

**broadbench**

# Your Guide To Whole Of Life Insurance

A Guaranteed Payout For  
Your Loved Ones



[broadbench.co.uk](https://broadbench.co.uk)   

  Trustpilot

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# What Is Whole Of Life Insurance?

Protecting those you love when you're no longer around isn't easy, but it could be one of the most important conversations you have. Looking ahead gives you peace of mind that the people who matter most will be provided for. For that reason alone, purchasing life insurance is an important part of your personal finance plan.

Whole of life insurance is a life insurance policy that guarantees your family get a payout when you die. It's cover for your peace of mind that your loved ones will have financial security no matter what.

Unlike term life insurance, which has a policy end date, whole of life insurance only ends when you pass away. **This is why the payout is guaranteed and the cover is also called life assurance.**



# How Does It Work?

## A Guaranteed Payout For Your Family

The payout amount your dependents will receive stays the same throughout your life.

For example, your cover amount is £200,000 when you take out your policy. So, when you die, your family will receive £200,000.

Depending on the policies of your insurer, you can pay these premiums monthly or yearly. You can make payments until you die, for an agreed time or as a one-off payment. The options available depend on your provider. The price of your premiums depends on several factors, such as age, gender and health.



## Guaranteed Or Reviewable Premiums

The plan can be set up in a number of ways, but to keep this explanation less complicated, there are two main methods which are as a guaranteed and a reviewable premium. A guaranteed premium starts off a lot higher, but will not change (but for indexing options chosen at outset). A reviewable premium starts off a lot lower, but will ratchet up as you get older (usually reviewed after 10y, then more frequently).

In reality, it can be an expensive solution, but when compared to the 40% IHT that your beneficiaries would have to pay on your excess estate, it is very likely to produce a saving.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

# The Benefits

## 1. Guaranteed Payout

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Peace of mind that your loved ones will get a guaranteed payout when you die – regardless of when that is.

WOL assurance will generally pay out on the second death of a spouse or civil partner. It is set up this way specifically as IHT is only usually due on the second death (assuming that each spouse leaves the majority of their wealth to the other spouse).

## 2. Written In Trust

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If your policy is held in trust, the proceeds will be paid directly to your beneficiaries allowing them to pay the IHT without delay or complication. This means that your estate can be passed on to those you love, rather than being used to pay a tax bill.

**It is important to use an apt trust; otherwise, the proceeds of the policy could be paid to the estate, increasing the IHT liability.**

## 3. Investment

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Many whole of life insurance policies also let you invest part of the money from your premium. That means it could become a form of equity if the cash value grows. If you wish, you can withdraw some of this cash tax-free. This won't affect the payout sum as the investment element of most policies is an added benefit to the policy.

## 4. Can Offset Your Inheritance Tax Liability

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Help your family from overpaying on inheritance tax.

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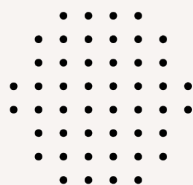
# The Benefits

## 5. Multiple Policies

You can have as many policies as you want. It's completely up to the individual. For instance, you could have whole of life and joint life insurance. There are pros and cons to having a combination of policies, which is why you should talk to your Broadbench adviser.

## 6. No Capital Gains Or Income Tax

A whole of life policy is not subject to capital gains tax or income tax.



### Did you know?

According to a 2013 study by Herefordshire County Council:

**121** weeks was the average length of stay in long-term residential and nursing care in 2011/2012.

The average cost of a residential home is **£580** per week and **£700** per week in a nursing home.

This represents a drain on the client's assets of as much as **£84,700** and possibly much more if they have a longer stay in a home.

# Inheritance Tax (IHT)

## Is your estate worth over £325,000?

if your estate is worth over £325,000, you may have to pay inheritance tax. This is charged at 40% for any assets over that threshold. It is possible to avoid inheritance tax by writing your whole of life policy into a trust. This can make a big difference to the payout that your beneficiaries will receive.

The £325,000 threshold could change in future. So, it's best to check the Inheritance Tax (IHT) Threshold to see if these tax rules still apply.

## Inheritance Tax planning

When thinking about inheritance tax planning one of the simplest things to do is put a whole of life plan in place to provide the funds to pay any liability after your death.

You may want to pass on part of your estate earlier to take advantage of the exemptions that are available for gifts. You may be looking to change where your investments are held to take advantage of the various reliefs that are available such as business property relief. Both of these strategies or a combination of both can be used to reduce

the amount of inheritance tax that is eventually payable. But both of these take time to get the full effect of the reduction in tax, so a whole of life policy may provide cover until the full benefits are realised.

**For a single person** this would normally be a single life plan on your own life written under trust for your beneficiaries.

**For a couple** who are married or in a civil partnership, and wish to leave everything to each other on first death, this would be a joint life second death policy, again written under trust for the benefit of who will eventually inherit your joint estates.

If you are lucky enough to be healthy now, hopefully you understand that you may not always stay that way. Previous ailments make WOL more expensive and sometimes unachievable as you may have become too high a risk. An earlier successful application makes any changes in health irrelevant as life providers can't re-underwrite your lives.

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# Inheritance Tax (IHT)

## Example:

Whole of Life Insurance provides a lower cost alternative way of meeting a future inheritance tax obligation – and the savings can be very significant.

	John & Sarah
	Both aged 60
Potential Future Inheritance Tax Bill	£100,000
Whole of Life Plan Sum Assured	£100,000
Monthly Premium	£100.01
Policy Written Under Trust	Yes, setting up the plan under trust means that when the policy pays out, the money does not form part of their estate – and therefore does not increase the amount of inheritance tax payable.
Policy Pays Out	When both of the couple have died, the proceeds are then paid tax-free, outside their estate, directly to the people they wish to benefit.
Potential Savings	The total potential saving depends on the amount of premiums paid between starting the insurance plan and the end of the plan. However, even if the last remaining partner died at the age of 100, the total saving would be significant. This is because the total amount of premiums paid by then would still be less than half the amount the policy would pay out (£100,000). In fact, one of the couple would need to live to the age of 143 in order to have paid more in premiums than the policy actually paid out!

**Please note that the value of your estate could increase or decrease in the future and the rate of inheritance tax and nil rate band are subject to change.**

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# Indexation

## Increase Cover In Line With Inflation

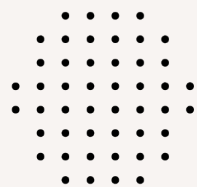
Indexation is an add-on to your Life insurance policy that allows you to increase your cover in line with inflation.

## How Does Indexation Work?

Each year before the anniversary of your plan, the provider gets in contact with you to increase your cover and confirm the new cover amount and premium.

It's your choice, you decide if you want to increase your cover. If you don't want the increase, that's not a problem, you just need to let your provider know.

Your cover increases over time. This protects your future needs without any further medical underwriting - when cover is often more expensive and harder to get.



## Why Should I Add Indexation To My Policy?

It is important to consider adding indexation onto your Life insurance plan. It's important especially when inflation rises significantly. Just look at fuel costs or your weekly shopping bill to see how prices have crept up over the years.

With Indexation added to your plan, your monthly payments may go up a little. But, every time they do go up, so does your payout. So, you can ensure your cover is worth as much tomorrow as it is today.

- When a claim is made, your loved ones receive a pay out of the same value in real terms as you thought of all those years ago.
- Indexation protects your cover against rises in the cost of living. This makes sure you have the cover you need now and in the future.
- Indexation is flexible. You can decline increases in cover at any time.

Please note that a provider may stipulate in their T&Cs that a certain number of increases are accepted to retain indexation on your policy. It's still your choice to decline, however, the provider may convert your policy to level cover.

# Protect What You Love

## Life Insurance Can Support You And Your Loved Ones In A Number Of Ways

Getting this right will give you the peace of mind that your family will be covered when you're no longer around to provide an income.

### 1. Mortgage Protection

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Overwhelmingly, clients come to us at Broadbench looking to secure life insurance that simply covers the outstanding amount left on their mortgage. However, it's vital to consider any other debts in addition to your mortgage when establishing the amount of cover to secure.

### 2. Paying Off Outstanding Debt

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Many believe that their debts cease to exist when they do, but the reality is very different. Assuming their assets don't exceed them, any debt is handed over to their next of kin. That's why, in order to truly protect what you love, it's important to consider debts beyond your mortgage.

### 3. Income Protection

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Keeping your family protected after your death is about more than leaving them debt free. It's also important to consider the loss of income they will suffer when you're no longer around. What changes would that mean to your family's lifestyle?

### 4. The Cost Of Raising Children

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The cost of supporting a family and bringing up children is also something many people overlook when considering life insurance. Research conducted in 2021 by the Child Poverty Action Group found that the basic cost of raising a child to age 18, excluding housing, childcare and council tax, is £160,692 for a couple. £193,801 for a single parent or guardian. And that research only accounts for the basic cost of raising a child. What about the lifestyle your family is accustomed to?

## FAQ's

### What happens if I stop making payments?

Whole of Life insurance has no cash-in value at any point. If you stop paying your premiums, your cover will end immediately, and you won't receive any refunds or payouts.

### Can I take out a joint Whole of Life insurance policy?

Yes, joint Whole of Life policies are available. They are typically more affordable than two separate policies but usually pay out only once—either when the first person on the policy passes away or, in some cases, upon the second death, depending on the type of policy chosen.

### Are Whole of Life insurance payouts tax-free?

Life insurance payouts are usually subject to inheritance tax (IHT) at 40%, as they are included in your estate.. Find out more about IHT Planning.

However, by placing your policy in a trust, the payout can be kept separate from your estate, reducing or eliminating tax liability. Speak with an adviser to ensure your policy is set up correctly for tax efficiency.

### Can I get whole of life insurance if I'm over 50?

Yes, Whole of Life insurance is available for those over 50. While premiums generally increase with age, many insurers offer competitive rates for older applicants. An adviser can help you find the best deal based on your circumstances.

### Can Whole of Life insurance include health coverage?

Some Whole of Life policies include critical illness cover, which provides a payout if you're diagnosed with specific medical conditions during your lifetime. This can offer additional financial security in case of serious illness.

### Is Whole of Life insurance available for diabetics?

Yes, diabetics can qualify for Whole of Life insurance, though premiums may be higher. However, Broadbench advisers specialise in finding affordable policies for individuals with diabetes. If you're diagnosed after taking out your policy, your original premiums will typically remain unchanged.

## FAQ's

### Is Whole of Life insurance available for diabetics?

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### What if I no longer want Whole of Life insurance?

Some policies allow you to surrender your plan for a cash value, though exit charges or penalties may apply. However, not all Whole of Life policies offer this option, so it's essential to check the details before purchasing.

### How much Whole of Life cover do I need?

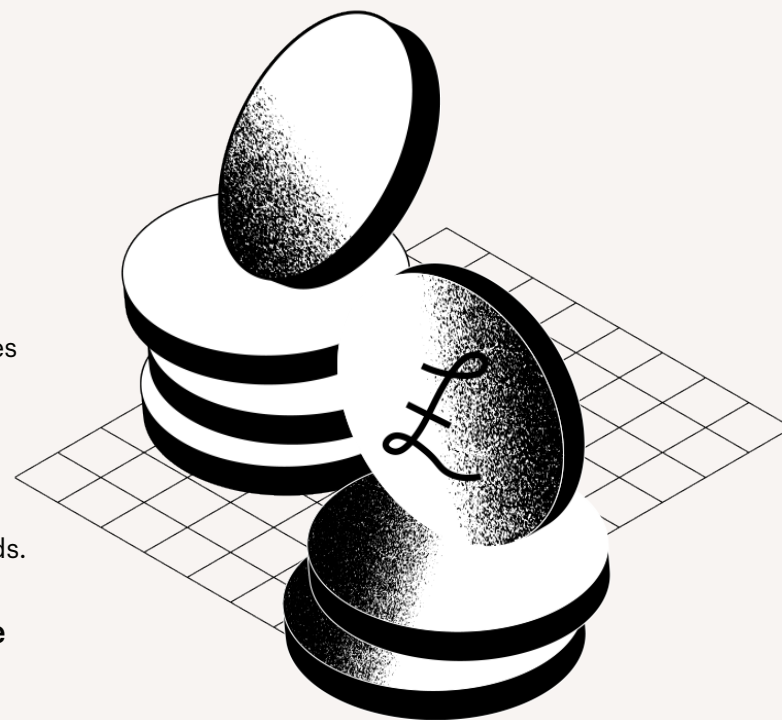
Your coverage should account for:

- Outstanding debts (mortgage, loans, credit cards).
- Income replacement to support dependents.
- Future expenses, such as university fees for children.

Online life insurance calculators can help, but working with an adviser ensures you select the right level of cover for your needs.

### When is the best time to buy Whole of Life insurance?

Life insurance is cheaper the younger and healthier you are. Whole of Life policies often include a savings element, which can grow over time, making it beneficial to purchase as early as possible.



# Why Broadbench?

Many of us decide on what insurance to go for (whether it's for your car, your house or your life) that fits the monthly premium we want to pay. Of course, you could go to a price comparison site and very quickly find the cheapest quote on the market, but would it be the best solution for you and your family?

Our advisers have the skills and knowledge to offer you bespoke and impartial advice, taking in a holistic understanding of your circumstances and combining it with a deep knowledge of what different providers offer. Not only that, but they know how to quickly navigate the insurance minefield and set up exactly what you require, taking the hassle out of your hands.

## The Benefits Of Using Broadbench:

- Bespoke and impartial advice.
- You deal with a human, not a computer.
- The hassle is taken out of your hands.
- Access to expert market knowledge.



# 4 Simple Steps

## How We Make Your Life More Manageable

### 1. We Listen To You

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Getting to know you, your requirements and how you work enables us to find the perfect products for your needs.

### 2. We Study The Market

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Leveraging our network of lenders and insurers, we scour the intermediary market to find the best options and dig into the detail to make sure they're the right fit for you.

### 3. We Do The Boring Bits

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You just want to sign up with the right provider, not be buried in forms and red tape. That's why we run you through the details and fill out all the paperwork ahead of your final approval.

### 4. We Stay In Touch

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We don't just recommend and walk away. We'll regularly check whether your product is right for your current circumstances and, if not, find a new one that is.

# Our Services

## Business Protection

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- Relevant Life Insurance
- Key Person Insurance
- Executive Income Protection
- Business Healthcare
- Shareholder Protection
- Business Loan Protection
- Professional Indemnity

## Personal Protection

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- Life Insurance
- Whole Of Life
- Critical Illness Insurance
- Private Healthcare
- Personal Income Protection
- Buildings & Contents

## Mortgages

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- First Time Buyer
- Home Mover
- Remortgages
- Buy to Let

# What Our Customers Say

We are passionate about our customers and providing the very best service. Take a look at our latest reviews on Trustpilot.

“Great service! – I've been using these guys for years for my mortgage options as a contractor. Great service and knowledge. I've also got a few other products with them. Looking forward to many more years of great service. ”

★★★★★ by Alexander Delaney

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Brilliant, as always – I'm a returning client of Broadbench, and I'm always impressed by their professionalism. Mike was incredibly helpful, and knowledgeable, and made the entire process smooth and stress-free. He took the time to ...

★★★★★ by Ali

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Highly reccommend! Extremely helpful and took the time to explain and give all options for life insurance and income protection. Made the whole process very quick and smooth.”

★★★★★ by George Gordon

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Extremely helpful organised and knowledgeable. All the information required was conveyed concisely in a personable manner. ”

★★★★★ by Liam

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Contractor guidance. We have used the services of Broadbench for many years now and have always found the team to be highly professional. As a contractor, Tom and Emily have been excellent at securing the best deals for my ...

★★★★★ by MJ

Rated 4.9 / 5 | 384 reviews

★ Trustpilot

“Exceptional service and advice from Broadbench. I really appreciate the fantastic independent advise given and effort to get the positive outcomes in setting up the right Insurance policies for me and my business. Would recommend Broadbench ...

★★★★★ by Steve

Rated 4.9 / 5 | 384 reviews

★ Trustpilot



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## Find Out More

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