

# Why Do I Need Income Protection Insurance?

If you become ill or suffer an injury that prevents you from being able to work, income protection insurance can replace your lost income until you can return to your job.

It can provide invaluable support while you are ill or injured, helping you to pay bills, put food on the table, and keep a roof over your head.

However, income protection is not available to everyone, and it can be difficult and costly to get. That's why we've put together this short guide to help you understand if it's the right choice for you.

## How does income protection insurance work?

While you are in good health and able to work as normal, you pay a premium every month. Payments on your plan are eligible for income tax relief at your marginal rate of tax.

Then, in the event that you become ill or suffer an injury that prevents you from working, you can then make a claim and receive a monthly income until you can return to work (or until you reach the end of your plan).



## Who needs income protection?

**Income protection is worth considering if any of the following apply to you:**



- Your employer does not provide adequate sick pay
- You are self-employed and would have no source of income if an illness or injury prevented you from working
- You have no other source of regular income
- You have dependants who rely on your income
- You would not have enough benefits to replace your lost income and cover your expenses while you are unable to work
- You do not have ill-health pension protection in place

**If you are entitled to other benefits, then you may not need income protection. Examples include:**



- Social welfare illness benefit (not available to self-employed people)
- Social welfare disability benefit (not available to self-employed people)
- Sick pay from your employer (it depends on how much and how long they will pay you)
- Ill-health retirement pension

### Can anyone get income protection insurance?



In general, income protection is available to self-employed people and those in full-time employment. However, depending on things like your health and your occupation, it can be difficult and expensive to get.

Several occupations are excluded from most income protection policies due to the level of risks associated with them, such as farmers, prison officers and members of An Garda Síochána.

### How much does income protection insurance cost?



There are several factors that insurers take into account when calculating the cost of your policy:

- Your occupation
- Your age
- Your health
- Your family medical history
- Level of cover
- The deferred period you choose
- Term of the policy

### How long does the benefit last?



Your benefit payment will continue until one of the following happens:

- You recover and can return to work
- You pass away
- The insurer's medical officer decides that you are fit to return to work
- You reach the age of 55, 60 or 65, depending on your policy — this is known as the benefit cessation age' and it should be no later than your planned retirement date.

### What is the maximum benefit payable?



The maximum benefit payable is 75% of earnings before suffering an illness or injury less any State Benefits or Sick Pay.

### How do I get income protection insurance coverage?



You have a few options when it comes to buying income protection insurance. There might be a group scheme in your workplace that you can join, or you might decide to get it directly from an insurance company.

If you need help comparing all the different policies and choosing the right one for you, an insurance broker is your best bet.

## Safeguard your finances with income protection insurance from ERM Financial Services



At ERM Financial Services, we understand the value of being a hard-working member of society but we also know that life can throw an unexpected curveball at any time. That's why we offer comprehensive income protection insurance, giving you peace of mind in the event of an accident, illness or disability.

Don't wait until the worst happens – safeguard your financial security today and ensure that you, your family and your business are protected.

Contact us at [sales@ermfinancialservices.ie](mailto:sales@ermfinancialservices.ie) or call **01 845 4361** to speak to a member of our dedicated, experienced team who will walk you through your options and help you secure protection for your income, and your dependents.