

Do I need Income Protection?

Case study 9

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:

Joanne, aged 41, is recently single with three children aged between 13 and 16. She is a Human Resources Manager earning a very comfortable salary of \$120,000 per annum and has a mortgage debt of \$62,000.

All of her children attend Private Schools and participate in a lot of after school activities such as music, tennis and dancing.

Recently while on a skiing holiday with her children, she was badly injured and instructed to take up to 6 months off work. The stress caused by being badly injured was enough, let alone the financial stress she could see coming. Her children were already having a hard time worrying about their mum; if they had to move schools and stop their after school activities, life would be even worse.

Fortunately when Joanne signed up to her super fund she elected to take SCI to protect her and her family's financial future and wellbeing should something happen to her. She selected cover with a two year benefit and 30 day waiting period. The cost for this cover was around \$7.45 per week. This simple decision was the best she had ever made.

Through her super fund she received regular payments of 75% of her gross income (payable up to 2 years) and was able to continue paying her mortgage repayments and bills so she could focus on getting better.

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