



PROTECTION PLANNING

A BIBLICAL PERSPECTIVE

*"A prudent man sees danger and takes refuge."
Proverbs 22:3*

Insurance acts as a means of protection and provision for you and your family. Buying insurance does not necessarily signify a lack of faith. Rather, it may demonstrate prudence and good stewardship in planning for an uncertain future.

Care and advice should be taken in deciding on the amount and type of insurance required. Problems can surface when too much or too little insurance is purchased. Our scriptural responsibility is to provide for our families, not to overprotect them. Leaving heirs 'set for life' may not be the best plan for their future. Decisions regarding the amount of insurance to purchase should be based upon current circumstances, budget, goals and family needs.

KEY QUESTIONS TO CONSIDER

1. Why do I need insurance?

This may be for two reasons:

- Firstly, to provide enough *income* for living expenses (e.g. regular monthly payments) and liabilities (e.g. education fees, house move) in the event of death or serious illness;
- Secondly, to provide a *capital lump sum* to cover liabilities (e.g. mortgage) future goals and unplanned expenses

We believe that insurance is an integral component of financial planning. It is not the only way to cover for such eventualities but often it is the best way, especially in your younger years when you are less likely to have significant capital provisions.

“If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith, and is worse than an unbeliever.” **1 Timothy 5:8**

Although the above scripture is strong it clearly states that there is a responsibility to provide for one's family.

2. How much insurance do I need?

Enough to provide enough capital and/or income to meet the requirements of you and your family now and in the future and to cover any outstanding liabilities e.g. mortgage. In calculating the actual amount required, one needs to consider existing provisions, changing future needs, assumptions about investment returns and inflation.

The Lord knows each of our situations and the costs involved in insuring for everything, so careful thought and prayer is put into the final recommendations to ascertain what is right for you at this time.

Your requirements will of course change over time, so regular reviews are recommended.

3. How long do I need the insurance for?

Whilst there is the potential for loss of income and existing and long-term liabilities that cannot be replaced or covered by existing savings and investments, there is a need for insurance.

When younger (and in better health) it is wise to buy insurance for the long term. This is because premiums are lower and more likely to be available without medical hurdles to overcome. Our calculations will show how long this needs to be for.

Even after the need for protecting your income or paying off debts has passed; you may need insurance to reduce Inheritance Tax or provide liquidity to your estate in the event of death. Therefore, we tend to recommend insurance with a long-term perspective in mind.

Trinity's role

We will carry out a full analysis of your current circumstances and your present and future requirements to confirm:

- a) Where any shortfalls exist.
- b) The amount of additional provisions required in each area.
- c) The timeframes involved.
- d) How best to provide such provision?
- e) The potential costs involved.

Having discussed this with you, we will then make and implement final recommendations in this area.

WHAT THE BIBLE SAYS

Scriptural Insights on Insurance

When considering insurance, we must determine our biblical role in providing for and protecting our families. Scripture clearly states that we are responsible for providing for our families yet cautions us with reference to overprotecting them. We are called to hold our possessions and families with open hands.

"If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith, and is worse than an unbeliever." **1 Timothy 5:8**

"A prudent man sees danger and takes refuge." **Proverbs 22:3a**

"Wisdom, like an inheritance, is a good thing and benefits those who see the sun. Wisdom is a shelter as money is a shelter, but the advantage of knowledge is this: that wisdom preserves the life of its possessor." **Ecclesiastes 7:11-12**