

broadbench

Your Guide To Income Protection

Tax-Efficient Insurance To Cover Your Costs When You Can't Work



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What Is Income Protection

If You Can't Work, You Can't Earn Unless You Have Income Protection

People in permanent jobs have the benefit of receiving sick pay. As a business owner, self-employed professional or a contractor, you don't have this luxury which is why it's so important to have Income Protection. It gives you the peace of mind that if you become ill, you'll be paid a regular wage so you can look after the bills until you're well enough to return to work.

How Would You Pay Your Bills If You Couldn't Work?

For most of us, being unable to work for medical reasons would present a serious financial challenge. What would happen to you or your loved ones if you couldn't work due to illness or injury which resulted in a loss of earnings? How would you cover your outstanding bills like rent, mortgage or other living costs.

Income protection insurance can give you the peace of mind you deserve.

Speak to your Broadbench adviser, who can help find the right product for you.





Reasons To Choose IP

Insurance That Works When You Can't

1. Illness Is The Biggest Financial Risk

Illness is the biggest risk to your family's financial security. Despite this, life insurance remains the sole priority for many families. It makes much more sense to protect yourself against illness first, which is why more and more people are recognising the value of income protection.

2. Offers More Than Life Insurance

Of course, life insurance is important, and usually essential when taking out a mortgage, but when you consider illness is the biggest risk to our income, it should rarely be the first and only policy you buy.

3. Income Protection Covers Any Illness

Unlike Critical Illness Insurance, which pays a lump sum if you're diagnosed with a serious illness listed on your policy, Income Protection covers you for ANY illness that stops you from earning. The policy pays out if you're too ill to do your job, not just any job, regardless of the illness or injury. Think of it as fully comprehensive illness cover.

12M Adults Suffer Financial Hardship Due To Ill Health

According to Aviva, a whopping 12 million UK adults suffer financial hardship due to unexpected ill health.

Leaving them with nearly 50% more debt and 40% less savings.

Source: Aviva News Article [_12-million-uk-adults-suffer-financial-hardship-due-to-unexpected-ill-health-or-death](#)

Reasons To Choose IP

4. It keeps paying out!

Month after month, year after year, until you're well enough to return to work. You never quite know how long an illness will last. There's no need to worry about a lump sum running out. What's more, once you recover, the policy stays in place so if in the future illness prevents you from working, you can claim again.

5. Could you manage on just £109.40 per week?

If you're too ill to work don't expect much help from the government. It's tempting to think that if you become too ill to work you can just rely on the state for financial support. However, any help you receive will be minimal.

Employed - If you're employed, you may have an employer sick pay arrangement for a period of time. After that, you're entitled to Statutory Sick Pay (SSP) of £109.40 per week for up to 28 weeks.

Self-Employed - If you're self-employed the picture is even worse. You're not entitled to SSP, so you'll need to rely on an application for Employment and Support Allowance from day one.

Just Under 50% Of Sickness Is Minor Illnesses

In 2021, just under half of all sickness absence in the United Kingdom was due to minor illness, mental health or musculoskeletal problems. Conditions not covered by critical illness policies.

Source: ons.gov.uk. Sickness absence in the UK labour market (2021).



Reasons To Choose IP

6. Protects Your Savings As Well As Your Income

It can be difficult to save money. Even if you're lucky enough to be able to put away a little each month, it can take years to build up a modest rainy-day fund. After all that effort, the last thing you would want is to have to spend your hardearned savings on paying everyday bills. But if you became too ill to work, you may have no choice.

However, with an income protection policy in place, your savings are safe. The monthly benefit it pays could take care of everyday bills, so you can look forward to keeping your savings for the good things in life.

7. It's surprisingly affordable

Income protection comes with a range of options so it's best to talk to an adviser so they can build you a plan that's right for your life and right on the money.

31% Have Taken Time Off Work Due To Ill Health

Nearly one in three UK adults have experienced leave from work due to unexpected ill health or the death of a long-term partner. Of these, 77% (12.3 million people) have seen their finances suffer as a consequence.

Source: Aviva News Article_12-million-uk-adults-suffer-financial-hardship-due-to-unexpected-ill-health-or-death

Policy Options



Premium Options

You can choose between level guaranteed or age-costed premiums.

Level guaranteed premiums stay the same for the length of the policy, whilst age-costed premiums give you the flexibility of a lower starting price which increases over time.

Claim Period

A long-term claim period means a claim could potentially pay out for the length of the policy.

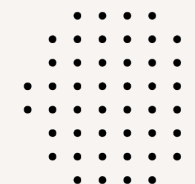
Or you could opt for a cheaper, limited claim period of either two or five years meaning that each individual claim pays out for a shorter period of time.

Waiting Period

This is the length of time after becoming too ill to work that you wait before your monthly benefit payments start. The options range from one day to one year. The longer the waiting period, the lower your premiums will be.

This is also called a deferral period.

Income Protection does not cover the cancellation of contracts, only the inability to work due to illness



Income Protection Benefits

What You'll Get With Income Protection

1. Regular Monthly Benefit

Provides a regular wage if you become ill. Usually 50% -70% of your normal income. Directors can receive up to 80% of their income, including PAYE and dividends.

2. Guaranteed Premiums

Unless you elect to make changes to your plan, or choose an Increasing Income Protection Benefit plan, your premiums won't change, meaning it's easier to budget for this protection.

3. Covers You Until You're Well Enough To Work

Unlike other insurance policies Income Protection continues to pay you a monthly 'wage' for the duration of your illness or injury. Plus, you can claim on multiple occasions should the need arise.

4. Deferral Or Waiting Period

Pays out once a 'deferral period' has passed. The longer the 'deferral period', the lower the monthly premiums.

5. Tax Free Or Deductible

Payout is tax-free if paid from your own pocket. Tax deductible if paid for through the business, but you will be taxed if you make a claim.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.

It Pays To Have IP

Remember All Illnesses Or Injuries That Prevent You From Working Are Covered

92%

of claims were paid

96 Weeks

was the average length of claim for policies with a full-term claim period

£9.9M

was the total amount paid out

64%

of claims were due to musculoskeletal conditions, illnesses related to Covid-19 and hip/knee conditions

7%

of claims were due to mental health conditions

7%

of claims were due to critical illnesses such as cancer, strokes and heart conditions from bad backs and mental illness right through to cancer, strokes and heart attacks

Source: Exeter statistics 2022, Client Guide To IP

The Stats

Did You Know?

1 in 4

One in four of us would struggle financially if we were out of work for just four weeks.

12 Million

12 million UK adults suffer financial hardship due to unexpected illness.

15%

One in six (15%) had to downsize, move in with family, rent or in extreme cases even became homeless.

1.9 Million

1.9 million people who have experienced an unexpected illness or death don't think they'll ever financially recover.

Source: Drewbury Insurance 2018, Aviva News Article_12-million-uk-adults-suffer-financial-hardship-due-to-unexpected-ill-health-or-death, L&G Critical Illness Claims research, L&G research.

The Stats

Did You Know?

10 Years

It would take the average UK earner 10 years to save their gross annual income due to unexpected illness. So we can't all rely on savings if we found ourselves unable to work.

38%

Two in five (38%) had to apply for benefits or other Government support while 22% had to use their savings.

1 in 5

Approximately 1 in 5 men, and 1 in 6 women, will suffer a long-term illness in their lifetime.

19 Days

The average household is just 19 days from the breadline, far shorter than the 60 days they believe.

Source: Drewbury Insurance 2018, Aviva News Article_12-million-uk-adults-suffer-financial-hardship-due-to-unexpected-ill-health-or-death, L&G Critical Illness Claims research, L&G research.

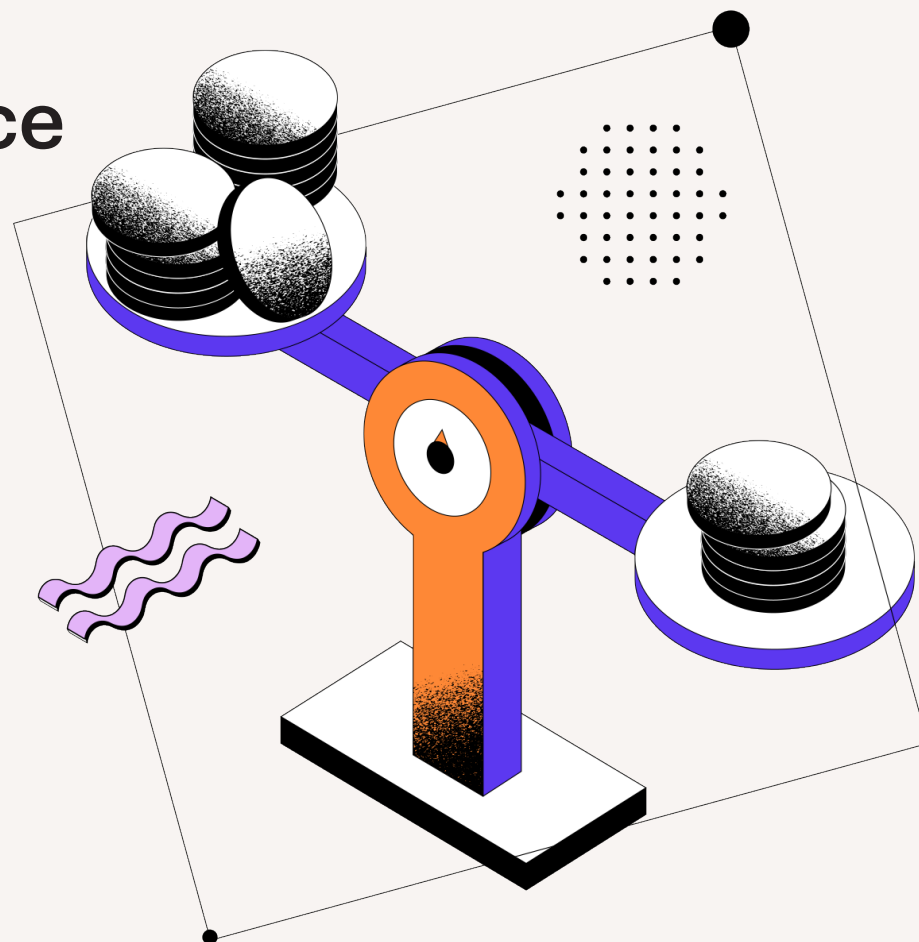
IP v Critical Illness Insurance

What Is The Difference Between Income Protection And Critical Illness Insurance?

The major difference is that Income Protection is for illnesses where you are expected to make a recovery. The money is there to tide you over.

However, Critical Illness assumes that you are not going to make a recovery and will not be well enough to work again. The one-off payment Critical Illness provides is to look after you and your family for the foreseeable future.

All statements concerning the tax treatment of products and their benefits are based on our understanding of current tax law and HM Revenue and Customs' practice. Levels and bases of tax relief are subject to change.



FAQ's

What is Income Protection Insurance?

Income Protection is an insurance policy that pays you a regular wage if you're unable to work due to illness or injury. It will continue to pay you a salary until you're ready to return to work, retire or if you pass away (dependent on the level of benefit taken).

What does Income Protection cover?

You are covered for most injuries or illnesses, unlike other protection policies. The criteria for a claim within an Income Protection policy is not based on the illness/injury itself but on whether it has stopped you from working.

How much of my pay will be protected?

As a contractor, you can typically ensure between 50% – 80% of your salary and dividends.

Will Income Protection protect me if I can't find a contract?

No. This is a common misconception of Income Protection; it only covers you when you are unable to work due to illness or injury. It does not cover gaps in between employment. If you're looking for unemployment payment, you will have to apply for JSA.

What factors impact an Income Protection premium?

Your age, health, line of work and if you have smoked in the last 12 months can have an impact on your monthly premium. Therefore, it's important to speak to an Income Protection expert to get a rough idea of what cover you can expect and at what cost before applying.

Why is it important for those earning a day rate to have Income Protection?

When you work for yourself, you do not have the financial support of an employer. This means that if you fall ill and are unable to work for a period of time, you do not benefit from sick pay. If this happens, how will you meet your living costs? It's important to have an Income Protection policy in place so you can meet your living costs (mortgage, bills, food, lifestyle etc) in the unfortunate circumstance of illness or injury.

Can I get Income Protection Insurance if I am self-employed?

Yes, although it's structured to be paid for personally rather than via a Limited Company.

FAQ's

How long should my deferred period be?

The deferred period is the time between you being unable to work and your payouts beginning. Typically, the longer the deferred period the lower your monthly premiums.

To work out the length of your deferred period, you should consider how much you need per month to cover your bills and day-to-day living costs and offset this against your savings. From this, you can work out how long your savings will keep you afloat before you'll need the financial support a policy delivers.

What happens if I change contracts?

If your new contract pays more or less than the previous contract (or the contract you were on when you started the policy), you can contact your insurer to increase or decrease the amount of coverage you need.

How long can I be covered for?

There are two forms of Income Protection: short-term which typically covers you for 2-5 years and long-term. Long-term will cover you up until an agreed age (usually until retirement). Most contractors take out a long-term policy so that they can be confident they'll be financially supported in the event of long-term illnesses and injuries.

Why do I need Income Protection Insurance?

People in permanent jobs have the benefit of receiving sick pay. Those earning a day don't have this luxury which is why it's so important to have Income Protection. It gives you the peace of mind that if you become ill, you'll be paid a regular wage so you can look after the bills until you're well enough to return to work.

How can I set up Income Protection?

If you're looking to set up your Income Protection, our advisers can help you find the right policy for you and your family. Get in touch and protect your income!

I've moved house, how do I update my address details for my Income Protection?

You should notify your insurer's customer services team or your broker so that your details remain up to date. For Broadbench clients, you can update this information on our client portal.

Who do I notify in the event that a policyholder passes away?

You should notify the claims department of your insurer, you will find this contact info on the policy documents or their website.

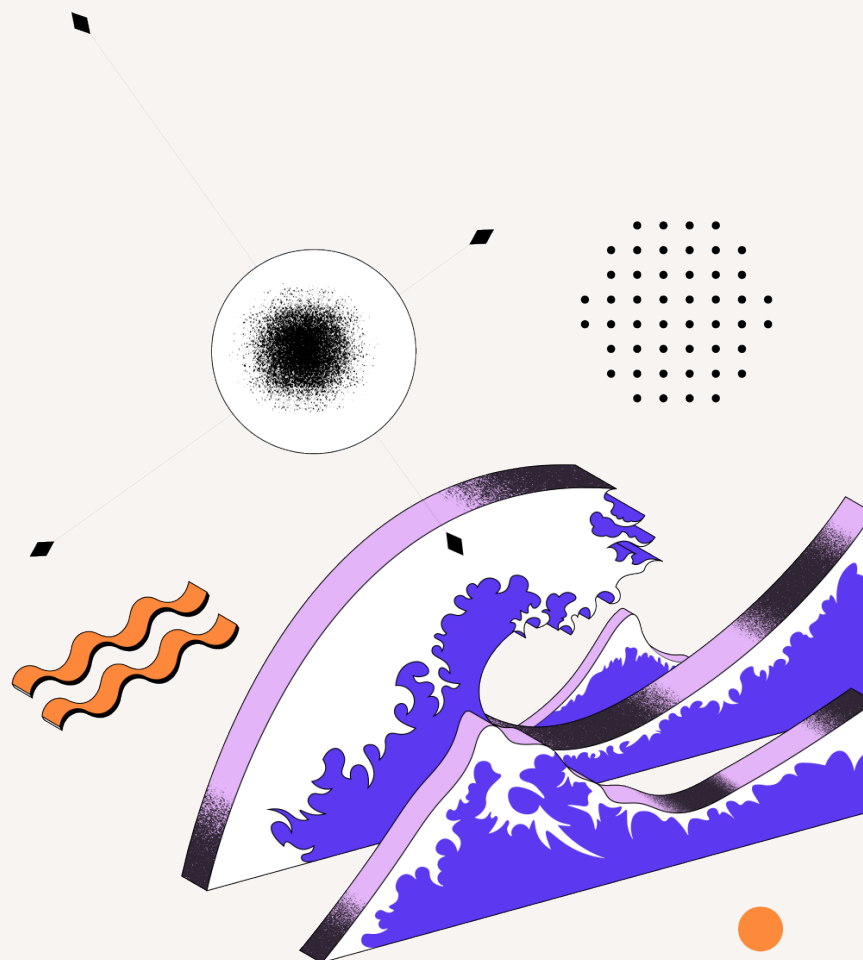
Why Broadbench?

Many of us decide on what insurance to go for (whether it's for your car, your house or your life) that fits the monthly premium we want to pay. Of course, you could go to a price comparison site and very quickly find the cheapest quote on the market, but would it be the best solution for you and your family?

Our advisers have the skills and knowledge to offer you bespoke and impartial advice, taking in a holistic understanding of your circumstances and combining it with a deep knowledge of what different providers offer. Not only that, but they know how to quickly navigate the insurance minefield and set up exactly what you require, taking the hassle out of your hands.

The Benefits Of Using Broadbench:

- Bespoke and impartial advice.
- You deal with a human, not a computer.
- The hassle is taken out of your hands.
- Access to expert market knowledge.



4 Simple Steps

How We Make Your Life More Manageable

1. We Listen To You

Getting to know you, your requirements and how you work enables us to find the perfect products for your needs.

2. We Study The Market

Leveraging our network of lenders and insurers, we scour the intermediary market to find the best options and dig into the detail to make sure they're the right fit for you.

3. We Do The Boring Bits

You just want to sign up with the right provider, not be buried in forms and red tape. That's why we run you through the details and fill out all the paperwork ahead of your final approval.

4. We Stay In Touch

We don't just recommend and walk away. We'll regularly check whether your product is right for your current circumstances and, if not, find a new one that is.

Our Services

Business Protection

- Relevant Life Insurance
- Key Person Insurance
- Executive Income Protection
- Business Healthcare
- Shareholder Protection
- Business Loan Protection
- Professional Indemnity

Personal Protection

- Life Insurance
- Whole Of Life
- Critical Illness Insurance
- Private Healthcare
- Personal Income Protection
- Buildings & Contents

Mortgages

- First Time Buyer
- Home Mover
- Remortgages
- Buy to Let

What Our Customers Say

We are passionate about our customers and providing the very best service. Take a look at our latest reviews on Trustpilot.

“Great service! – I've been using these guys for years for my mortgage options as a contractor. Great service and knowledge. I've also got a few other products with them. Looking forward to many more years of great service. ”

★★★★★ by Alexander Delaney

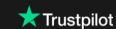
Rated 4.9 / 5 | 384 reviews



“Brilliant, as always – I'm a returning client of Broadbench, and I'm always impressed by their professionalism. Mike was incredibly helpful, and knowledgeable, and made the entire process smooth and stress-free. He took the time to ...

★★★★★ by Ali

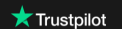
Rated 4.9 / 5 | 384 reviews



“Highly recommend! Extremely helpful and took the time to explain and give all options for life insurance and income protection. Made the whole process very quick and smooth.”

★★★★★ by George Gordon

Rated 4.9 / 5 | 384 reviews



“Extremely helpful organised and knowledgeable. All the information required was conveyed concisely in a personable manner. ”

★★★★★ by Liam

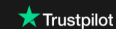
Rated 4.9 / 5 | 384 reviews



“Contractor guidance. We have used the services of Broadbench for many years now and have always found the team to be highly professional. As a contractor, Tom and Emily have been excellent at securing the best deals for my ...

★★★★★ by MJ

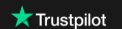
Rated 4.9 / 5 | 384 reviews



“Exceptional service and advice from Broadbench. I really appreciate the fantastic independent advise given and effort to get the positive outcomes in setting up the right Insurance policies for me and my business. Would recommend Broadbench ...

★★★★★ by Steve

Rated 4.9 / 5 | 384 reviews



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