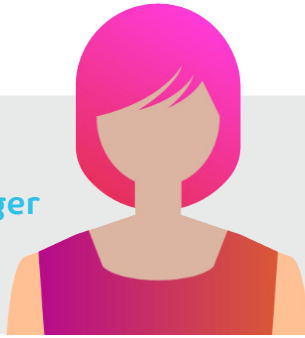


**Name: Sara**  
**Job: Shop/Restaurant Manager**  
Contract type: Employed  
Problem: Mental illness



## 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 Sara's story and ask yourself – **"how would I cope?"**

**Sara is single, 24 years old, with no dependants and lives in the city in a flat she's just bought.**

She's worked fulltime since 16, owns a car, enjoys nights out, seeing family and watching her favourite football team. Her regular out goings are: season ticket, clothes, gym membership, Netflix, phone and holidays.

**Sara is solely financially responsible for her mortgage, she has no additional sources of income and has £1,000 in easily accessible savings. Her family would be able to help her financially for a month however they would not be able to help her for a longer period.**

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

Sara is suffering from anxiety and stress. The doctor has signed her off work for the next 6 weeks but it is likely she will be off for much longer.

Her employment contract means she will not get paid sick leave and will have to rely on Statutory Sick Pay, this is only £95.85 a week\* (equivalent to £415.35 a month). This will not even cover her mortgage and building service charges not to mention all her additional out goings. How will she continue to meet her mortgage payments and not lose her new flat?

### How long before Sara is in financial difficulties?

**2 months**



#### Month 1:

Sara has very limited savings and is just able to cover this month's bills. She has cut back on all unnecessary spending.



#### Month 2:

Sara's family is able to help her financially with £250 but will not be able to next month. This month she is incredibly close to defaulting on her mortgage and her other financial obligations as she is relying on Statutory Sick Pay.



#### Month 3:

**It is likely that Sara will default on her mortgage this month and will be unable to meet her other financial commitments.**

Below is a hypothetical summary of Sara's weekly outgoings to maintain her current lifestyle. You can see that her largest commitment is her mortgage.

Sara's weekly outgoings	
Mortgage	£100.00
Travel and transport	£25.00
Fuel and power	£20.00
Food and non-alcoholic drinks	£60.00
Restaurants and hotels	£10.00
Other expenditure (Council Tax etc)	£25.00
Health	£10.00
Miscellaneous goods and services	£25.00
Recreation and culture (tv, cinema, magazines etc)	£10.00
Household goods and services	£15.00
Communications	£15.00
Alcohol & tobacco	£25.00
Clothing and footwear	£25.00
<b>TOTAL</b>	<b>£365.00</b>

## If Sara had income protection...

**She could have a benefit paid to her which would cover her essential financial commitments.** The benefit amount and deferment period would have been agreed when she chose her plan, allowing her to budget accordingly and focus on returning to full health, without the additional worry of how to pay the bills and keep a roof over her head.

## Universal Credit

This would be assessed on Sara's personal circumstances, but could be in the region of only £342.72 per month. This is significantly lower than her monthly outgoings.

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

**Sara 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 her retirement,** these could have provided her with an income when she really needed it.

She could start receiving her income protection benefit from the end of her deferment period which can be 1, 4, 8, 13, 26 or 52 weeks depending on the Plan she has chosen, so she could receive her benefit at the end of month 1 of sickness, if she had set this as her deferment period. **This would mean she would not have to worry about paying the bills and could concentrate on getting better.**

**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/statutory-sick-pay](http://www.gov.uk/statutory-sick-pay) \*\*[www.gov.uk/employment-support-allowance/what-youll-get](http://www.gov.uk/employment-support-allowance/what-youll-get)  
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**How long will it be before Sara is in financial difficulties?**  
**2 months**



**What are her minimum financial commitments?**

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



**What could be cancelled or reduced?**

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