



Turbo charge your Income Protection with Trauma Cover

Your ability to earn an income is one of, if not, your most important asset. The value of income protection insurance is gaining a widespread understanding, as people are recognising that they need a contingency plan which will pay a regular monthly income if sickness or injury prevents them from working.

Income protection insurance usually pays up to 75% of your income in the event of an accident or illness, until you are able to return to work. If you became ill or if you were unable to work, earning three quarters of your income could mean that lifestyle adjustments would need to be made.

One way you could approach this challenge is to package trauma insurance with your income protection insurance. Trauma insurance provides a financial benefit on the diagnosis of a serious illness such as cancer, heart disease or stroke, and provides funding for treatment, rehabilitation and your living expenses while you recover. The benefits received from trauma cover are tax free.

Packaging income protection and trauma insurance can be a way of achieving a "100%" solution. Severe illnesses, such as heart attacks, cancer or strokes, generally have a long lasting impact on your lifestyle and ability to work. Combining income protection and trauma cover could be a more appropriate risk management strategy to maintain your current lifestyle in the event of a serious illness.

Let's take the example of Terry, who earns \$100,000 and whose main expense is a mortgage of \$250,000, which reduces his income by approximately 25% due to monthly repayments. Terry can cover \$75,000 of his annual income with income protection, but he can then turbo charge this with a trauma cover plan of, say \$250,000.

If Terry was to suffer a heart attack, cancer or one of the other specified traumas, he could use the \$250,000 trauma cover payment to payout his mortgage. This would reduce his monthly expenses by 25%. He would remove the stress of having to pay the mortgage and his income protection should now be sufficient to cover his other monthly living expenses without compromising his lifestyle.

For more information and a tailored strategy to suit your individual needs, contact your IA Financial Services Adviser.

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