

# Viewpoint



## How to avoid a DIY disaster

Will your home insurance cover you for spilled paint or a foot through the ceiling?

## The matter of trusts

Making sure your life cover goes to the right people at the right time in the right way.

## Don't crowdfund the cost of your healthcare

A critical illness plan could help you avoid financial hardship when you need it most.



# Don't pay for your DIY disasters



*It's important to make sure your home and contents insurance meets your needs and expectations. Talk to us to find out what you're covered for – and what you aren't.*

## The warmer weather might prompt you to finally get those home improvement projects underway, but are you covered if your DIY goes awry?

With a free supply of hints, tips and video guides available at the click of a button, you might feel confident about saving a bit of money and tackling tasks that you would otherwise leave to an expert. Before you get started though, it's worth bearing in mind that British property owners pay out a massive £4.4 billion to repair the damage done by DIY.

If you're diving into a project remember to take care, make sure you have the tools and knowledge for the job you're undertaking – and, just as importantly, check your insurance cover before you begin.

### Are you covered for Accidental Damage?

Despite our best intentions, accidents do happen. Having the correct home insurance in place before you begin a DIY project could cover the cost to repair or replace broken or damaged items.

You might assume that a home insurance policy will cover your DIY disasters, but Accidental Damage cover can be additional cover with some policies, rather than automatically included. Standard home insurance tends to provide only limited cover for accidental damage to things like windows and bathroom fittings, rather than the effects of a stray drill, spilled paint or blown electrics.

In fact, full Accidental Damage would cover you for the following:

#### Buildings

- Repair of a burst pipe caused by drilling through the wall to put up a shelf
- Putting your electrics back in working order after a botched rewiring job
- Repairing your ceiling after a foot has gone through the loft floor

#### Contents

- Replacing your carpet after spilling a tin of paint
- Covering the cost of valuable ornaments damaged by the failure of TV wall mountings
- Replacing garden furniture damaged by falling tree branches

As with every type of insurance cover, there are exclusions and excesses that will apply, so it's important that you check your cover meets your needs and expectations.

### Leave it to the experts

If you're hapless with a hammer or dodgy with a drill it might be time to admit defeat, accept the limits of your DIY skills and pay for a professional. Some jobs, like those listed below, have a higher risk of going wrong – along with more costly consequences:

- Electrical work
- Plumbing
- Structural renovations
- Roof repair

And when you consider that one in 10 DIY attempts result in the need of a professional after the initial attempt fails, you might actually save yourself time, money and hassle by hiring a qualified tradesman from the outset.



# The matter of trusts

Taking out a life insurance policy gives you valuable peace of mind: you know you've protected your family against financial hardship, should the worst happen.

But how can you make sure your policy will pay out quickly, to those who'll need it most, if you died unexpectedly? The answer might be to write your policy in trust.

## What is a 'trust'?

A trust is a legal document that allows you to specify what will happen to your money after your death. If your life insurance policy is written in trust, any payout will go to the trustees you've chosen, who will then ensure the funds are distributed to the people you'd like to benefit from the policy (the beneficiaries).

## Why is a trust important?

Putting your life insurance policy in trust gives you control over who will benefit and helps them avoid Inheritance Tax (IHT). It also helps to ensure they receive the money quickly.

## Control

According to reports, only 6% of life insurance policies in the UK are set up in trust. As a consequence, the payouts become subject to the delays caused by the processing of a Will and, where there is no Will, the complex laws of intestacy come into play. This could mean the benefits of the policy will form part of your estate, which may not go to the people of your choosing.

With your life insurance in trust, you can specify who you want the beneficiaries to be. This is especially important if you are unmarried or in a civil partnership.

## Inheritance Tax

A life insurance policy that has been written in trust does not form part of your legal estate and is not subject to IHT. This allows the entire policy payout to pass to the people you intended to benefit from it. Even if your partner is the named beneficiary of your policy (and therefore the claims payout would be exempt from IHT under the current rules), it can still be worthwhile putting your cover in trust to speed up the policy payout.

## Faster payment

Using a trust should help ensure that the money paid out from your life insurance can be paid to the people of your choice more quickly, rather than waiting for lengthy legal processes, such as probate. This can be a welcome relief for those left behind during what is likely to be a very stressful and emotional time.

## Setting up a trust

Trusts are usually easy to set up, but it's important to select the right type of trust and complete the documentation carefully.

*HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes which cannot be foreseen.*

*The Financial Conduct Authority does not regulate Trust Advice.*



If you're thinking of putting a life policy in trust, please talk to us first. We can tell you if it's the right choice for you, which type of trust is most appropriate for your circumstance – and help you put the trust in place.



# Why crowdfund the cost of your healthcare?

Crowdfunding is becoming increasingly common among people who need healthcare that's not freely available through the NHS.



*To discuss critical illness protection for you and your family, please get in touch.*

Websites such as [justgiving.com](http://justgiving.com), [crowdfunder.co.uk](http://crowdfunder.co.uk) and [gofundme.com](http://gofundme.com) are full of campaigns from families trying to raise funds for treatments, or seeking help to avoid the financial hardships that a serious illness such as cancer or stroke can cause.

Even though the vast majority of proven effective treatments for cancer are funded by the NHS, 2,348 crowdfunding campaigns to cover medical treatment were launched on JustGiving in 2016, a seven-fold increase from the year before when there were just 304.

One fundraising charity, Tree of Hope, specialises in helping these young people and their families by running campaigns to raise the funds they need to pay for specialist care.

## Supporting young people

Although cancer in young people is rare, it is still the most common cause of death for children aged up to 15. Sadly, 1 child in every 500 under 15 is diagnosed with a form of cancer and 2,200 teenagers and young adults (15-24 years old) are diagnosed every year.

## Don't rely on crowdfunding

Instead of crowdfunding at a time when you should be concentrating on treatment and recovery, taking out a critical illness plan will help protect a breadwinner from the financial impact that the diagnosis of a serious illness could have on their life or their family's life.

Many critical illness policies also include cover for children (including step and legally adopted) as an automatic benefit. This can pay out a lump sum if a child is diagnosed with a specified critical illness or is hospitalised.

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