
YOUR GUIDE TO...

How Income Protection works

Income Protection provides you with a benefit payment (after a waiting period) if you're unable to work due to an illness or injury.

You'll receive a regular payment for a period of time that you could use to help keep your household up and running, and financially provide for your loved ones while you recover.

How am I covered?

Income Protection pays a percentage of your pre-tax income if you're unable to work temporarily. It's designed to help replace a portion of your income if you can't work, or work at the same capacity, due to an illness or injury for a period of time.



WHAT'S THE DIFFERENCE BETWEEN INCOME PROTECTION AND WORKER'S COMPENSATION?

Worker's compensation pays a benefit only if you can prove you were injured or became ill as a direct result of your job.

In comparison, **Income Protection** pays a percentage of your income if you're unable to work due to an injury or an illness.

How do I get Income Protection?

You may already have a level of Income Protection through your super fund so it's worth checking what you have in place already. Having Income Protection through super is often cheaper, plus you have the flexibility to change the level of cover if you need to.

You can also buy Income Protection from:

- a financial adviser
- an insurance company.

What information do I need to apply?

When you apply for Income Protection, what you need to provide will vary depending on whether your policy is through your super fund, financial adviser or directly from an insurer. At most, you may be asked personal details such as your financial information (income, assets you own), occupation, medical history and lifestyle (your smoking status or whether you have high-risk hobbies).

What happens if I need to make a claim?

Whoever you obtained your Income Protection from (your super fund, employer, adviser or insurer) should be your first point of contact. They'll each have a slightly different claims process, but generally you'll need to supply documents that support your claim. These could include medical results or reports from a doctor and information about your job, like your regular duties and hours.

Depending on the nature of your claim, the insurer may ask you to have an independent medical examination and regular health assessments as well, to confirm you continue to temporarily incapacitated and unable to work.



DID YOU KNOW YOUR INCOME PROTECTION PREMIUMS MIGHT BE TAX-DEDUCTIBLE?

If you have Income Protection outside of super, the premium payments may be tax-deductible, as it's considered a cost you incur to generate an income.

However, as everyone's individual circumstances are different, it's a good idea to speak to a registered tax agent or a financial adviser for advice specific to your situation.



Where can I go for more help?

If you're looking for more information, there are lots of tools and resources available, including online calculators that can help you decide what level of cover might be suitable for you. ASIC's MoneySmart website is a good place to start: moneysmart.gov.au

You can also get in touch with your super fund to understand what cover you have and to help you decide whether it's right for you. Or if you have a financial adviser you can speak to them if you have any further questions.