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Income Protection

What Is Income Protection

Income Protection (abbreviated IP in the Insurance Industry) is a type of insurance which can help to safeguard your lifestyle.

It gets you back on your feet by providing you with a monthly income, if you are unable to work for a period of time, due to illness or injury.

Do you Need Income Protection - IP

The most fundamental question you should ask yourself when considering an Income Protection policy is what would happen to you if you're unable to work due to illness or injury, Will I be able to pay my mortgage and other household bills such as, food, clothing and car loans. Will I be able to maintain my lifestyle?

Income Protection is different to mortgage protection which is paid out in the event of the death of the policy holder. Income protection is effectively to provide income for your daily living and provides you with security and comfort when most needed.

The Five Key Considerations when Considering - IP

1. Choose how much of your Income you want to protect
You can cover up to 75% of your earnings (excluding Benefit in Kinds) less State Illness Benefit up to an overall annual maximum subject to the policy terms and conditions.

2. Choose when you want your payments to start
There is an initial waiting period generally referred to as the deferred period – at the start of your claim. This is how long it will be before your policy will start paying your income. You can choose how long this is: 1, 2, 3, 6 or 12 months (4, 8, 13, 26 or 52 weeks).

3. Choose the type of premiums you want to pay
You can choose from two types of premiums:

- Guaranteed premiums – the amount you pay doesn't change as long as your benefits stay the same.
- Reviewable premiums – your premiums stay the same generally for the first five years of your plan. Premiums are then reviewed they could increase it, reduce it or remain the same.

4. Choose when your plan will end
This is the age at which your plan finishes called the ceasing age. You can pick any age between 55 and 70 years.

5. Choose whether to keep your premium the same or regularly increase it
You can keep the same premium and same income throughout your plan, or increase both your premium and your benefit each year by selecting the indexation option.