

Unit 4 Life insurance and pensions

Life insurance is not only about life and death. Work with a partner and brainstorm other events in life you might need to cover using life insurance. Add your ideas to the mind map.

Covering the cost of school/college for kids

Life insurance

Did you know?

In addition to *life insurance*, the term *life assurance* is also used, especially in British English. *Insurance* refers to an event which may or may not happen, such as an accident or catastrophe; *assurance* relates to an event which is certain such as death. Nowadays both terms are used, but *assurance* is only used in connection with the life business.

Complete the sales brochure for life insurance with the words in the box.

insurance • mortgage • saving • security • widow • widower



Have you thought about life insurance?

What would happen if you died tomorrow?

Who would pay the

.....¹ and the bills?

Could your² or

.....³ afford to take your children on vacation? How would he / she pay for your daughter's wedding or your son's 18th birthday party? You owe it to your family to make sure they could manage financially if you died early.

Life⁴ is the answer. It

guarantees financial⁵

to help your family manage after your death. The peace of mind that life insurance offers will help you make clear plans for you and your family's future.

But that's not all.

Life assurance has a unique advantage over other investments. In addition to offering you protection, it can also be an important way of⁶ money. This combination of advantages makes life insurance different from other financial products.

- 2 Georg Hirsch works in product development at a German insurer. He is brainstorming a list of the advantages and disadvantages for customers of life insurance. Decide whether the points he has noted are advantages or disadvantages.

	Advantage	Disadvantage
1 Savings cannot be easily accessed	<input type="checkbox"/>	<input type="checkbox"/>
2 Healthy return on investment	<input type="checkbox"/>	<input type="checkbox"/>
3 Charges can be quite high	<input type="checkbox"/>	<input type="checkbox"/>
4 Terms and conditions of life insurance can be complicated	<input type="checkbox"/>	<input type="checkbox"/>
5 Savings security: In the last 50 years customers have never lost money as the result of a life insurer going out of business.	<input type="checkbox"/>	<input type="checkbox"/>
6 Creates self-discipline – forces you to save every month and keep saving	<input type="checkbox"/>	<input type="checkbox"/>
7 Customers can be sold a life insurance policy which is not right for them by advisers who are only interested in their commission.	<input type="checkbox"/>	<input type="checkbox"/>
8 Flexibility: You can change how your savings are being invested to get better returns.	<input type="checkbox"/>	<input type="checkbox"/>

- 3 Read about three types of life insurance and suggest the most appropriate type, if any, for the clients (a–d).

Term insurance

- Cheapest form of protection
- Gives you financial protection if you die within a certain period of time – the “term” or lifetime of the policy
- If you are still alive at the end of the term, you will not receive any payment

Whole life insurance

- Pays the sum insured to your dependents when you die
- Not limited to a specific period like term insurance
- Means more expensive premiums because it is certain that the insurance company will eventually pay the sum insured

Endowment insurance

- Protects your family and enables you to save for the future
- Premiums paid for an arranged number of years, after which you receive a lump sum called the maturity value
- Maturity value is guaranteed sum insured, together with bonuses in the case of a with-profits endowment policy
- If you die before policy matures, sum insured – plus any bonuses – is paid to dependents
- Often taken out in combination with a house purchase

- a “I want protection and a way of investing my money.”
- b “I’m 28, single, and still live with my parents. I don’t know anything about insurance, so I don’t want to do the wrong thing or buy something I don’t need!”
- c “I just want the least expensive kind of life insurance in case I die before my children finish college.”
- d “I’m married and a father of two. We’re just about to buy our first house.”

Does the insurance company you work for offer any additional types of life insurance?
Compare the features of these products with the policies described in Exercise 3.

Phrases to use

Talking about differences

One major/main difference between ... and ... is that ...
A slight /small difference between ... and ... is that ...
A ... differs from a ... in that ...
The biggest distinction between ... and ... is ...

Vocabulary

Complete the sentences by choosing the correct terms.

- Someone who has retired and is drawing their pension is called a **retirer** | **retired** | **pensioner**.
- When you stop working at the age of 65 you go into **retirement** | **retire** | **pension**.
- If you stop working earlier than usual this is called **pre-retirement** | **early pension** | **early retirement**.
- The phase at the end of your working life is called your **pension** | **retirement** | **resting period**.

Match the terms with their definitions.

- tax-deductible
- charges
- subsidy
- pay-as-you-go
- funded system

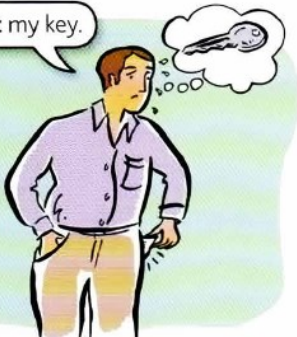
- system where contributions are paid on a regular basis
- money contributed by government or an organization to reduce the costs for end-users
- pension plan where contributions are invested in order to generate later pay-outs
- an expense that can be subtracted from your total income before it is taxed
- the money you have to pay in return for a financial service

Pensions are not generally referred to as "pension insurance" in English. This is perhaps because people don't see pensions as insurance products.

B Grammar – present perfect

Study this example situation:

I've lost my key.



Tom is looking for his key. He can't find it.
He **has lost** his key.

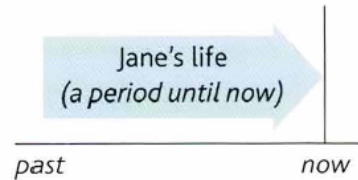
He **has lost** his key = He lost it recently, and he still doesn't have it.

Have/has lost is the *present perfect simple*:

I/we/they/you have (= I've etc.)	finished lost
he/she/it has (= he's etc.)	done been etc.

Study this example conversation:

DAVE: **Have** you **travelled** a lot, Jane?
 JANE: Yes, I've **been** to lots of places.
 DAVE: Really? **Have** you ever **been** to China?
 JANE: Yes, I've **been** to China twice.
 DAVE: What about India?
 JANE: No, I **haven't been** to India.



When we talk about a period of time that continues from the past until now, we use the *present perfect* (**have been / have travelled** etc.). Here, Dave and Jane are talking about the places Jane has visited in her life, which is a period that continues until now.

Read the situations and write sentences. Use the following verbs in the present perfect:

arrive break fall go up grow improve ~~lose~~

- | | |
|---|------------------------------|
| 1 Tom is looking for his key. He can't find it. | Tom <u>has lost his key.</u> |
| 2 Lisa can't walk and her leg is in plaster. | Lisa |
| 3 Last week the bus fare was £1.80. Now it is £2. | The bus fare |
| 4 Maria's English wasn't very good. Now it is better. | Her English |
| 5 Dan didn't have a beard before. Now he has a beard. | Dan |
| 6 This morning I was expecting a letter. Now I have it. | The letter |
| 7 The temperature was 20 degrees. Now it is only 12. | The |

Complete B's sentences. Make sentences from the words in brackets.

<p>A</p> <p>1 Would you like something to eat?</p> <p>2 Do you know where Julia is?</p> <p>3 What time is David leaving?</p> <p>4 What's in the newspaper today?</p> <p>5 Is Sue coming to the cinema with us?</p> <p>6 Are your friends here yet?</p> <p>7 What does Tim think about your plan?</p>	<p>B</p> <p>No, thanks. <u>I've just had lunch.</u> (I / just / have / lunch)</p> <p>Yes, (I / just / see / her)</p> <p>..... (he / already / leave)</p> <p>I don't know. (I / not / read / it yet)</p> <p>No, (she / already / see / the film)</p> <p>Yes, (they / just / arrive)</p> <p>..... (we / not / tell / him yet)</p>
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Have you ever...?

- (waste) money on something you've never used
- (sell) anything on the Internet
- (lose) a credit card or your wallet
- (save) for something for a long time
- (win) any money (e.g. in a lottery)
- (be) robbed
- (lend) money to someone who didn't pay you back

Have you...recently?

- (buy) anything on the Internet
- (be) to a mall or shopping centre
- (buy) anyone a present
- (use) a credit card
- (take) money out of a cash machine
- (borrow) money from someone in your family

C Present perfect vs past simple

Read the examples. Are the sentences in the Past Simple or Present Perfect?

- a Music has been available online since the early 2000s.
- b In 1979, Sony introduced the Walkman.
- c I've bought lots of albums online.
- d Soon, recordings became more widely available on Edison's phonograph cylinders.

Which tense do we use to talk about the following?

- 1 an event at a definite time in the past
- 2 a situation that started and finished in the past
- 3 a situation that started in the past and continues to the present
- 4 an event or series of events at an indefinite time in the past

Complete the rules.

We form the Present Perfect with _____ + _____ .

We form questions in the Present Perfect with _____ + subject + _____ .

We form negatives in the Present Perfect by putting *not* / *n't* after _____ .

Which of these word groups do we use with the Past Simple or Present Perfect?

just, since, so far, yet

in 1963, last week, a year ago, when?

Choose the correct verb in these exchanges.

- 1 A Have you ever bought an LP?
B Yes, I *did* / *have*.
- 2 A How many shops have closed down where you live?
B I think three shops *closed* / *have closed* down so far.
- 3 A Did your family have a gramophone player when you were a child?
B Yes, we *had* / *'ve had* a huge wooden one.
- 4 A Have you subscribed to iTunes yet?
B Yes, I *have joined* / *joined* a few months ago.
- 5 A Did you throw away all your old LPs?
B No, I *didn't* / *haven't*. I gave them to a friend who collects records.
- 6 A How long have you had your MP3 player?
B I *had* / *'ve had* it for ages.
- 7 A *Did you download* / *Have you downloaded* any music last week?
B Yes, I downloaded two songs on Friday.
- 8 A White Denim are on tour at the moment. *Did you see* / *Have you seen* them?
B Not yet. I'd like to see them next week.