

HOW ADEQUATE IS YOUR INCOME PROTECTION?

Income protection can be the financial safety net you need if you experience an unexpected accident or illness that means you can no longer work. There are changes coming to new Income Protection insurance policies taken out after 1 October 2021 that will significantly impact the traditional features and benefits of these policies.

Some of the changes to be aware of include:



BENEFITS PAYABLE ON CLAIMS

The method used to calculate the benefit paid to you on claim is changing. For many, this will mean that only the last 12 months of income immediately preceding a claim will be counted, regardless of whether it is lower than usual.



INCOME REPLACEMENT REDUCTION

Current policies can insure you for at least 75% of your income. Policies taken out after 1st October will have a maximum replacement ratio of 70% after the first 6 months on claim.



5 YR CONTRACT TERMS

Any income protection cover implemented after 1 October 2021 will be subject to 5-year policy contract terms. Instead of policies remaining in place until expiry - usually age 65 or 70 - they will be reviewed every 5 years.

Are you considering income protection insurance? Contact us today:

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