

Do I need Income Protection?

Case study 13

What is income Protection?

Income Protection, also known as Salary Continuance Insurance (SCI), is a form of income Members can receive if they become unable to work due to a temporary illness or disability.

To put it even simpler; it will help put food on the table, petrol in your car, keep bills paid, stop the bank from foreclosing on your mortgage and maintain some means of a reasonable standard of living if you are not able to earn your income.

Why do I need it?

To put it into perspective, try this quick quiz:

Which is your greatest asset?

Car Home Income

What do you have insured?

Car Home Income

I assume a lot of people would tick that they have their car insured. But if you think about it, would it really be that difficult to get around if something did happen to it? You could catch public transport, taxi, or get friends and family to help out.

But what would happen if you lost your income? How would you pay your bills, mortgage and food? When you consider how vulnerable a person's lifestyle is to a loss of income, it may be quite a risk not having your income protected.

If you think about how much you earn, multiply that by how many years you have until retirement, and then add a factor for pay increases and inflation, you could be looking at risking literally hundreds of thousands of dollars if you were to suffer a long term medical condition without some form of protection.

What if I just continue taking my chances?

Recent Statistics show that on average in Australia:

- » 297 people are diagnosed with cancer¹ a day
- » Around 1.10 million Australians are disabled long-term by heart, stroke and vascular diseases²
- » More than 60% of Australians will be disabled for more than one month during their working life³
- » 3 out of every 4 Australian families will experience cancer⁴

Can you take those chances?

How do benefits work?

When you take out a policy the benefit commencement "waiting period" and the duration of benefits "benefit period" will be chosen by you. You can also choose to protect 50% or 75% of your income.

The longer the waiting period; the lower the premium. If you have sufficient savings and could live on them for a few months you might chose a longer waiting period.

After that, if you satisfy the conditions for payment, your income payments will begin.

These payments will continue for as long as you continue to satisfy claim conditions, up to the maximum of your benefit period. Hopefully you regain health and can return to work.

For more information on how the Fund's Salary Continuance Insurance works please refer to the Product Disclosure Statement.

» [Case Study over](#)

Case Study:

Bethany, aged 24, is Travel Agent earning \$60,000 per annum. Like a lot of people her age, she loves to live life to the fullest therefore has no savings or assets under her name. She is currently paying \$250 a week for rent, has a credit card loan of \$5,000 and a \$2,000 car loan.

Bethany was speaking to a friend recently who was badly injured in a car accident and soon learnt how bad his financial situation suddenly became. Missing loan repayments, bills and rent became the norm which in the end cost him more money through fees and greatly affected his credit ratings.

Bethany never really thought about how she would cope if she was suddenly unable to work but now it was playing on her mind. As she has no savings or assets, paying the rent and loan repayments would quickly become near impossible. She would be left, like her friend, in a very bad financial situation.

After having a few restless nights thinking about her friends situation she elected to have SCI with her super fund. She realised just because she was young it didn't mean she was invincible from accidents and illnesses that could put her out of work long term.

She selected cover with a two year benefit and 30 day waiting period. The cost for this cover is around \$1.85 per week. She would then receive regular payments of 75% of her gross income (payable up to 2 years) if she did become unable to work due to an injury or illness.

Would like more information?

SCI cover is not for everyone. The information contained in this fact sheet is general advice only and you should consider your particular goals, objectives and specific circumstances prior to making a decision. You should seek professional advice before making a decision.

Fortunately, WA Local Super employs qualified financial advisors who are available to assist members at no extra cost. Give us a call today; you have nothing to lose and potentially a lot to gain!

Phone: 9480 3500 or for Country Callers 1300 99 85 42 or alternatively view our PDS.

1 Australian Institute of Health and Welfare and Australasian Association of Cancer Registries "Cancer in Australia: an overview, 2006"

2 Australian Institute of Health and Welfare "Heart, Stroke and Vascular Diseases" 2004

3 Australian Disability Table IAD89-9 Class 2

4 Australian Institute of Health and Welfare, Australia's Health 1998