



'It won't happen to me'

Britons not planning financially for long-term sickness

Only one in five UK people have income protection cover in the event of becoming too ill or disabled to work according to research published by insurer Zurich. This is despite the fact that as many as 42% have experienced income loss in their working lives due to serious illness. The findings indicate that people still have an 'it won't happen to me' attitude despite having suffered the consequences first-hand.

RAISE AWARENESS

Only 19% of respondents claim to have a good knowledge of income protection products, suggesting that more needs to be done to raise awareness of the product's benefit, including swift access to rehabilitation as well as financial support. This lack of understanding also seems to extend to price, with many overestimating how much cover costs. Over a quarter of respondents said they would be willing to spend 5% of their income on it, though such cover can be bought for significantly less.

In the absence of cover, just under half of respondents (47%) expect to rely on savings should the worst happen. Though just under a quarter (23%) also report having savings to last them just one month in such a scenario, while 21% say they have enough to last them up to three months.

WELFARE SYSTEM

This picture emerges as the welfare system faces austerity measures with expansion of the Government's Work Capability Assessment programme to review the eligibility of a further 1.5 million people already receiving Incapacity Benefit.

Unsurprisingly, over half (56%) of respondents' preference would be for the Government to cover income loss in the event of illness, followed by their employer for 37%. Nearly half (47%) of UK respondents also reported being willing to accept a better benefits package including income protection benefits rather than higher wages, suggesting a greater role for employers in helping to protect their employees' financial well-being.

PROTECTION GAP

The income protection gap is a growing challenge, and for a family it can impact on the main breadwinner not being able to work through illness or disability, which can cause devastating financial hardship resulting in the loss of the family home for those worst hit.

As we witness a shift in the burden of responsibility from the state to individuals, people need to take more responsibility to protect themselves and those they love. There are many things to consider when looking to protect your income and should form part of an effective protection planning strategy. ■

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HOW WOULD YOU PAY THE BILLS IF YOU WERE SICK OR ACCIDENTALLY INJURED AND COULDN'T WORK?

We all strive to achieve a standard of living we feel comfortable with. What is less comforting is the thought that if the breadwinner of the family were to fall seriously ill, that standard of living could all but disappear. The first step is to obtain professional financial advice to make sure you find the right solution to ensure this doesn't happen. To look at your options, please contact us.