Protecting your wealth Ages 46–55

☑ Are you employed or self-employed?

☑ Do you have any debts or dependants?

☑ How long could you survive financially without your income?

What is income protection?

At this stage of your life, you've worked hard to establish a great lifestyle for yourself and your family, and you're probably at the height of your earning potential.

Your income is also responsible for a lot – particularly if you have a large mortgage and/or children still living at home. This can leave you, and your future goals, vulnerable to an illness or accident that stops you from working.

Income protection is a way of protecting your wealth from such an event. It pays a monthly income of up to 75% of your regular salary if you are unable to work because of sickness or injury.

What this means for you

If something does happen that stops you from working, receiving an income protection benefit means you've still got money coming in to help you pay your bills and other expenses.

For example, your insurance money can help you cover regular costs like:

- Repayments on your home or investment loans
- Credit card bills
- Utilities bills and other household expenses
- Children's education expenses

Having this financial support can also help you afford the treatment you prefer, and take the time off work you need to recuperate properly.

Income protection only costs a fraction of your income (typically around 2%) and is tax-deductible in most cases – making it an extremely cost-effective form of insurance. However, different policies will often have different features and benefits, so it's worth talking to a financial adviser to find out what type of policy best suits your circumstances and budget.

What are the chances?

- In 2009, the disability rate was 18% for people aged between 45-54 years of age.[1]
- 1 in 2 men and 1 in 3 women will be directly affected by cancer before they reach the age of 85.[2]

Case study

John and Mary had been married for 20 years and were looking forward to having the house to themselves after their youngest son moved out. They had just paid off their mortgage and were enjoying having more disposable income to spend on themselves.

John had been carrying life cover and income protection since they started their family. He was aware of the important contribution his income made to the family finances, and the potential consequences if his income were to cease for some unforeseen reason.

John went to his financial adviser to review his insurances in light of their recent changes. John's adviser recommended that he reduce his level of life cover and add trauma insurance to his insurance portfolio. 18 months later, John was diagnosed with cancer. John overcame the cancer, but it was a tough 12-month battle.

Fortunately for John and Mary, the trauma insurance provided them with a lump sum payment which enabled the following:

- John was able to take extended leave from work by using some of the trauma benefit to supplement the income he was receiving from his income protection policy.
- Mary was able to take leave from her job to care for John.
- John was able to seek the best treatment and focus all of his attention on getting better, without worrying about finding the money to pay the bills.

Contact TNR Wealth Management Pty Ltd for further information on (02) 6621 8544 or visit www.tnrwealth.com.au

[1] Australian Bureau of Statistics, Disability and work report (1993 - 2009)

[2] Cancer in Australia 2014 – Australian Institute of Health and Welfare and Australasian Association of Cancer Registries, 2014

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