

## Your ability to earn an income is your most valuable asset

**Income Protection, also known as 'salary continuance' pays a monthly benefit of up to 75% of your annual income if you're unable to work due to illness or injury.**

This money can help meet regular financial commitments and stay on top of debts during what could be a very stressful time. Many policies also provide optional protection to help you focus on rehabilitation and recovery. Some will even cover your superannuation (SG) payments and premiums are usually tax-deductible.

### Frequently Asked Questions

#### How long do I wait to receive payment?

Waiting periods – the period of time waited before payment is received - can range from 14 days to two years. Generally speaking, the longer a waiting period, the lower the premium will be.

Most commonly, people opt for somewhere between a 30-day and 90-day waiting period:

- 30 days – as payments are made monthly, in arrears, the first payment is made after 60 days.
- 90 days – premiums for this option are lower than the 30-day option. However, you'll need to ensure sufficient emergency funds will be available to cover expenses during this period (e.g. sick pay from work).

#### How long will I continue to receive payment?

The length of time you receive payment is known as the 'benefit period'. Most commonly, benefits are paid up to age 65 (the age most people work to). Other benefit periods are also available, including two years, five years and to age 55, 60 or 70. Not surprisingly, the longer the benefit period, the higher the premium.

#### How much does it cost?

You'll be surprised just how affordable income protection is — especially given that premiums are generally tax deductible.

***A 34 year-old non-smoking female clerical worker can take out cover for \$2500 per month for around \$2 per day. While a male carpenter with the same criteria can also obtain cover for around \$2 per day.***

For many people this will be a similar cost to insuring your car — yet in the scheme of things, the cover offered through income protection is far greater and significantly more important.

### **I think I have cover elsewhere...**

#### **“Workers’ comp will look after me.”**

The majority of serious accidents actually occur outside the workplace. As a result, work cover would not apply. Additionally, the bulk of claims are, statistically speaking, a result of illness rather than accident.

#### **“I’ve got private health insurance, that’s all I need.”**

That’s fine when it comes to paying medical bills, but what about living expenses, mortgage repayment and education expenses?

#### **“I already have insurance in my super.”**

When it comes to insurance through super, it’s important to check the type of cover you have. The amounts you’re insured for may not be adequate for your needs. The policy may not include income protection, and the claims process could be quite restrictive too.

#### **“Isn’t there a Centrelink benefit I would be entitled too?”**

Yes, but these benefits are assets and means tested. Further, will the maximum entitlements even replace 30% or 40% of your income? Funding your lifestyle may fall well short.

To find out more, contact **Anthony Buckley** of Financial Planit on **1300 795 505** today and discuss your income protection plan.

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