

Could you do without mum for 4 weeks?

Many people celebrating Mothering Sunday this weekend will no doubt conclude our mothers are priceless and we couldn't do without them even for a day. But most insurers offering homemaker's cover under income protection plans would not pay out for 4 weeks leaving a potentially, large financial gap for stay at home mums.

Ben Heffer, Insight Analyst at Defaqto commented: "Many families have no strategy for coping if the homemaker were long term sick or disabled and could no longer run the home and care for the children. This is surprising considering the repercussions of them not being able to perform this role are as wide as for the traditional 'breadwinner' of the family. Often this is because of the perception that no "income" as such is associated with this role where it could equate to £18,500 or more¹. Putting the right plans in place could mean financial support of up to £250,000² per year.

Mr Heffer continued: "In the event of being unable to do your job as a result of an accident or long term sickness, an income protection policy pays a monthly benefit equivalent to a proportion of your income. 27 insurers offer these policies to cover 'housepersons' too and pay out if basic activities of daily living cannot be performed".

Stay at home mums should consider the following which will impact the cost of cover:

1. The amount of benefit chosen

For housepersons and those not in employment, the benefit is often limited to a lower amount. The benefit amount chosen will be paid less any other insurance benefits the person has. The maximum benefit varies widely ranging from a basic £1,500 up to £250,000 per annum. The most common amount is £12,000 a year.

2. The waiting period

This is the period of time before the benefit starts to be paid after a claim, typically 4, 8, 13, 26 or 52 weeks. Holloway style plans from friendly societies can offer cover from day 1.

In view of the fact that houseperson's benefit is paid out only in cases of severe disability it would not be unreasonable for insurers to consider offering shorter waiting periods for houseperson's cover particularly given that in view of current economic environment many families would struggle if the homemaker were unable to care for the children and run the house.

¹ Role	Average salary	Time	Notional Salary
Child care worker	£19,400	40%	£7,760
Housekeeper	£16,384	40%	£6,554
Cook	£14,784	10%	£1,478
Chauffeur	£26,748	10%	£2,675
Total			£18,467

²Table of maximum benefits

Provider	Max benefit	Waiting period	Defaqto
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			Star Rating
AEGON Scottish Equitable	£15,000	13/26/52 weeks	5
Alliance & Leicester	£9,600	13/26/52 weeks	3
Aviva Income Protection Solutions	£15,000	13 weeks	5
Aviva Safeguard	£12,000	4/8/13/26/52/56/104/122 wks	3
AXA	£15,000	26/52/104 weeks	5
Bright Grey	£16,800	4/13/26/52 weeks	3
Bupa	£15,600	13 weeks	5
Cirencester Friendly Society Ltd	£2,730	1d/1/4/8/13/26/52	3
Dentists' Provident	£1,500	na	3
DG Mutual	£5,200	day 1	1
Fortis Life	£20,000	4/8/13/26/52 weeks	5
Friends Provident	£15,600	4/13/26/52 weeks	4
Legal & General	£20,000	4/13/26/52 weeks	5
LV=	£18,000	3/6/12/24 months	4
Nationwide Building Society	£12,000	13 weeks	4
NatWest Life	£12,000	13 weeks	4
NFU Mutual Essential Abilities	£20,000	4/8/13/26/52 weeks	2
NFU Mutual Personal Income Protection	£175,000	4/8/13/26/52 weeks	3
Pioneer Friendly Society	£10,400	day 1 or 4/8/13/26/52 wks	4
Progress from Royal Liver	£20,000	13/26/52 weeks	4
PruProtect	£18,000	4/13/26/52 weeks	5
Royal Bank of Scotland	£12,000	13 weeks	5
Scottish Provident	£12,000	4/13/26/52 weeks	4
Shepherds Friendly Society	£4,800	day 1	3
Sun Life Financial of Canada	£9,000	26 weeks	3
The Co-operative Insurance	£175,000	4/8/13/26/52 weeks	3
Unum Essential Ability Cover	£25,000	4/8/13/26/52 weeks	3
Unum Personal Inc Replacement Plan	£250,000	4/8/13/26/52 weeks	5
Wesleyan Medical Sickness	£14,400	4/6/9/17/22/26 weeks	2

West Bromwich Building Society

£15,000

26 weeks

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-Ends-

Notes to editors:

Ben Heffer is an Insight Analyst for Life and Protection

Ben graduated from Leeds University in 1984 and, after a spell in the civil service, entered the financial services industry working first for Bradford & Bingley Building Society and then at Countrywide Independent Advisers as a pensions researcher. In April 1994, Ben helped to establish the new company and the launch of the very first release of Aequos. Initially a pension specialist, in the course of his career with Defaqto, Ben has at various times been involved with annuities, investments, statistics, general database management and, latterly, the Defaqto Service Project. He now works in the Insight team with special responsibility for the life and protection brief.

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