

Why do you need Income Protection?



Four out of ten males and six out of ten females are likely to be off work for 30-90 days due to an illness or accident before they turn 65¹

After one month, 64% of stroke survivors will still have a motor deficit leaving them unable to do everyday tasks²

ACC does not pay out for illnesses such as heart attacks or cancer. It only pays for accidental injuries³

Poor health is stated as the number one reason for working age men in Australia not working⁴

Sources: 1. Davies Finances and Actuarial Limited 2008. 2. "Life After Stroke, New Zealand Guideline for Management of Stroke", Stroke Foundation of New Zealand, 2003. 3. Accident Compensation Corporation, www.acc.co.nz 4. Productivity Commission Study, The Age – Melbourne, 24 Jan 2007

Your greatest asset is your ability to earn an income. So what would happen if you suffered an illness or injury leaving you unable to work? How long could your family survive? What would happen if you couldn't pay the mortgage or rent? How could you cope with the demands of your condition while under financial stress as well?

Income Protection is a cover that pays a percentage of your lost income – helping you to maintain your lifestyle and support your family until you are no longer disabled*

**Or to a maximum benefit period as per your policy.*

Who claims for income protection?

- 46 is the average age of claimants
- The highest claim paid in total is \$1,138,560
- 60% of claimants are under 50
- 43% of claimants were off work for at least 6 months

TOWER claims statistics, September 2008.

What are your options if you don't have income protection insurance?

- **Use sick leave:** but would you have enough to cover even a medium term illness lasting a month or more?
- **Use savings:** do you have enough and how long would the savings last?
- **Rely on ACC:** but this only covers accidents, not illness
- **Rely on your partner's income:** but is it enough to run a household? Can they hold a full time job and look after you?
- **Borrow money:** Who would lend it to you? How would you pay it back?
- **Sell assets:** are you willing to lose your home?
- **Rely on the sickness benefit:** but could you and your family survive on this?

This brochure is not a policy wording. Full terms and conditions are set out in the policy wording and can be obtained at any time from TOWER. The policy wording sets out the benefits, features, any limitations, maximums and exclusions (circumstances where cover is not provided).

Could you and your family survive on this?

The following table shows the current sickness benefit rates as at 1 October 2008. These are weekly and are after tax.

Couple*	Solo parent * (with one or more children)	Single* (over 25)
\$153.46 (for each sick partner)	\$263.78	\$184.17

**Other family related benefits may also be available depending on personal circumstances.*

Source: Work and Income New Zealand, www.winz.govt.nz

"My girls could stay in their own home"

Brian (46) is in a management position at a paper mill. His wife Denise is at home raising their three young children. Brian was diagnosed with a brain tumour and had to undergo surgery and radiotherapy. 12 months later, just weeks after celebrating his 40th birthday in the South Island with his family, Brian had to have further treatment as the tumour had grown back.

While the tumour is now gone, Brian continues to suffer from small seizures, as well as memory loss and difficulties with speech. This meant that he is unable to work. It is also likely that the tumour will eventually return.

Brian had an Income Protection policy with TOWER which meant that he was able to continue to receive a percentage of his lost income. This meant that they could keep paying the mortgage and they did not have to lose their home. Because of this, the girls could stay at the same school which meant that while the impact of their dad's illness was hard, their normal routine didn't have to be disrupted. It also meant that Denise could be at home as Brian's caregiver and she did not have to try and work while still looking after the family.

Because of the effects of the tumour, Brian was unable to return to work. However, with TOWER's Income Protection policy he can continue to claim until he reaches the age of 65 or until he is no longer disabled.

**This case study is based on a typical claims situation.*

For more information, talk to your adviser or phone TOWER on 0800 754 754.