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Do I need Life Insurance if I have Death in Service benefit through my job?

Death in Service is an employment benefit that pays out a lump sum to your nominated beneficiaries if you pass away while you are working for your employer. The cause of death doesn't have to be work-related – you simply need to be on the company's payroll at the time of death. It is important to note that sometimes you'll also need to be signed up to your employer's pension scheme to qualify.

While Death in Service is hugely valuable, it shouldn't be seen as a replacement for Life Insurance cover for a number of reasons. Like Death in Service benefit, Life Insurance pays out a lump sum if you die, helping your dependents cope financially.

However, with Life Insurance, also known as Term Assurance, you have more options on who receives the payout. For example, you could assign it to cover your mortgage, or you could leave it to form part of your estate.

Unlike Life Insurance, you don't get to choose the amount of cover with Death in Service benefit as it's set by your employer instead. This means the payment may not be sufficient to help your dependents cope financially if you pass away. Also, if you leave the company, you will lose the benefit.

If you have Death-In-Service benefits in work, this could bring down the cost of Life Insurance for you because you will need less of it.

To help you identify the type of cover which is most suitable for you, consider getting impartial advice from a Financial Broker.

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