Pennymatters
THE MODERN APPROACH TO FINANCIAL ADVICE

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Protecting your income when life takes an unexpected turn

A solution that can play an important role in safeguarding your financial wellbeing

Imagine waking up tomorrow unable to work because of an illness or injury. While many people focus on protecting their home, car or possessions, few consider what would happen if their income suddenly stopped. Yet for most households, regular earnings underpin everyday living costs, mortgage repayments, bills and future financial plans.

A prolonged absence from work can place significant pressure on personal finances. Although statutory benefits and employer sick pay may provide some support, they are often limited in both value and duration. This is where income protection insurance can play an important role in safeguarding financial wellbeing.

MAINTAINING FINANCIAL STABILITY

Income protection insurance is designed to provide a regular monthly income if you are unable to work due to illness or injury. Rather than paying a one-off lump sum, it provides ongoing financial support while you recover and are unable to earn your usual salary.

The cover can help with essential household expenses, including mortgage payments, rent, utility bills, food costs and other everyday commitments. This financial safety net can allow individuals and families to focus on recovery without the added worry of meeting monthly financial obligations.

UNDERSTANDING HOW THE COVER WORKS

Income protection insurance typically pays a proportion of your pre-tax earnings, often up to 60%, depending on the policy and provider. Payments usually begin after a selected waiting period, known as the 'deferred period', which can range from a few weeks to several months.

Once a valid claim is accepted, the benefit is paid regularly until you are able to return to work, the policy term ends or you reach retirement age, depending on the cover selected. Policies can be tailored to individual circumstances, making them a flexible solution for many working people.

WHY INCOME PROTECTION MATTERS

Illness and injury can affect anyone, regardless of age, occupation or lifestyle. While no one expects a long-term absence from work, the financial consequences can be significant if the unexpected happens.

Income protection insurance can provide reassurance that a portion of your income will continue to be paid if you are unable to work. This support can help preserve savings, reduce financial stress and maintain your standard of living during an already challenging period.

CHOOSING THE RIGHT PROTECTION

Every individual's circumstances are different, which is why it is important to consider factors such as income requirements, existing sick pay arrangements, waiting periods and the level of cover needed. A carefully selected policy can form a valuable part of a broader financial protection strategy.

It's essential to ensure that any cover chosen aligns with your personal needs, employment circumstances and long-term financial goals. ■

LOOKING FOR GREATER FINANCIAL PEACE OF MIND?

For further information about income protection insurance, or to discuss how cover could help protect your income and financial future, please get in touch. We'll help you understand your options and identify a solution tailored to your circumstances and goals.