SPHERE PRIVATE

The Complete HNWI Family Protection Checklist

A comprehensive step-by-step guide to securing your family's financial future

FOR HIGH-NET-WORTH FAMILIES

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Welcome to Your Protection Journey

This comprehensive checklist guides you through every aspect of family protection planning—from initial assessment to full implementation. Work through each section systematically to ensure nothing is overlooked.

How to Use This Checklist

Step 1: Print this document or save it digitally
Step 2: Work through each category sequentially
Step 3: Check off items as you complete them
Step 4: Schedule a consultation with Sphere Private for professional guidance

Note: This checklist is designed for families with £2M+ annual income or £10M+ net worth. For personalized recommendations, contact our specialists.

Phase 1: Financial Discovery & Assessment

- [ ] **Complete household income analysis**
  Document all income sources: salary, business profits, investment returns, rental income, trust distributions. Calculate total annual household income.

- [ ] **Inventory all assets (UAE and international)**
  List: Dubai property, UK property, international real estate, investment portfolios, business ownership stakes, vehicles, jewelry, art collections, private equity holdings.

- [ ] **Document all liabilities and debts**
  Outstanding mortgages, business loans, personal loans, credit facilities, guarantees provided, partner obligations.

- [ ] **Calculate monthly fixed expenses**
  Mortgage/rent, school fees (all children), household staff salaries, property maintenance, insurance premiums, vehicle costs, utilities.

- [ ] **Review existing insurance policies**
  Gather all current life, disability, critical illness, health, property, and liability insurance documents. Note coverage amounts, expiry dates, beneficiaries.

- [ ] **Identify insurance gaps and overlaps**
  Compare current coverage against actual needs. Highlight underinsured areas and duplicate policies wasting premiums.

- [ ] **Map family dependency relationships**
  List all dependents: spouse, children (ages), elderly parents, disabled family members, financially dependent siblings. Note special circumstances (special needs, medical conditions).

- [ ] **Assess business ownership structure**
  If business owner: ownership percentage, partner relationships, business valuation, succession plan status, existing buy-sell agreements.

Phase 2: Coverage Needs Quantification

Calculate your exact protection requirements using the Sphere Private methodology.

Immediate Liquidity Needs

- [ ] **Calculate 12-month emergency fund**
  Multiply monthly fixed expenses by 12. Example: £32,000 monthly × 12 = £384,000 minimum Year 1 liquidity.

- [ ] **Add funeral and estate settlement costs**
  Budget £50,000-£100,000 for funeral, legal fees, probate, estate administration, cross-border coordination (UAE/UK).

- [ ] **Include immediate debt repayment**
  Outstanding credit cards, personal loans, any debts requiring immediate settlement upon death.

Long-Term Capital Requirements

- [ ] **Calculate university costs per child**
  UK universities: £250,000-£300,000 per child (tuition + accommodation + living expenses for 3-4 years). US universities: £400,000-£500,000+ per child.

- [ ] **Budget for weddings and major life events**
  High-net-worth family weddings: £200,000-£500,000 per child. Multiply by number of children.

- [ ] **Plan for property deposit assistance**
  UK property deposits: £500,000-£1,500,000 per child. Dubai property: AED 3M-10M per child (£650,000-£2,100,000).

- [ ] **Allocate business startup capital**
  If children plan entrepreneurship: £1M-£3M seed capital per child for business ventures.

- [ ] **Factor in inflation (20-year horizon)**
  Increase all long-term costs by 60-80% to account for inflation over 20-25 year period until children reach independence.

Category	Per Child	Number of Children	Total Required
University Education	£300,000	___	£_________
Wedding / Major Events	£300,000	___	£_________
Property Deposits	£1,000,000	___	£_________
Business Startup Capital	£2,000,000	___	£_________
TOTAL LONG-TERM CAPITAL REQUIRED			**£_________**

Business Protection & Succession

- [ ] **Obtain current business valuation**
  Engage professional valuer for formal business appraisal. Required for buy-sell agreements and key person coverage calculations.

- [ ] **Review/create buy-sell agreement**
  If business partnership: formal agreement detailing ownership transfer upon death/disability. Insurance-funded for immediate liquidity.

- [ ] **Calculate key person insurance needs**
  Typically 3-5x annual revenue for founder/CEO. Covers business continuity, client retention, talent recruitment during transition.

- [ ] **Design shareholder protection structure**
  Cross-purchase vs entity purchase agreements. Life insurance owned by company or individual shareholders.

- [ ] **Document succession plan**
  Who inherits ownership? Who manages operations? Gradual transition or immediate sale? Family involvement or external management?

- [ ] **Assess business debt and obligations**
  Corporate loans, personal guarantees, supplier credit lines. Ensure insurance covers debt repayment to prevent business liquidation.

Cross-Border Tax & Estate Planning

- [ ] **Determine UK domicile status**

UK nationals: deemed domiciled if resident 15 of last 20 years. Non-UK nationals: domicile of origin vs. domicile of choice. Affects worldwide estate IHT exposure.

- [ ] **Calculate UK inheritance tax (IHT) exposure**

  UK property always subject to 40% IHT regardless of residence. £325,000 nil-rate band + £175,000 residence nil-rate band = £500,000 threshold per person.

- [ ] **Review UAE succession law implications**

  Sharia succession applies to Muslims by default. Non-Muslims can opt for DIFC Wills or ADGM Wills to apply home country laws to UAE assets.

- [ ] **Create DIFC or ADGM Will for UAE assets**

  DIFC Wills Centre registration (non-Muslims) or ADGM Wills Service. Covers UAE property, bank accounts, investments. Separate from UK Will.

- [ ] **Update UK Will for UK assets**

  UK solicitor-drafted Will specifically covering UK property, investments, personal possessions. Coordinate with DIFC/ADGM Will to avoid conflicts.

- [ ] **Consider UK trust structures for IHT mitigation**

  Irrevocable Life Insurance Trusts (ILITs) for UK policies. Discretionary trusts for wealth transfer. HMRC Trust Registration Service compliance.

- [ ] **Explore international trust jurisdictions**

  Jersey, Guernsey, Isle of Man trusts for cross-border wealth protection. Coordinate with tax advisors for compliance.

Phase 3: Solution Design & Carrier Selection

Independent market access to optimal policy structures across global carriers.

Life Insurance Portfolio Construction

- [ ] **Determine term vs. permanent life insurance mix**
  Term: affordable high coverage for temporary needs (20-30 years). Permanent: lifetime coverage for estate planning, IHT, legacy. Hybrid approach typical for HNWI.

- [ ] **Evaluate level term vs. decreasing term**
  Level term: fixed coverage amount (business, family income replacement). Decreasing term: coverage reduces over time (mortgage protection only).

- [ ] **Consider whole life vs. universal life (permanent)**
  Whole life: guaranteed fixed premiums, guaranteed death benefit. Universal life: flexible premiums, investment component, higher potential returns.

- [ ] **Assess joint life vs. individual policies**
  Joint first-death: pays on first spouse death (cheaper). Separate policies: each spouse independently covered (comprehensive). HNWI typically use separate policies.

- [ ] **Explore multi-currency policy options**
  GBP, USD, EUR, AED denominated policies. Match policy currency to beneficiary location and future obligations.

- [ ] **Review policy portability for global mobility**
  International carriers (Bermuda, Luxembourg) maintain coverage if relocating. UK domestic policies may lapse upon permanent expatriation.

󰀀 Disability & Critical Illness Coverage

- [ ] **Select own-occupation disability definition**
  Own-occupation: pays if unable to perform YOUR specific job. Any-occupation: only pays if unable to do ANY job (avoid this). Own-occupation essential for professionals.

- [ ] **Determine income replacement percentage**
  Standard: 60-70% of gross income. High earners (£500K+): may need multiple policies from different carriers to reach adequate coverage.

- [ ] **Choose benefit period (to age 65+ or specific years)**
  To age 65: longest coverage, highest premium. 5-year benefit: cheaper, suitable for temporary protection. Age 65 recommended for comprehensive coverage.

- [ ] **Add cost-of-living adjustment (COLA) rider**
  COLA: benefits increase annually with inflation. Essential for long-term disability lasting 10-20+ years. Typically 3-5% annual increase.

- [ ] **Include partial disability benefits**
  Proportional payments if returning to work part-time. Example: 50% capacity = 50% of full benefit while working reduced hours.

- [ ] **Evaluate critical illness standalone vs. accelerated benefit**
  Standalone: separate policy, no impact on life insurance. Accelerated: pays from life policy death benefit (reduces remaining coverage). Standalone preferred for comprehensive protection.

- [ ] **Review covered conditions list (cancer, stroke, heart attack)**
  Standard: 30-50+ covered conditions. Verify coverage for: cancer (all stages), heart attack, stroke, kidney failure, major organ transplant, paralysis, blindness.

- [ ] **Add business overhead expense coverage (if business owner)**
  Covers fixed business expenses during disability: staff salaries, rent, utilities. Typically 12-24 month benefit period. Preserves business viability during recovery.

Phase 4: Implementation & Legal Structuring

Medical underwriting, trust establishment, and beneficiary coordination.

Underwriting Process

- [ ] **Complete application forms accurately**
  Full disclosure of medical history, lifestyle, occupation, aviation activities, hazardous hobbies. Non-disclosure can void policy.
- [ ] **Schedule medical examination**
  Standard: blood tests, urine analysis, height/weight, blood pressure. Jumbo policies (£10M+): ECG, stress test, additional screening.
- [ ] **Provide financial documentation (high coverage amounts)**
  Tax returns, business financial statements, personal balance sheet, income verification. Required for coverage >£5M or 20x income.
- [ ] **Submit business valuation (for business protection)**
  Professional appraisal required for key person and buy-sell coverage. Carriers verify coverage aligns with actual business value.
- [ ] **Address any underwriting concerns or exclusions**
  Pre-existing conditions, aviation activities, hazardous occupation. Negotiate exclusions, premium ratings, or decline alternative carriers.

⚖ Trust Structures & Beneficiary Designation

- [ ] **Establish UK trust for UK life insurance policies (if applicable)**
  Irrevocable Life Insurance Trust (ILIT) removes policy proceeds from estate, avoiding 40% IHT. Requires UK solicitor and HMRC Trust Registration.

- [ ] **Set up DIFC/ADGM trust for UAE policies (if applicable)**
  DIFC or ADGM trust structures for UAE-based policies. Coordinates with DIFC/ADGM Wills. Ensures Sharia-compliant or common law succession as preferred.

- [ ] **Designate primary beneficiaries**
  List specific individuals with full names, relationships, percentages. Example: Spouse 50%, Child 1 25%, Child 2 25%. Avoid "my children" (ambiguous).

- [ ] **Designate contingent beneficiaries**
  Backup beneficiaries if primary predeceases. Example: Siblings, parents, charitable organizations. Prevents intestacy complications.

- [ ] **Create orphan trust for minor children**
  If both parents die, trustee manages proceeds until children reach specified ages (25, 30, 35). Includes guardian designation, distribution schedule, investment guidelines.

- [ ] **Appoint trustees and executors**
  Select responsible individuals or professional trustees. Sphere Private can recommend fiduciary services. Name successor trustees for continuity.

- [ ] **Coordinate policy ownership with tax strategy**
  Self-owned vs. trust-owned vs. corporate-owned. Each has different tax implications (income tax, IHT, corporation tax). Consult tax advisor.

- [ ] **Document beneficiary instructions and letter of wishes**
  Non-binding guidance to trustees on your intentions: education priorities, business succession, charitable giving, lifestyle maintenance for family.

Phase 5: Ongoing Stewardship & Reviews

Annual reviews and life event coordination to ensure coverage evolves with your family.

Annual Review Process

- [ ] **Schedule annual protection review with Sphere Private**
  Comprehensive review every 12 months or upon major life events. Assess coverage adequacy, premium optimization, carrier performance.

- [ ] **Update family circumstances changes**
  Births, marriages, divorces, deaths, children leaving home, adult children returning home, new dependents (elderly parents).

- [ ] **Review business valuation changes**
  Annual business appraisal. Adjust key person and buy-sell coverage to match current enterprise value. Revenue growth or contraction impacts needs.

- [ ] **Assess wealth accumulation and new assets**
  New property acquisitions, investment portfolio growth, inheritance received. Increased net worth typically requires additional coverage.

- [ ] **Monitor UK/UAE tax law changes**
  IHT thresholds, DIFC/ADGM legislation updates, cross-border tax treaties. Sphere Private tracks regulatory changes affecting your protection strategy.

- [ ] **Update beneficiary designations as needed**
  Review after divorce, remarriage, children reaching adulthood, beneficiary deaths. Update within 30 days of major life event.

- [ ] **Verify premium payments current**
  Confirm auto-pay functioning. Lapsed policies due to missed payments can be difficult to reinstate (re-underwriting required).

- [ ] **Review policy performance (permanent life insurance)**
  Universal life and whole life: review cash value growth, investment returns, policy illustrations. Adjust premiums if underperforming.

Life Event Triggers Requiring Immediate Review

- [ ] **Marriage or remarriage**
  Update beneficiaries, consider joint policies or separate coverage for new spouse, coordinate with prenuptial agreements.

- [ ] **Birth or adoption of children**
  Immediate coverage increase needed. Add children as beneficiaries, establish orphan trust, update guardian designations.

- [ ] **Divorce or legal separation**
  Update beneficiaries immediately (ex-spouse removal), review property settlement obligations, ensure children protected.

- [ ] **International relocation (UAE to UK or vice versa)**
  Verify policy portability, update domicile status, reassess tax implications, coordinate Wills across jurisdictions.

- [ ] **Business sale or acquisition**
  Business sale: discontinue buy-sell/key person coverage, convert to personal coverage. Acquisition: new partnership agreements, updated valuations.

- [ ] **Significant health diagnosis**
  Activate critical illness claims if applicable. Review disability coverage. Lock in additional coverage while still insurable (guaranteed insurability riders).

- [ ] **Large inheritance or windfall**
  Increased net worth requires proportional protection increase. Update estate planning, consider additional IHT exposure (UK).

- [ ] **Children reaching adulthood (18/21/25)**
  May reduce coverage as children become financially independent. Consider gifting policies to adult children, update trust distribution schedules.

Ready to Implement Your Family Protection Plan?

Sphere Private's HNWI specialists provide complimentary consultations for families with £2M+ income or £10M+ net worth. Our independent market access across UK, Bermuda, Luxembourg, and UAE carriers ensures optimal coverage at competitive rates.

Schedule Your Consultation

Contact Sphere Private

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