

# What is Mortgage Term Assurance and why should you consider it?

Let's face it, insurance isn't the most exciting of topics yet it's surprising how many people take out various insurances to cover their pets, phones, cars and other possessions but are woefully uninsured against losing the most expensive of all – the family home.

Your monthly mortgage payment is probably your biggest outgoing so if you were unable to work because you became seriously ill or had an accident, could you still afford to make those payments? If so, for how long?



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Mortgage Term Assurance is designed to clear the outstanding balance if you die. You can also include Critical Illness Cover which would cover you if you were diagnosed with a serious, life threatening or life changing condition. Afterall, life is unpredictable and if something untoward should happen you have peace of mind that you and your family are safeguarded from a substantial financial burden. That's one less thing to worry about.

## How does it work?

Policies are usually set up on a decreasing basis with the insured amount decreasing over time in line with your mortgage. It is suitable cover for a repayment mortgage (for an interest only mortgage you should generally opt for Level Term Assurance).

The cover can be tailored to suit your needs and can include different levels of Life Insurance and/or Critical Illness cover. When a claim is made, a lump sum is typically paid out which is generally used to pay off the outstanding mortgage. Even with increased survival rates these days you still need to factor in recovery time and ongoing treatment which can last well beyond the initial diagnosis of an illness – this is why having Critical Illness Cover included is often recommended.

## Have you moved house?

If you already have cover in place it is really important to review your policy when you increase your mortgage. Have you have moved to a larger house or have you re-mortgaged, for example to pay for an extension? If so, your policy needs to be changed to reflect your increased monthly payments. In some cases a policy may even be rendered invalid by your change in circumstances.

## We can help

A little financial protection can go a long way so if you would like us to review your existing cover or provide a quote for a new policy, please get in touch: **Tel: 01789 263257** or **Email: [justask@jfsltd.com](mailto:justask@jfsltd.com)**

*Information in this document is valid for tax year 2024/25*

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