

## FAQ ON INCOME PROTECTION

### **Q. What is Income Protection?**

**A.** Income Protection, also known as Permanent Health Insurance (PHI) provides a tax free income if you are unable to work through illness or disability upto your retirement age.

### **Q. Who needs it?**

**A.** Your circumstances will determine whether income protection is necessary for you. As a general rule - if the quality of your life depends on your income, income protection is worth looking into. It really comes down to how long you could live without an income - and what the impact of this would be on you and other people.

### **Q. How much cover do I need?**

**A.** Companies vary on the maximum cover you can take from 50% to 60% of your gross income. The benefits are paid free of tax so the actual drop from your earned income will not be as drastic as it appears. If you need help in calculating how much cover you need please contact one of our trained advisors to discuss in more detail.

### **Q. How much does income protection cost?**

**A.** This depends on several factors. Among the more important are your age, gender and occupation, your health, the amount you insure, and the waiting period and payment term you choose. Also, if you're a non smoker you'll pay less.

### **Q. How Long will Income Protection Insurance Pay in the event of Incapacity?**

**A.** In the event of claim, income protection policies can continue paying until your selected retirement age. For example a 20 year old male who took income protection insurance out until age 65 could claim on his policy for 45 years if required.

### **Q. What if I Become Unemployed or Decide to take a Career Break?**

**A.** Most companies offer a 'career break' or 'non-working' option for income protection insurance, which means that cover can be suspended for an agreed amount of time. Premiums and cover will therefore be suspended until you decide to re-commence the cover, usually this means that no further medical evidence will be required. Some companies offer to continue the cover at a reduced amount during this time in case you would require income for your family should you become ill during this time, to see if your policy includes this you should check your documentation.