

The 7 Year Shock



Are Irish households prepared
for a long-term income hit?

The challenge, the cost and the protection gap.

Jim Power | October 2026

Executive summary

Most people assume that if illness or injury prevents them from working, the financial impact will last for weeks or months. However, Aviva Life & Pensions Ireland (Aviva) income protection claims data tells a different story. In 2025, the average Aviva income protection claim lasted 7.8 years.

Being unable to work for almost eight years can have profound financial consequences. Savings may be depleted, pension contributions may stop, major life plans may be delayed, and it can become increasingly difficult to meet everyday living costs.

This report examines what Aviva calls the 7-Year Shock: the financial impact of being unable to work for the average duration of an Aviva income protection claim.

Drawing on Aviva claims data, Central Statistics Office (CSO) research, Department of Social Protection data and household savings research, the report explores how a prolonged loss of income could affect households across Ireland.

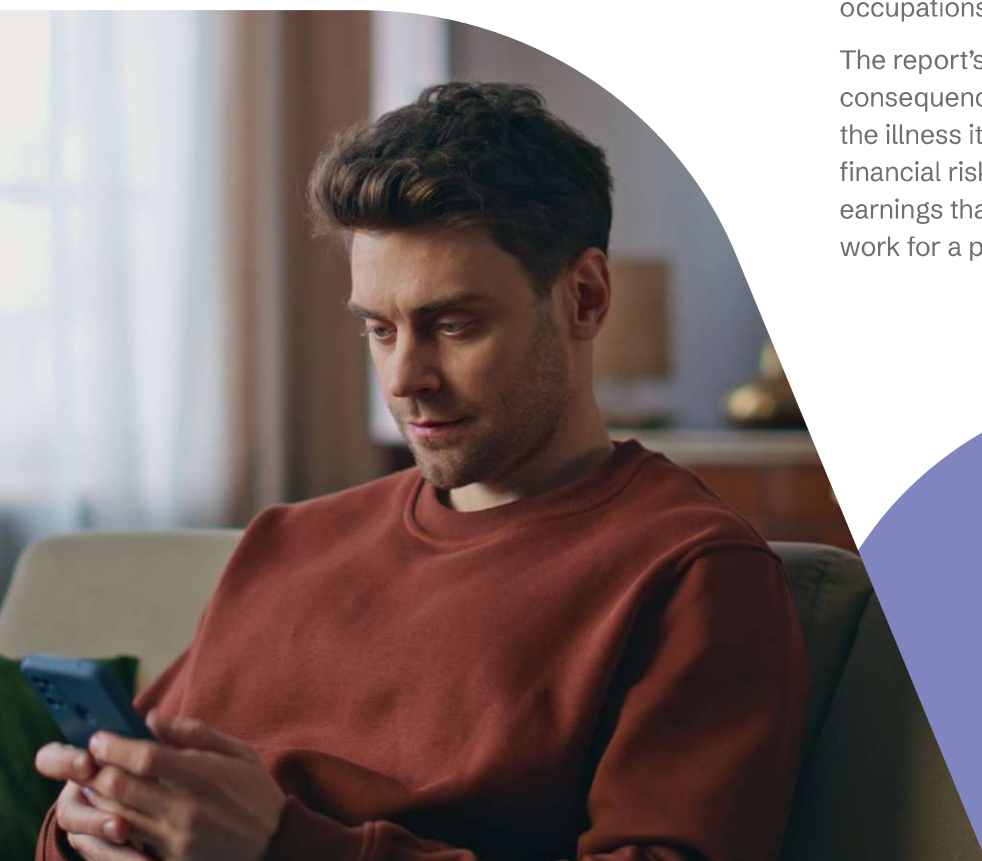
The findings suggest many households may be financially vulnerable to a loss of earnings that lasts years rather than months.

Key findings include:

- › More than half of workers surveyed by Aviva said they would experience financial pressure immediately or within three months if they were unable to work.
- › Nearly three-quarters have less than four months' worth of essential living expenses saved.
- › CSO research suggests almost half of households could maintain their current standard of living for less than three months if all income stopped.
- › State supports can provide valuable assistance but typically replace only a portion of previous earnings.
- › Over time, a prolonged loss of income can affect savings, housing costs, pension contributions and long-term financial security.

To illustrate these challenges, the report includes a series of case studies based on representative occupations and household circumstances.

The report's key conclusion is that the financial consequences of illness often extend far beyond the illness itself. For many households, the greatest financial risk may not be illness alone, but the loss of earnings that can follow when someone is unable to work for a prolonged period.



Understanding this report

Loss of income

For the purposes of this report, loss of income refers to a situation where an individual is unable to work due to illness or injury and experiences a significant reduction in earnings as a result.

Essential living costs

Essential living costs include housing costs, utility bills, food, transport and other day-to-day household expenses.

Income gap

The difference between what someone earned before becoming ill or getting injured and the income available to them afterwards through State supports and other sources.

Maintaining living standards

Unless otherwise stated, the analysis assumes households seek to maintain their existing standard of living following a loss of income. In reality, some households may reduce spending, use savings, borrow, sell assets or make other financial adjustments. Not all these options are available to every household.

Illustrative case studies

The case studies included in this report are examples designed to show how financial pressure can build over time when someone is unable to work. They are not intended to reflect the experience of every worker, household or occupation. Individual outcomes will vary depending on factors such as earnings, savings, household circumstances, employer supports and personal financial commitments.

Why income protection matters

Most people rely on their income to cover everyday living costs such as mortgage or rent payments, food, utilities, transport and childcare. Income also helps fund longer-term goals, from raising a family and buying a home to saving for retirement.

If illness or injury prevents someone from working, those costs do not disappear. However, their ability to earn an income may.

Income protection is designed to help address that risk. It provides a regular monthly payment when someone is unable to work because of illness or injury, helping to replace some of the income that has been lost. Depending on the policy, it can typically replace up to 75% of normal earnings, less any social welfare benefits received.

Unlike life insurance or specified illness cover, income protection focuses on protecting a person's income. For most people, their income is their most important financial asset. It is what allows them to meet financial commitments, support their family and plan for the future.

Many people assume that an illness-related absence from work will last for a relatively short period. However, Aviva's claims data suggests the financial risk may be greater than many realise.

A loss of earnings lasting the average length of a current Aviva income protection claim, which is almost eight years, can have significant consequences. Savings may be depleted, pension contributions may stop, housing costs can become more difficult to meet and long-term financial plans may need to be postponed.

Modelling framework and assumptions

This report combines Aviva claims data with research from the CSO, Department of Social Protection and other public sources to examine the financial consequences of being unable to work for the average duration of an Aviva income protection claim.

The analysis looks at:

- › Income replacement
- › Savings depletion
- › Housing costs
- › Pension contributions
- › Longer-term financial security

Data sources

The analysis draws on a range of sources, including:

- › Aviva Income Protection Claims Data (2025)
- › Central Statistics Office (CSO) Survey on Income and Living Conditions (SILC)
- › CSO Household Budget Survey
- › CSO Consumer Price Index (CPI) weightings
- › Department of Social Protection illness benefit provisions
- › Banking & Payments Federation Ireland (BPFI) Savings and Investment Survey data

Modelling assumptions

The following assumptions are used throughout the report:

- › **Inflation is assumed to average 2% per year.** This is broadly in line with the European Central Bank's medium-term inflation target and reflects a reasonable assumption for increases in household living costs over time.
- › **Wages are assumed to increase by 3% per year.** This is broadly consistent with recent forecasts for wage growth in the Irish economy and reflects the reality that workers who remain in employment may benefit from pay increases, promotions and career progression over time.
- › **Pension contributions are assumed to be 5% of earnings.** This reflects typical employee pension contribution levels in Ireland.
- › **State Illness Benefit is assumed to increase by 3% per year.** This reflects the assumption that social welfare payments broadly increase in line with average wage growth in the economy over time.
- › **No return to work is assumed during the claim period.** This allows the report to assess the financial impact of being unable to work for the average duration of an Aviva income protection claim.
- › **Savings levels are based on BPFII savings research.** Savings vary significantly between individuals and households, and the assumptions used are intended to be illustrative rather than representative of all workers.
- › **No additional sources of household income are assumed unless otherwise stated.** This helps isolate the financial impact of losing a primary income because of illness or injury.
- › **Mortgage values are estimated using Central Bank of Ireland lending guidelines.** In general, mortgage borrowing is assumed to be up to 3.5 times gross annual income.
- › **Households are assumed to initially maintain their existing standard of living following a loss of income.** In reality, many people would reduce spending, defer major purchases or make other financial adjustments over time.

Household finances and financial resilience

Most households rely on a regular income to pay for everyday expenses such as mortgage or rent payments, food, transport, utility bills and childcare. If that income stops because of illness or injury, many people may need to rely on State supports and personal savings.

The key question examined in this report is:

How long could households maintain their current standard of living if they were no longer able to work?

State supports

Illness benefit

People who are unable to work because of illness or injury may be entitled to Illness Benefit from the Department of Social Protection.

Illness Benefit is a weekly payment available to people who have enough Pay Related Social Insurance (PRSI) contributions. It can be paid for up to two years (104 weeks), depending on an individual's contribution record.

The maximum payment is currently €254 per week, depending on average weekly earnings. The first three days of illness are unpaid waiting days.

While this support can provide valuable financial assistance, it is designed to replace only part of a person's income.

Statutory sick pay

Employers in Ireland are legally required to provide five days of statutory sick pay per year to eligible employees.

Employees are entitled to receive 70% of normal daily earnings, up to a maximum payment of €110 per day.

Once statutory sick pay ends, employers are not generally required to continue paying salary unless additional sick pay arrangements are included in an employment contract or company policy.

Personal savings

Savings can provide an important financial buffer during a period of illness.

Ireland has a relatively high household savings rate. However, national savings figures do not show how savings are distributed across different households.

While some households may have substantial savings available, many others have only limited financial reserves to draw upon if their income stops.

What the research tells us

Research from Aviva, the Banking & Payments Federation Ireland (BPFI)³ and the Central Statistics Office (CSO)⁴ suggests that many households could face financial pressure relatively quickly following a loss of income.

Aviva research

New research conducted by 3Gem Research & Insights on behalf of Aviva among 1,000 workers in Ireland suggests many people could come under financial pressure sooner than they expect if illness or injury prevented them from working.

Key findings include:

- › 55% would experience financial pressure immediately or within three months.
- › 72% have less than four months’ worth of essential living expenses saved.
- › 13% have no savings at all.
- › 89% would worry about their finances if they were unable to work for more than six months.
- › 60% do not feel financially prepared for a prolonged loss of income.
- › 64% do not currently have income protection insurance.

Taken together, these findings highlight a significant gap between people’s reliance on their income and their ability to replace it if illness or injury prevents them from working.

BPFI savings & investment survey

BPFI research provides further insight into household savings levels.

Key findings include:

- › 36% have less than €5,000 in savings.
- › 17% have between €5,000 and €10,000 in savings.
- › 32% have more than €10,000 in savings.

- › 64% save primarily for unexpected expenses and short-term financial needs.
- › More than half (56%) do not hold any investments.

The findings suggest that many households have relatively modest savings and may be relying on income rather than accumulated wealth to support their day-to-day living standards.

CSO Survey on income and living conditions (SILC)

The CSO’s Survey on Income and Living Conditions provides further evidence of how vulnerable some households may be to a prolonged loss of income.

Table 1 shows how long households believe they could maintain their current standard of living using savings alone if all income stopped.

Duration Maintaining Standards of Living	% Households
Less than 3 Months	46.1%
3 Months or more but less than 6 months	23.3%
6 Months or more but less than 12 months	14.9%
12 Months or more	15.7%

Nearly half of households (46.1%) said they could maintain their current standard of living for less than three months. Only 15.7% believed they could continue for more than one year.

These findings suggest that many households could face financial difficulty relatively quickly if earnings stopped for an extended period.

Table 2 highlights the position of different household types.

Household tenure	Less than 3 months	3 Months or more but less than 6 months	6 Months or more but less than 12 months	12 Months or more
1 adult aged 65+	45.8%	17.0%	13.5%	23.7%
1 adult aged less than 65	47.8%	23.9%	14.2%	14.1%
1 adult with children under 18	79.1%	15.2%	4.0%	1.7%
2 adults, at least 1 aged 65+	28.5%	20.8%	22.7%	28.0%
2 adults both aged less than 65	38.3%	29.5%	18.4%	13.8%
2 adults with 1-3 children under 18	54.9%	23.8%	11.8%	9.5%
3 or more adults	42.4%	20.6%	16.5%	20.5%
Other households with children under 18 years	52.8%	30.0%	10.6%	6.5%

1. 2025 Aviva Life & Pensions Ireland protection claims data, available [here](#). 2. Based on Ibec’s forecast of 3.1% wage growth in 2027. 3. Based on the BPFI Savings & Investments Survey, 2025. 4. Based on the CSO Survey of Living Conditions (SILC)

The findings suggest that households with children may be particularly vulnerable. Nearly eight in ten lone-parent households (79.1%) said they could maintain their standard of living for less than three months using savings alone.

More than half of households with children (54.9%) also reported that they would be unable to maintain their existing standard of living beyond three months.

Table 3 shows the results by housing tenure.

Household tenure	Less than 3 months	3 Months or more but less than 6 months	6 Months or more but less than 12 months	12 Months or more
Owner Occupied	36.0%	25.7%	18.0%	20.3%
Rented or Rent Free	67.4%	18.3%	8.3%	6.0%

Households that rent appear particularly exposed. More than two-thirds (67.4%) said they could maintain their standard of living for less than three months if income stopped, compared with 36% of owner-occupied households.

Household income and spending

Household spending generally increases as income rises. While higher-income households may have greater financial resources, they often have larger financial commitments such as mortgages, rent, childcare costs and retirement savings.

This means that a prolonged loss of income can affect households across a wide range of income levels.

The following case studies illustrate how the financial consequences can differ depending on earnings, savings and household circumstances.

Income tiers and average household expenditure

The data in Table 4 is based on the CSO's SILC studies and the Household Budget Survey. It categorises the income tiers based on income.

- › Tier 1 comprise households with income of less than €19,060.
- › Tiers 2 to 4 comprises households with income of between €19,061 and €50,000.
- › Tier 5 comprises households with income in excess of €50,000.
- › The mean household disposable income for all tiers is €71,680, and the median household disposable income is €61,666.

The CSO's Household Budget Survey estimates average monthly household expenditure for each tier.

Table 4: Income tiers and average household expenditure

Income Tier	INCOME	Average Monthly Household Expenditure
1st tier	<€19,060	€1,776
2nd tier		€2,781
3rd tier	€19,061-€50,000	€3,599
4th tier		€4,990
5th tier	€50,000+	€7,028
All tiers	Mean €71,680	€4,030

Source: CSO.

Disposable income is gross income less total tax, personal and employer's social insurance contributions, personal and employer's pension contributions, and inter-household transfers paid.

Table 5: Household Disposable Income (Selected Household Types)

Household Type	Nominal Household Disposable Income	Per Month
Head of Household Employed	€74,922	€6,243
Dual Income Household	€60,000	€5,000
Lower Income Household	€40,000	€3,333

Together, these figures highlight an important reality. Most households organise their spending around the income they receive. When that income is disrupted for a prolonged period, maintaining existing living standards can become increasingly difficult.

What this means

The evidence from Aviva, BPI and CSO research points in the same direction.

Many households rely heavily on regular income to maintain their current standard of living. While State supports and savings can provide some protection, many people could face financial pressure within a relatively short period if illness or injury prevented them from working.

Savings can help absorb some of the initial financial shock, but for many households they may not be sufficient to replace years of lost earnings.

As the rest of this report demonstrates, when a loss of income lasts years rather than months, the financial consequences can become increasingly difficult to manage.

How financial pressure builds over time

The financial impact of a serious illness rarely occurs all at once. Instead, financial pressure tends to build gradually as income falls, savings are used up and financial commitments remain unchanged.

Months 0-6

Employer sick pay, State supports and personal savings may help absorb some of the initial financial shock.

Months 6-24

Savings may begin to run down, reliance on external financial support can increase, and financial pressures may become more noticeable.

Years 2-5

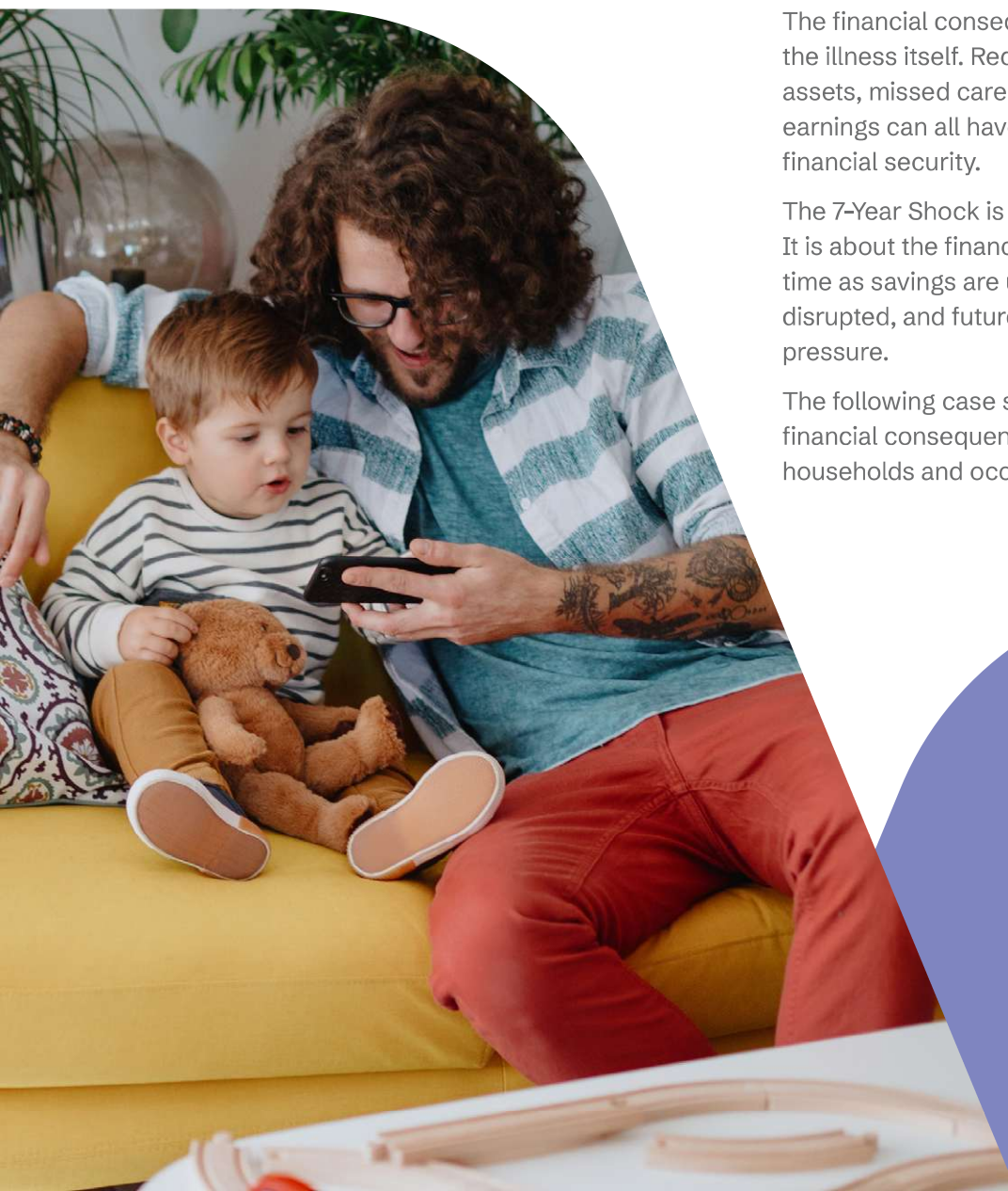
A prolonged loss of income can place significant pressure on household finances. Savings may be exhausted, pension contributions may stop and it may become increasingly difficult to keep up with housing costs.

Years 5+

The financial consequences can extend well beyond the illness itself. Reduced retirement savings, depleted assets, missed career progression and lower lifetime earnings can all have a lasting impact on future financial security.

The 7-Year Shock is about more than losing an income. It is about the financial pressure that can build over time as savings are used up, major life plans are disrupted, and future financial security comes under pressure.

The following case studies illustrate how these financial consequences can affect different households and occupations over a prolonged period.



What keeps people out of work?

Illness and injury can affect anyone, and in some cases the impact can last for years rather than months.

Aviva's income protection claims data shows that long-term absences from work are often caused by common health conditions rather than rare illnesses or serious accidents.

The leading causes of income protection claims in 2025 were:

- › Psychological illnesses: 26%
- › Orthopaedic conditions: 25%
- › Cancer: 21%

Together, these conditions accounted for more than seven in ten income protection claims.

These findings highlight an important point. Long-term illness is often the result of conditions that many people encounter during their lifetime, rather than unexpected or exceptional events.

When people think about losing their income because of illness, they often imagine a serious accident or a rare medical condition. However, Aviva's claims data suggests that common conditions affecting mental health, mobility and physical wellbeing are far more likely to prevent people from working for a prolonged period.

For many households, this means the financial risks associated with illness may be more relevant and immediate than they realise.

About the case studies

The following case studies use representative occupations to illustrate how a prolonged loss of income could affect different households over a seven-year period.

The occupations were selected to demonstrate a range of income levels, employment arrangements and access to employer sick pay.

These examples are illustrative and are not intended to represent the experience of every teacher, tradesperson, doctor or IT professional. Individual circumstances vary significantly depending on earnings, savings, household composition, housing costs, employer benefits and personal financial commitments.

The purpose of the case studies is not to predict what will happen to any individual person. Instead, they are designed to demonstrate how financial pressure can build over time when someone is unable to work for a prolonged period.

Case study assumptions

In addition to the general assumptions outlined earlier in this report, the following assumptions apply to the case studies:

- › Household expenditure is based on Central Statistics Office (CSO) Household Budget Survey data.
- › Earnings are based on representative income levels for the occupations examined.
- › A mortgage interest rate of 3.75%, a rate often offered by major lenders, is assumed over a 25 year term.
- › Rental costs are based on Residential Tenancies Board (RTB) average rents (September 2026).
- › Savings levels are illustrative and informed by BPFi savings data.
- › Replacement income reflects the employer sick pay arrangements, State Illness Benefit entitlements and other supports available to each occupation.
- › Wage growth of 3% per year is assumed.
- › Inflation of 2% per year is assumed.
- › Pension contributions are assumed to be 5% of earnings.
- › State Illness Benefit is assumed to increase by 3% per year.

For each case study, annual after-tax income is compared with household spending, housing costs and other financial commitments.

A prolonged illness is then assumed, and replacement income from employer sick pay, State supports and savings is applied to illustrate the potential financial impact over time.

Case study 1

Teacher

This example looks at a teacher who becomes unable to work because of a serious illness.

Teachers generally have access to more generous sick pay arrangements than many workers in the private sector. However, a prolonged absence from work can still have a significant impact on household finances.

Assumptions

This case study assumes:

- › A gross annual salary of €65,395, which sits roughly at the midpoint of the public sector teacher pay scale.
- › Net annual income of €52,320 after tax.
- › A mortgage of €228,882, based on Central Bank lending guidelines.
- › Savings of €20,000.
- › Average annual household expenditure of €36,000.

Under current arrangements, a teacher experiencing a critical illness may receive six months' full pay followed by six months' half pay.

Financial impact

In the first year, employer sick pay helps reduce the financial impact of being unable to work. However, once those supports end and income falls to State Illness Benefit levels, the financial position deteriorates rapidly.

The teacher experiences a shortfall of €10,872 in Year 1, rising to more than €40,000 per year by Year 7 if expenditure remains unchanged.

Savings of €20,000 would cover the Year 1 shortfall but would be largely exhausted during Year 2.

Key takeaway

Even for a worker with relatively strong sick pay protections, a prolonged absence from work can result in significant financial pressure once employer supports are exhausted.

Table 6: 7-Year income trajectory for teacher

	Y1	Y2	Y3	Y4	Y 5	Y 6	Y7
Net Yearly Pay	52,320	53,890	55,506	57,171	58,887	60,653	62,473
Mortgage Repayment	14,112	14,112	14,112	14,112	14,112	14,112	14,112
Other Expenditure (including pension)	36,000	36,720	37,454	38,203	38,968	39,747	40,542
Residual	2,208	3,058	3,940	4,856	5,807	6,794	7,819

Loss of income due to illness							
Illness Income	39,240	12,192	12,558	12,934	13,323	13,722	14,134
Mortgage Repayment	14,112	14,112	14,112	14,112	14,112	14,112	14,112
Other Expenditure (including pension)	36,000	36,720	37,454	38,203	38,968	39,747	40,542
Residual	-10,872	-38,640	-39,009	-39,381	-39,757	-40,137	-40,520
Savings: 20,000							



Case study 2

Skilled tradesperson

This example examines a skilled tradesperson employed in the private sector who becomes unable to work because of a serious illness.

Unlike many public-sector workers, employer sick pay arrangements may be limited and income can fall significantly once statutory sick pay ends.

Assumptions

This case study assumes:

- › Gross annual income of €60,000.
- › Net annual income of €48,000.
- › A mortgage of €210,000.
- › Annual household expenditure of €34,800.
- › Savings of €40,000.

Financial impact

Once statutory sick pay ends, the worker becomes heavily reliant on State Illness Benefit.

The annual income shortfall reaches €35,265 in Year 1 and remains above €36,000 per year throughout the seven-year period.

Savings of €40,000 would cover the initial shortfall but would be exhausted early in Year 2 if spending remained unchanged.

Key takeaway

This example highlights the financial vulnerability many workers may face when employer sick pay arrangements are limited and State supports become the primary source of income.

Table 7: 7-Year income trajectory for skilled tradesperson

	Y1	Y2	Y3	Y4	Y 5	Y 6	Y7
Net Yearly Pay	48,000	49,440	50,923	52,451	54,024	55,645	57,315
Mortgage Repayment	12,953	12,953	12,953	12,953	12,953	12,953	12,953
Other Expenditure (including pension)	34,800	35,496	36,206	36,930	37,669	38,422	39,190
Residual	247	991	1,764	2,568	3,403	4,270	5,171

Loss of income due to illness

Illness Income	12,488	12,192	12,558	12,934	13,323	13,722	14,134
Mortgage Repayment	12,953	12,953	12,953	12,953	12,953	12,953	12,953
Other Expenditure (including pension)	34,800	35,496	36,206	36,930	37,669	38,422	39,190
Residual	-35,265	-36,257	-36,601	-36,949	-37,299	-37,653	-38,010

Savings: 40,000



Case study 3

IT Professional

This example examines an IT professional renting accommodation and earning a higher-than-average salary.

Higher earnings can often support a higher standard of living, but they can also create larger financial commitments.

Assumptions

This case study assumes:

- › Gross annual income of €90,000.
- › Net annual income of €72,000.
- › Annual rent of €22,068.
- › Annual household expenditure of €36,000.
- › Savings of €50,000.

The worker is assumed to receive six months' employer sick pay followed by State Illness Benefit.

Financial impact

The individual experiences a financial shortfall of almost €16,000 in Year 1.

By Year 2, the annual shortfall exceeds €46,000 and continues to grow over time.

Although savings provide an important financial buffer, they are exhausted relatively quickly when faced with a prolonged income loss.

Key takeaway

Higher earnings do not necessarily eliminate financial vulnerability. In many cases, higher-income households have larger financial commitments that can become difficult to sustain if income stops.

Table 8: 7-Year income trajectory for IT professional

	Y1	Y2	Y3	Y4	Y 5	Y 6	Y7
Net Yearly Pay	72,000	74,160	76,385	78,676	81,037	83,468	85,972
Annual Rent	22,068	22,068	22,068	22,068	22,068	22,068	22,068
Other Expenditure (including pension)	36,000	36,720	37,454	38,203	38,968	39,747	40,542
Residual	13,932	15,372	16,862	18,405	20,001	21,653	23,362

Loss of income due to illness

Illness Income	42,096	12,192	12,558	12,934	13,323	13,722	14,134
Rent	22,068	22,068	22,068	22,068	22,068	22,068	22,068
Other Expenditure (including pension)	36,000	36,720	37,454	38,203	38,968	39,747	40,542
Residual	-15,972	-46,596	-46,965	-47,337	-47,713	-48,093	-48,476
Savings: 50,000							



Case study 4

Doctor

This example looks at a doctor who becomes unable to work because of illness.

Like teachers, many doctors have access to more generous employer-supported sick leave arrangements than workers in other sectors.

Assumptions

This case study assumes:

- › Gross annual income of €67,320.
- › Net annual income of €53,856.
- › Annual rent of €18,156.
- › Annual household expenditure of €30,000.
- › Savings of €40,000.

The doctor is assumed to receive six months' full pay followed by six months' half pay before becoming reliant on State supports.

Financial impact

The doctor experiences a financial shortfall of €7,764 in Year 1.

Once employer supports end, the annual financial deficit rises to more than €36,000 and remains at a similar level throughout the remainder of the seven-year period.

Savings help cushion the initial impact but are insufficient to offset a prolonged loss of earnings.

Key takeaway

The example demonstrates that even relatively high earners with access to strong sick pay arrangements can experience significant financial pressure if illness prevents them from working for a prolonged period.

Table 9: 7-Year income trajectory for doctor

	Y1	Y2	Y3	Y4	Y5	Y6	Y7
Net Yearly Pay	53,856	55,472	57,136	58,850	60,615	62,434	64,307
Annual Rent	18,156	18,156	18,156	18,156	18,156	18,156	18,156
Other Expenditure (including pension)	30,000	30,600	31,212	31,836	32,473	33,122	33,785
Residual	5,700	6,716	7,768	8,858	9,986	11,155	12,366

Loss of income due to illness

Illness Income	40,392	12,192	12,558	12,934	13,323	13,722	14,134
Rent	18,156	18,156	18,156	18,156	18,156	18,156	18,156
Other Expenditure (including pension)	30,000	30,600	31,212	31,836	32,473	33,122	33,785
Residual	-7,764	-36,564	-36,810	-37,058	-37,306	-37,556	-37,807
Savings: 40,000							



The case of an SME owner

Small and medium-sized enterprises (SMEs) are the backbone of the Irish economy. According to CSO data, 99.8% of businesses in Ireland are SMEs, with almost 93% employing fewer than 10 people.

Given the importance of SMEs to employment and economic activity in Ireland, prolonged illness among owner-managers is not simply a personal financial issue. It can have wider economic consequences.

For many SME owners, their ability to earn an income is closely tied to their ability to work. If illness or injury prevents them from working for a prolonged period, the financial consequences can extend beyond the household and into the business itself.

Unlike most employees, business owners may not have access to employer-funded sick pay arrangements. Depending on their business structure and PRSI classification, they may also have limited access to State income supports.

Double the financial challenge

A prolonged illness can create two financial pressures at the same time:

- ▶ Household income may reduce sharply or stop altogether.
- ▶ Business costs often continue regardless of whether the owner can work.

For many SME owners, employees still need to be paid, customers still need to be served, suppliers still expect payment and fixed business overheads continue to fall due.

As a result, savings may be called upon not only to support household expenses, but also to help maintain business operations.

State support considerations

Eligibility for Illness Benefit depends on an individual's PRSI contributions and business structure.

Many sole traders, partners and proprietary directors pay Class S PRSI. Depending on their circumstances, they may have limited access to short-term income supports compared with employees.

This can make personal savings and financial resilience particularly important if illness prevents them from working.

What this means

The case studies in this report demonstrate how financial pressure can build when an employee is unable to work for a prolonged period.

For many SME owners, the challenge can be greater still. The loss of income may affect both personal finances and the future viability of the business.

When an owner-manager is unable to work, the consequences may extend beyond the individual and their family to employees, customers, suppliers and local communities.

For SME owners, protecting income is often just as important as protecting the business itself.

A prolonged illness can threaten both, making financial resilience and income protection particularly important considerations.

Table 10: The SME sector

	No. of Enterprises	% of Total	No. of Employees	% Business Employment
Micro (<10 persons employed)	371,480	92.6%	629,956	26.9%
Small (10–49 persons employed)	24,282	6.0%	482,259	20.6%
Medium (50–249 persons employed)	4,662	1.2%	455,795	19.4%
All SMEs (<250 persons employed)	400,424	99.8%	1,568,010	66.9%
Large (250+ persons employed)	935	0.2%	777,447	33.1%
All sizes	401,359	100.0%	2,345,457	100.0%

Source: CSO PxStat

Conclusion

The key finding of this report is that the financial consequences of illness or injury can last much longer than many people expect.

In 2025, the average Aviva income protection claim lasted 7.8 years. For many households, a loss of earnings lasting years rather than months could have serious consequences for savings, housing costs, retirement planning and long-term financial security.

Research from Aviva, the CSO and BPFi suggests many households have limited financial resilience and could come under pressure relatively quickly if their income stopped.

Income protection will not be appropriate for every household. However, for those who rely heavily on their income to meet mortgage or rent payments, support a family and maintain their standard of living, the findings of this report highlight the importance of having a financial safety net if illness or injury prevents them from working.

The case studies demonstrate how that pressure can build over time, even for workers with savings or access to employer sick pay arrangements.

The 7-Year Shock is therefore not simply about illness. It is about the financial consequences that can follow when income disappears for a prolonged period.

For many working households, the greatest financial risk may not be illness itself, but the loss of earnings that can result from it.





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