



## How to protect your income and create a plan for financial security

### How does income protection provide you with some peace of mind if the unexpected happens?

With the rise in the cost of living and borrowing, many people are worried about paying the bills if anything happens that could leave them unable to work. Recent surveys have shown that the average UK family doesn't have enough in savings to be financially secure for long if they're no longer receiving an income.

### What is income protection?

Income protection insurance pays out a percentage of your monthly income if you are unable to work due to illness, an accident or disability. It gives you a buffer between finding yourself without an income, paying the bills and protecting your family's security.

Building an emergency fund for yourself is a good start to give you some financial backup, but income protection insurance can provide additional peace of mind.

### How does income protection work?

Income protection is an insurance policy, so you pay a monthly or annual premium for it like any other type of insurance.

**“It’s important to get advice if you are thinking about getting coverage.”**

If you can't work because of sickness, disability or other reasons (depending on your policy criteria), you'll receive a regular income until you either return to paid work, retire, pass away or the policy term comes to an end. Policies can also be set up to pay benefits for shorter terms (1, 2 or 5 years), which could be cheaper.



Income protection is different to life insurance or critical illness cover, both of which do not pay regular amounts but instead give you one-off lump sums in the event of your death or the diagnosis of a critical illness.

That's why it's important to get advice if you are thinking about getting coverage.

### Have you thought about later life planning?

Meeting the costs of care for elderly parents and yourself when the time comes is important to plan for. Your financial adviser can help you explore options that could work for you. These could include:

- Releasing equity from your property
- Establishing an investment portfolio or building on an existing one
- Downsizing your home
- Lifetime care insurance if you're over 60.

### Did you know?

- The max income protection benefit any provider offers is approximately 60% of gross pre-disability income. Premiums cost more if the waiting period is shorter and the percentage of your income is larger.
- Income protection can give you some financial resilience, especially as statutory sick pay is only £109.40 per week (at November 2023), and may only be paid for 28 weeks.
- Your adviser can help you choose the income protection policy that suits your needs, weighing up how much your premiums might be with the amount of coverage you're after.

**“Your adviser can help you choose the income protection policy that suits your needs.”**

## Get in touch

An adviser can help you figure out the right way to protect your income. Please get in touch to arrange a time to chat.