

## **Financial Security Questioned With Health in Mind**

*As the ongoing economic turbulence ripped through financial markets again this week, Defaqto has asked how long Britons could last without critical illness cover.*

September 18, 2008 (FPRC) -- The research and analysis firm warned that many people could find themselves in trouble if they are faced with illness in the coming months. Indeed, recent research carried out by YouGov on behalf of the group found that five out of six people would experience some level of difficulty if they were unable to work due to long-term illness or incapacity. Of these, nearly a third (30 per cent) said that making ends meet would be a constant struggle if they were unable to obtain a regular income, while a further 48 per cent said they would struggle from time to time.

For those who are caught ill unexpectedly, taking out cheap loans might prove an effective way to make sure costs were covered during their convalescence. However, Defaqto pointed out that consumers should look into taking out critical illness cover ahead of time to avoid having to take out loans or dipping into savings. The research came as part of Financial Planning Week, which ran from September 8th to 14th and aimed to promote the importance of planning for the future.

However, the company warned Britons that it was not just asset management that they needed to consider. Criticising individual financial advisers for focusing heavily on managing existing wealth, Defaqto warned that many consumers were now neglecting critical illness cover because of a lack of advice about the products.

Steve Gazzard, operations director at The Institute of Financial Planning, which organised the promotional campaign, commented: 'While we were pleased to see from the research that a lot of people do hold some form of protection product, it does appear that over three-quarters of dependents would continue to struggle in the case of long-term illness or incapacity.'

Meanwhile, Ben Heffer, principle consultant for life and protection products at Defaqto, urged: 'Providers must be prepared to devote more marketing effort to protection, particularly income protection and advisers must seek out potential clients to convince them of their need for protection products. The credit crunch presents a real opportunity for mortgage brokers, who may be feeling the pinch, to revisit their clients and review their financial plan with an emphasis on protection.

He went on to describe taking out such cover as being as important as ever due to the heightened sense of uncertainty abounding in today's financial markets and the wider economy.

For those who have been taken ill in recent times, taking out a personal loan may provide the necessary funding to meet the everyday cost of living, in addition to providing financial assistance for any medical procedures that may be necessary to get people back on their feet and on their way to work. Using this type of loan for the purposes of debt consolidation may be of particular interest to those people who are worried about the state of their finances, after a study by Mind showed that money matters can have a significant detrimental effect on mental wellbeing.

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