type of cover will pay your family a lump sum when you die.
- You can use it to protect your family from having to pay inheritance tax when you die, and you can also use it to provide cover to pay for funeral expenses. Whole-of-life insurance is usually the most expensive type of life insurance.

## Pension life insurance

- This is life insurance you take out before you retire. It covers you for a certain term, which you decide. It pays your family a lump sum if you die during the term of the plan.
- The advantage of pension life insurance over other life insurance plans is that it costs less because you can claim income tax relief on your payments. This is a type of life insurance you can organise as part your personal retirement or pensions plan.

## 2 SPECIFIED ILLNESS COVER

This may also be referred to as critical illness or serious illness cover. This type of cover pays you a lump sum if you suffer one of the illnesses covered on your particular plan. You can spend the lump sum however you like, to maintain your standard of living or help you cope during a difficult time.



### NOTE:

Illnesses and definitions may vary across plans, so ask your Irish Life financial adviser or Financial Broker what you are covered for, or check your product booklet. Our booklets clearly show what illnesses are covered and, perhaps more importantly, what's not covered.

# LIFE INSURANCE - WHAT DO I NEED?

Now that we have explained the different types of life insurance, you might be wondering at what stage in your life you might need it. We've outlined this for you below.

## BUYING A HOUSE

You're about to buy your first house and are over the moon.

### WHAT MIGHT YOUR NEEDS BE?

You'll need to protect your mortgage if you die or if you are diagnosed with a specified serious illness. You can do this with:

- mortgage life insurance; and
- specified illness cover.

## HAVE A FAMILY

At this stage in your life you might need to think about protecting your family financially if you die, become seriously ill or have an injury or illness which prevents you from working.

### WHAT MIGHT YOUR NEEDS BE?

You can protect your family with:

- life insurance;
- specified illness cover; and
- income insurance.

*Remember:*

*For a detailed review of your needs, we recommend you meet with your Irish Life financial adviser or Financial Broker for a financial review. This can help you identify your needs and prioritise what's most important for you.*

# 3 PLANNING YOUR JOURNEY



## HOW MUCH LIFE INSURANCE DO I NEED?

The easiest way to work out how much cover you should plan for your family is to work out the income they would need if something happened to you.

Our handy four-step guide on the next page will help you work this out for yourself. You can also get a quick life insurance quote on our website by visiting [www.irishlife.ie/quick-quote](http://www.irishlife.ie/quick-quote)

*Note:*

*This is just an estimate.  
For a detailed review of  
your needs you should talk  
to your Irish Life financial  
adviser or your Financial  
Broker.*

# STEP 1

WORK OUT THE INCOME YOUR FAMILY WOULD NEED IF SOMETHING HAPPENED TO YOU

BUDGET PLANNER	MONTHLY	YEARLY
RENT OR MORTGAGE	€	€
FOOD, GROCERIES & OTHER HOUSEHOLD COSTS	€	€
UTILITIES (WATER, GAS, ELECTRICITY)	€	€
TV, PHONE AND INTERNET	€	€
INSURANCE	€	€
CHILDREN'S EDUCATION (FEES, BOOKS, UNIFORMS AND SO ON)	€	€
CHILDCARE COSTS	€	€
CLOTHES	€	€
HOLIDAYS	€	€
TRAVEL COSTS	€	€
SOCIALISING	€	€
OTHER	€	€
<b>TOTAL SPENDING</b>	€	€
<b>TOTAL INCOME</b>	€	€

## STEP 2

**Decide how long you want your cover to last (the term).**

- In general, people tend to take life cover out over a 10 to 20 year term.
- However, because you love your children you should take out cover until your youngest child is 25.  
This is because your children may continue to live at home after they have been to college or university.

## STEP 3

**Allow for extra costs when you die.**

Take into account any costs your family may need if you die, such as funeral expenses, money to pay off debts (loans, credit cards, overdrafts and so on) and other expenses you may have built up over time.

## STEP 4

**The calculation**

- Take your total yearly income from step 1.
- Multiply it by the term you chose in step 2.
- Then add the extra costs from step 3 onto this amount.

## THAT'S IT

$$(\text{STEP 1} \times \text{STEP 2}) + \text{STEP 3}$$

= **Estimated cover you should plan for.**

# SAMPLE CASE STUDIES



**Names:** Sarah and Tom  
**Details:** Aged 35, two kids, non-smokers  
**Protection:** Life insurance

Sarah and Tom from Kildare have two children, Luke aged two and Anna aged five. They have two incomes - Sarah works part-time in a busy doctor's surgery and Tom, a teacher in the local school, is the main earner in the family. There are a few protection areas they should consider but, as they had no life insurance which is the most basic form of protection, this was their main priority. So, recently they started a life insurance plan to help protect their family financially if either of them died.

'Life insurance plan to help protect their family financially.'



**Names:** Emma and Stephen  
**Details:** Aged 40, two kids, non-smokers  
**Protection:** Pension life insurance and specified illness cover

Emma and Stephen are from Galway and have two children. Emma is a stay-at-home mum. Stephen works as a graphic designer and is self-employed. Being self-employed, Stephen knows that it is really important to protect his family and his income. He started a pension life insurance plan to provide his family with a lump sum if he died.

They're also both going to start a specified illness cover plan. This would ensure they'd have the security of a lump sum if either of them were diagnosed with a specified illness.

'Stephen and Emma know that it is really important to protect his family and his income.'

# 4 DELIVERING OUR INSURANCE PROMISE



As we come to the end of this guide, we hope you understand what life insurance and family protection is all about. We now want to tell you a little bit about our claims.

When a claim is made, it gives us the chance to deliver on that insurance promise of protection. With over 70 years of experience in paying claims, you can rely on us to help you when it matters most.

Making a claim is simple and straightforward, as the following steps show.

## HOW TO MAKE A CLAIM

1. Contact us or, if you have taken your plan out with a Financial Broker, contact them directly.
2. We, or your Financial Broker, will send you a claim form, explaining what to do and what documents we need from you.
3. A qualified claims assessor will assess your claim and will support you or your family through the claims process.
4. We will then process your claim as quickly as possible.

## DID YOU KNOW?

### At Irish Life

We pay out over 95% of all claims applications we get.

In the last five years alone we've paid more than €1 billion in claims to thousands of families across Ireland.

### In 2012, we paid:

- almost €83.5 million in life insurance claims. Over half of that amount was for people under 55 who died.
- more than €41.5 million in specified illness cover claims with average age of the people who claimed just 50;
- more than half of our specified illness claims were from people aged 50 or under;

For more information on our claims, visit  
[www.irishlife.ie](http://www.irishlife.ie)



## WHY IRISH LIFE?

We are Ireland's largest life insurance provider and we've been helping generations of families in Ireland protect the ones they love for over 70 years. But if you really want to hear more about us, the best place to start is with our customers. Take a look below at just some of the things they had to say about us helping them when they needed us most.



### WHAT OUR CUSTOMERS SAY ABOUT US

*'I was very grateful to have the protection...to have the back up...Financial security like that – it's invaluable'*

Gerry speaking about how his insurance helped him

*'I was only 28 when I got it (specified illness cover), so you don't expect that you're going to use these things...4 months later I was diagnosed with Cancer.'*

Brian speaking about the benefits of our specified illness cover

*'Financially knowing that money isn't a worry certainly gave great peace of mind...Not alone would I recommend that you should have protection. I would recommend that you have it at the earliest possible age'*

Trudy, speaking about how life insurance helped her



We help generations of families in Ireland when it matters most!

# NEXT STEPS



## NEED A FINANCIAL ADVISER?

### Irish Life

As Ireland's number 1 life insurance provider, we can help you plan for your family's future. We offer a full financial review, with no cost to you, at a time and place that's convenient to you. See [www.irishlife.ie](http://www.irishlife.ie) for more information.

### How to contact us

Address: Irish Life Assurance plc  
Irish Life Centre  
Lower Abbey Street  
Dublin 1

Phone: 1890 252 364 (To help us provide a high-quality service to our customers, we will record and monitor calls.)

Email: [customerservice@irishlife.ie](mailto:customerservice@irishlife.ie)

Web: [www.irishlife.ie](http://www.irishlife.ie)

# NEED A LIST OF LOCAL FINANCIAL BROKERS?

For a list of Financial Brokers in your area, you can contact either of the following:

## **Irish Brokers Association**

87 Merrion Square  
Dublin 2  
Phone: 01 661 3067  
Website: [www.iba.ie](http://www.iba.ie)

## **Professional Insurance Brokers Association**

Cashel Business Park  
Cashel Road,  
Dublin 12  
Phone: 01 492 2202  
Website: [www.piba.ie](http://www.piba.ie)

Please note this guide is only for general information on life insurance. Terms and conditions apply to any plans and benefits noted. Please see the [www.irishlife.ie](http://www.irishlife.ie) for more information on our life insurance products. Information is correct as at January 2013.





# Irish Life

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