

**Name: Keith**

**Job: Kitchen fitter**

Contract type: Self-employed

Problem: Broken shoulder



## How would you cope?

### Have you really ever thought about your current and future financial situation?

What would you do if your income stopped due to illness, accident or injury? Read Keith's story and ask yourself – **"how would I cope?"**

**Keith has been a self-employed kitchen fitter for 20 years**, he and his wife bought their house shortly after they started working and due to house price increases they now have a large amount of equity in their property. They have two children, two cars and a dog. They're an average family so their weekly outgoings are in the region of £586.

Keith owns a works van as he has to travel around the country fitting kitchens.

**Though his wife does work full time her salary alone would not be enough to support the family on a monthly basis.**

### What if Keith was taken ill or injured?

At weekends Keith's a keen rugby player, and one Sunday he broke his shoulder. The doctor has said it will be at least 9 months before he can lift his arm over his shoulder. How will he be able to do his job if he can't lift and move cabinets? As he is self-employed he is not entitled to Statutory Sick Pay but could claim for Employment and Support during assessment and if placed in the Work-related Activity Group he would receive up to £73.10 per week\*)

### How long before Keith and his family were in financial difficulty?

**2 months**



#### Day 1:

He had to cancel all his work contracts which were lined up for the next 6 months and return deposits. He would instantly start to lose income plus there is the possible reputation damage which may threaten his business if and when he can work again.



#### Month 1:

Keith's wife starts to look for a second job to supplement her income. They are going to start struggling at the end of this month as Keith won't have worked and any savings will be depleted.



#### Month 2:

Keith is re-mortgaging his home to release the equity to enable his family to live for the next 9 months.

#### Month 9:

Keith is working again but is still in pain, has no savings or equity left in his house.

#### Month 12:

Keith is retraining for a new career that does not require him lifting his arms.

Keith's family financial outgoings are similar to that of the average UK household.

### What the UK average family spends in a week

Family Spending – ONS 2020	Average
Travel and transport	£80.20
Recreation and culture (holidays, pets, tv, cinema etc)	£76.90
Fuel and power	£79.40
Other expenditure items (council tax etc)	£77.20
Food and non-alcoholic drinks	£61.90
Restaurants and hotels	£51.30
Miscellaneous goods and services	£45.50
Household goods & services	£40.80
Clothing and footwear	£24.40
Communications	£21.30
Alcohol & tobacco	£13.00
Health	£8.00
Education	£5.70
<b>TOTAL</b>	<b>£585.60</b>

This financial summary excludes housing costs which need to be added (average UK rental is £149.60 per week, and average UK mortgage is £156.50 per week).

**£585.60** is what the average UK Family spends each week

## If Keith had income protection...

**He could have a benefit paid to him which would cover his essential financial commitments.** The benefit amount and deferment period would have been agreed when he chose his Plan, allowing him to budget accordingly and focus on returning to full health, without the additional worry of how to pay the bills and provide for his family.

Plus it means he wouldn't have to touch the equity in his home to help financially support his family and not have to worry about having a larger mortgage to pay for later.

## Why Keith should have income protection from Holloway Friendly?

Keith could have chosen a short term plan paying a claim for 1 or 2 years, or a long term plan set up for the period until his retirement, these could have provided him with an income when he really needed it.

He could start receiving his income protection benefit from the end of his deferment period which can be 1, 4, 8, 13, 26 or 52 weeks depending on the Plan he has chosen, **so he could receive his benefit at the end of month 1 of sickness, if he had set this as his deferment period.** This would also mean that he could concentrate on getting better without worrying about how he would provide for his family.

**For more information about Holloway Friendly and our products please speak to your Financial Adviser or visit [www.holloway.co.uk](http://www.holloway.co.uk)**

\*[www.gov.uk/employment-support-allowance/what-youll-get](http://www.gov.uk/employment-support-allowance/what-youll-get)

Holloway Friendly is the trading name of The Original Holloway Friendly Society Ltd. Holloway Friendly is registered and incorporated under the Friendly Societies Act 1992, registered No. 145F. Registered office: Holloway Friendly, Holloway House, 71 Eastgate Street, Gloucester, GL1 1PW. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. FRN 109986.

## How long before Keith and his family were in financial difficulty?

**2 months**



### What are his minimum financial commitments?

- Mortgage
- Utilities – water, gas, electric and council tax
- Home & van insurance
- Food
- Any contracts he is unable to cancel or reduce payments on e.g. mobile phone



### What could be cancelled or reduced?

- Luxuries such as Sky, Netflix, alcohol and tobacco
- Clothing & footwear