

What Is Mortgage Life Assurance?

It's designed to pay off the remaining mortgage debt on repayment mortgages if you die within a set period. It ensures your dependents needn't worry about repaying the mortgage if you die.

Its full name is Mortgage Decreasing Term Life Assurance (MDLA). The reason it is 'decreasing' is because you're outstanding mortgage debt, and therefore the potential payout, decreases over time.

Is it worth having?

Most lenders strongly recommend you get a policy when you take out a mortgage. It is useful protection and, if done correctly, shouldn't be prohibitively expensive. Yet lenders will try and sell you their own policies. Do this and it's likely you're substantially overpaying.

We can research the market for you and find the most appropriate and cost effective policy for you.

How Much Does It Cost?

It's simply a case of the cheaper the better

MDLA has no investment element as the pay out covers the mortgage and there's no argument over whether someone has died. So it's usually a simple case of the cheaper the better, though always ensure the policy has fixed premiums (i.e. the amount you pay each month for it won't change).

And if you jointly own the home, get a quote for a joint policy which pays out on the 'first death' and compare this to the cost of separate policies.

Costs depend on you

Policy costs increase with mortgage size and length as well as the likeliness of your death during the term. This means age, sex and whether you smoke are big factors. For those who've quit smoking, once you're clean for a year, it is worth a re-quote as the price may have plummeted.

Again if you already have a policy and you have stopped smoking ask us for a re-quote, we may be able to reduce your premiums

Some MDLA policies also factor in health, occupation and participation in risky sports. So a 21-year-old, organic food eating, gym addict, who's alphabetised their vitamin collection, will probably find their policy pretty cheap.

Consider writing in trust

If you die the life assurance forms part of your estate. This could mean you're hit with Inheritance Tax but in many cases you can avoid this by writing the policy in trust – which means the pay out goes direct to your dependents, avoiding inheritance tax.

This is relatively easy to do as with most insurance policies they include the option (and papers) for writing in trust directly, at no extra charge.

Please contact us to arrange a meeting or fill in our on-line enquiry form.