

The difference income protection can make



Many of us would face some financial difficulties if we couldn't work for a period of time due to injury or ill health.

We've created the fictional journey below to help you think about life with income protection.



Meet Joe. He's 35, rents his flat and works as a computer programmer, earning £43,000 a year (£33,262.40 per year or £2,771.86 a month after tax).

A car accident leaves Joe with a back injury. He suffers a herniated disc and can't work for the next four months until his operation and for a further 6-8 weeks of post-op recovery.

In this example Joe's income protection plan gives a monthly level benefit of £2,329 until he's age 65 after a 4 week deferred period.

How does income protection work?

If you lose earnings due to illness or injury, income protection pays out a proportion of your income while you're unable to work, for a fixed period of time. It can help you cover your monthly rent or mortgage payments, bills and living expenses. There is no cash in value at any time. If you stop paying the premiums, your cover stops and you get nothing back, and we only pay if a successful claim is made. Your adviser can explain all the different features and benefits available and help you decide what protection you need.

<p>Without protection</p> <p>Joe has £3,000 in savings but has no other financial protection in place.</p>	<p>Start</p> <p>Pre-injury</p>	<p>With protection</p> <p>Joe has £3,000 in savings and has taken out an Aviva Income Protection+ policy which gives him a monthly benefit of £2,329.</p>
<p>Without protection</p> <p>Joe gets full pay from his employer as sick pay for the first month.</p>	<p>Month one</p> <p>An accidental injury means 6 months off work</p>	<p>With protection</p> <p>Joe gets full pay from his employer as sick pay for the first month.</p>

<p>Without protection</p> <p>From the second month Joe gets Statutory Sick Pay of £109.40 per week. With careful budgeting Joe reduces his monthly outgoings to around £2,000 but still faces a significant shortfall. He has to dip into his emergency fund to cover this month's outgoings.</p>	<p>Month two</p> <p>Company sick pay ends</p>	<p>With protection</p> <p>The income protection benefit is paid one month in arrears, so at the end of the second month Joe receives his first benefit payment of £2,329 from Aviva. He also gets his Statutory Sick Pay of £109.40 per week. Joe's able to cover all of his rent, monthly bills and expenses.</p>
<p>Without protection</p> <p>It's Joe's third month at home waiting for his surgery. Despite cutting back wherever he can, Joe still faces a significant shortfall between his income and outgoings. He's forced to use the rest of his emergency fund and rely on his credit card to cover his monthly bills, expenses and rent.</p>	<p>Month three</p> <p>Waiting for surgery</p>	<p>With protection</p> <p>It's Joe's third month at home waiting for his surgery. With his monthly Income Protection+ payment, Joe can cover all of his monthly bills, expenses and rent. He doesn't have to worry about dipping into his savings.</p>
<p>Without protection</p> <p>Joe has his spinal surgery and returns home for a further six weeks post-op recovery before he can return to work. As he's exhausted his emergency savings, Joe has to sell some of his possessions to cover his monthly outgoings.</p>	<p>Month four</p> <p>Spinal surgery</p>	<p>With protection</p> <p>Joe has his spinal surgery and returns home for a further six weeks post-op recovery before he can return to work. Joe's monthly outgoings are all covered by his income protection plan so he can focus on his recovery and things like a family birthday.</p>
<p>Without protection</p> <p>Joe's recovery is going well but with Statutory Sick Pay his only income, his finances are getting desperate. Joe asks his parents for a loan to get him through the month.</p>	<p>Month five</p> <p>Post-op recovery</p>	<p>With protection</p> <p>Joe's recovery is going well and he's able to cover his monthly outgoings. The claims team are in regular contact to offer any support or assistance to help Joe get back to work when he's recovered.</p>
<p>Without protection</p> <p>Joe's recovered from surgery and is ready to return to work. Unfortunately he's exhausted all of his finance options and is having to move to a smaller home with lower rent.</p>	<p>Month six</p> <p>Ready to get back to work</p>	<p>With protection</p> <p>Joe's fully recovered from surgery and is ready to return to work. As his income protection replaced a proportion of his earnings while he was unable to work, Joe's finances are in good shape.</p>

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