

**Name: Stuart**  
**Job: Plumber**

Contract type: Employed  
Problem: Muscular Skeletal



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

**Stuart is a plumber, he's a permanent employee of a building firm and is entitled to sick pay as he's been employed there for more than 6 months.** He has a wife, three children and a cat. They own a home where the mortgage is 15 years from being paid off. Stuart is a smoker and this costs about £100 a month. Stuart's wife currently works part time and when the children are older she plans to go back fulltime.

**Stuart is the main earner for the family and his wife's part time salary helps plug any additional costs. However even if his wife was full time, her salary would not be enough to support the family if Stuart was unable to work.**

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

Stuart has been suffering from shoulder problems which have progressively worsened over the last 12 months. He is now unable to work due to the pain. His doctor has signed him off and he now has to wait for an operation to help his shoulder which may or may not be successful.

Stuart will receive full sick pay from his employer for the first 4 weeks, this pay will then be reduced to half pay for a further 4 weeks. After that he will only be entitled to Statutory Sick Pay for a maximum of 28 weeks after that he will receive no further benefit.

If Stuart isn't working, how is he going to support his family for the next 8 weeks, if not longer? Statutory Sick Pay is only £95.85 a week\*. This will not even cover his mortgage. How will Stuart support his family if he only receives Statutory Sick Pay or worse if he's off sick longer than 28 weeks and receiving no state benefit?

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

**3 months**



#### Month 1:

Stuart has enough money to cover all the financial commitments as he receives full pay from his employer.



#### Month 2:

Stuart is struggling to cover the costs of all his bills as he only receives half pay from his employer and Statutory Sick Pay does not make up the shortfall. His wife's part time salary will help to make up the shortfall.



#### Month 3:

Stuart has no income other than Statutory Sick Pay, this is not enough to cover his mortgage. His wife's part time income is not enough to cover the shortfall this month. This could leave him in severe financial difficulties.

Stuart and his family's out goings are similar to the of the UK average family. Like the majority of families, their largest commitment is their mortgage.

### 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 Stuart 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 keep a roof over his family. Plus he would still receive Statutory Sick Pay until he had been off for 28 weeks.

### Universal Credit

This would be assessed on Stuart's personal circumstances, but could be in the region of a monthly allowance of £594.04, plus £281.25 for the first child and £235.83 for the second and third child. This comes to a total of £1111.12 per month, significantly lower than their monthly expenditure. The UC could also be lowered depending on their personal savings.

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

Stuart 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, reducing any financial worries.**

**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)

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

**3 months**



#### What are his minimum financial commitments?

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



#### What could be cancelled or reduced?

- Pet insurance
- Internet/Sky/Netflix
- All activities
- Clothing & footwear
- Alcohol, going out, cigarettes