

Income Protection: Do I need it?



So, you are employed and earning a good wage. You have a partner or maybe a family and therefore you are responsible for a mortgage or rent, utilities, groceries and many more expenses. You may be the main income earner for the household or at least you are contributing a great deal to the bottom line at home. Then, disaster strikes! You are involved in an accident that leaves you unable to work for a period of time. You ask yourself “How will I continue to keep up with your monthly financial responsibilities?” The Grimsey team is here to ensure you understand the importance of income protection insurance and provide tips for making sure you get the right policy.

Income protection insurance - sometimes known as salary continuance – provides you with an interim income to manage your ongoing costs while you are unable to work. Unlike other insurance policies that are paid as a lump sum, income protection is a monthly benefit which pays you up to 75% of your current annual income. It covers you for accidents, certain illnesses or major traumas that leave you unable to continue with the duties you perform in your working environment. The monthly benefit continues up until you are able to resume working or, if you are unable to return to work, until the specified benefit period is complete. The benefit period can vary depending on the policy and your occupation but could be up to the age of 65 or 70.

Income protection is an important part of an insurance portfolio for anyone who is the main income earner for their family or for anyone who relies on the income from their ability to work, particularly those who are self-employed or professionals.

Each income protection policy has its own definition of disability and range of benefits. Some important options you need to consider when choosing an income protection policy include:

- **Waiting period** – this is the amount of time before you can make a claim. It can be anywhere from 30 days to 2 years.
- **Benefit period** – this is the length of time the income payments will be made. Generally, the benefit period ranges from 2 years to age 70.

Income protection insurance can also be of benefit to your bottom line before you need to claim. The premiums paid on a monthly or annual basis are tax deductible and should be included in your tax documentation when supplied to your accountant.

Our Grimsey team of experts can assist with your insurance portfolio and help you find the right income protection policy. All insurance policies should be undertaken with the assistance from a professional to take into account your personal circumstances. Contact our office on **(03) 8341 8888** to make an appointment and discuss your needs today.