



**Reaching Resilience**

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For financial advisers only

**LV=**  
PROTECTION

## **How prepared is your client for the unexpected?**

The definition of financial resilience is the ability to cope with a sudden unexpected change to finances, such as a temporary loss of income. Essentially, it's about whether bills can continue to be paid, food put on the table and loved ones supported. In today's climate consumers are even more aware of their need to be financially resilient, but do they realise protection could provide that solution?

Our second Reaching Resilience report\* explores the views of UK working adults on their financial resilience and challenges their perception of what makes a good plan B if they couldn't work because of illness or injury. Here are three key takeaways from the report that you can use within your protection conversations:

### **Almost half of the working population said they'd rely on savings**

This is a common objection to protection that I think most of us can relate to. Almost half of workers surveyed said they would rely on savings if an illness or injury left them unable to work. Yet our research showed that 4 in 10 workers don't have the suggested 3 months of average outgoings saved (around £5,000 for the average household\*\*).

Exploring this further:

- Around 4 in 10 have less than £5,000 saved
- A quarter have less than £1,000
- 1 in 10 have no savings at all

This isn't a sustainable safety net for most people, especially when you consider, according to LV= claims data from 2023, the average LV= Income Protection claim lasted for 5 years, 2 months. Sharing this with your client can get them to think about how far their savings would get them. Unless specifically an emergency fund, it's also unlikely your client's original saving goal was to cover outgoings due to an unexpected life event. How prepared are your clients to dip into these hard-earned savings?

### **Plenty think they could rely on others to get by**

Another common theme was the assumption that they could rely on a partner, parent, or other family members to cover this loss in income. However when we asked 'who else relies on your income' the most common response was their partner, and 52% of working couples said they need both incomes to meet their outgoings. This statistic is even higher for younger working couples and first-time buyers.

In fact, according to our research the average worker is supporting 3 people with their income (including themselves). Losing an income often has a domino effect, and it's always good to remind your clients that an Income Protection policy is more than just about protecting them.

Ask your clients who are couples:

- How would you cope financially with just one income?
- What about if it's the primary earner whose income stops?
- If you can cover essential outgoings, how prepared are you to sacrifice other aspects of your lifestyle?
- How many people are you supporting with your own income? What would be the impact to them if you couldn't work?

### **Over half of the working population said they'd feel more financially resilient with Income Protection or Critical Illness cover**

If there's one message to focus on, it's the opportunity that's out there for advisers. We asked how financially resilient they'd feel with insurance that pays a lump sum for a serious illness or covered their income if they couldn't work due to illness or injury. Over 50% could see the benefit of these types of protection in providing peace of mind for their financial future.

When we specifically mentioned product names, 1 in 4 workers who don't currently have protection would like to have either Income Protection or Critical Illness cover.

Clients aren't always aware that protection is the solution, or even in some cases that it's an option. As an adviser, you're uniquely placed to demonstrate the role that protection products play in building financial resilience.

### **Read our Reaching Resilience report**

Our latest Reaching Resilience report is packed with insights that can really help you to frame the protection conversation. It also dives into some core groups you might come across, specifically first-time buyers, families with children and the self-employed, providing insights to tailor your conversations.

To read our report and find other resources, visit our [Reaching Resilience hub](#). You can also contact your [LV= account manager](#) to arrange a 1-2-1 session.

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\*The data used in our Reaching Resilience report comes from a survey of 4,000 nationally representative adults conducted for LV= by Opinium between 23 November and 3 December 2023.

\*\*Average outgoings is based on data from our LV= Wealth and Wellbeing Research – June 2023. Moneyhelper suggest a good rule of thumb is to have 3 months of outgoings in savings.