Is your greatest asset protected?

We don’t usually think of our current income and our future earnings as an asset. However, if you take a moment to think about it, the money you earn pays for almost everything you have… mortgage, car loan, bills, children’s education, insurance and so on. Without it, you are faced with a pretty worrying picture. Nobody wants to think about what life would be like should disability or illness strike.

This is where an Income Protection plan is so important and is appropriate to anyone earning a salary, both the self-employed as well as other employees, regardless of their age or stage of life. With Income Protection you pay a monthly premium which is based on your occupation and the state of your health. This ensures that in the event of an accident or illness, which leaves you unable to work, the policy will pay you a regular income. As there are no restrictions on the type of injury, illness or disability that an income protection plan policy covers, you get complete peace of mind. Best of all, you get to choose and tailor an income protection plan that suits your individual circumstances, with a range of cover types. What’s more, as your needs and circumstances change, you can adapt your income protection policy to suit changes in your life.

In general, we tend to be overly optimistic about how we would manage if we were unable to work due to illness or injury. We over-estimate sick pay arrangements and the support provided by the State. Some employers will cover sick pay for the first 6 months of illness, however, they are not obliged to. The State Illness benefit for 2012 is only €9,776 per annum (for a single person) or €19,364 per annum for a family of four (two adults and two children).¹ And if you are self-employed you don’t even qualify for this.

The reality for most people is that their level of “outgoings” either matches or exceeds their income. So, for a person who no longer is earning that income there will be a significantly negative impact on their lifestyle. But what can you do to protect your salary?

Income Protection should form a core part of any financial plan.

¹ These numbers are correct as at January 2012.