



## **Press Release**

**25 March 2015**

**Without income protection almost 1/4 of self-employed Financial Brokers would see income fall by 100% if they were unable to work for over 3 months.**

**Without income protection 85% would see significant income cut within just 3 months, with little support from the State.**

**Just 16% of self-employed Financial Brokers say they have discretionary income of over 30% of income.**

A recent survey conducted by Royal London on self-employed Financial Brokers throughout the country revealed that being unable to work due to illness or injury would result in serious financial difficulties. The survey showed that if they didn't have Income Protection cover in place, for almost half of the respondents their business would effectively close if they couldn't work for 12 months, with 48% also saying that they believed the turnover of their business would shrink by up to half.

According to the protection specialists at Royal London, this is likely to be similar for other self-employed people, where not enough attention is given to the need for income protection to protect the business-owner and their family in the event that they were unable to work for an extended period of time.

Joe Charles, Marketing Manager at Royal London, commented on the findings:

*"Whether you are self-employed or working in a company, most of us probably haven't thought about what would happen to our income if we were unable to work for an extended period of time. But we really should, as our survey results clearly illustrate.*

*Many may be surprised to hear that if you are employed, once your employer's sick pay ends, and for most people this reduces after 6 months and stops completely after 12, you would have to rely on the State Illness Benefit, currently a maximum €188\* per week for eligible employees, and any savings and investments you might have. It's even more stark for the self-employed who don't qualify for State Illness Benefit at all.*

[royallondon.ie](http://royallondon.ie)

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*That's why any of us who are working should really consider putting Income Protection cover in place. This can provide an income of up to 75% of earnings, less any State Illness Benefit entitlement or continuing income from other insurance policies, up to a maximum of €250,000 per annum."*

Other findings from the Royal London survey revealed – when asked if you didn't have Income Protection cover in place:

*"If you were suddenly unable to work for a prolonged period of time, how quickly would your income fall (assuming that you didn't have Income protection insurance)?"*

A reduction from month one	43%
Reduction in Months 2-3	40%
Reduction not until months 4-6	14%
Income will remain strong for more than 6 months	3%

*"After 3 months, how much would your income have dropped assuming that you were completely unable to work?"*

10%	3%
20-30%	12%
30-50%	16%
50-75%	30%
75%-99%	15%
100%	24%

Joe explains:

*"It's clear from the responses that most people's income would suffer swiftly and significantly if they were out of work and didn't have Income Protection cover in place. And what is also evident is the fact that this missed income has the potential to leave people in dire financial straits as they would quite obviously struggle to meet significant monthly commitments on their normal household expenditures and mortgage payments."*

Royal London also asked respondents, *"How much of your income (or both spouses if married) would you estimate that you could classify as discretionary (not required if you were under financial pressure)?"* and the answers showed that most people do not have very much discretionary spend at the end of the month.

10% of income	35%
20% of income	25%
30% of income	24%
40% of income	10%
More than 50% of income	6%

“What would happen to your business if you were unable to work for more than 12 months?”

It would survive unscathed	3%
The turnover would shrink by up to half	48%
It would effectively close	49%

Joe went on to say:

*“If you are self-employed you really need to ask yourself how long you could cope financially if you were on sick leave with reduced or limited income? It’s a worrying thought, but your local Financial Broker will be able to put your mind at rest by sourcing the best Income Protection product at the best price, to meet your needs.”*

- ENDS -

## **Note to the Editor**

### **What is income protection?**

The purpose of Personal Income Protection Cover is to provide a regular income if you are unable to work due to illness or injury for a certain period of time and you suffer a loss of earnings as a result. It can help protect your lifestyle by limiting the financial consequences of suffering an illness or injury which prevents you from working. Payments continue either until you are well enough to return to work or your policy ends. There is no restriction on what you use the income protection benefit for. It’s there to support you financially, however you need it. Under current tax law (November 2014) the premiums you pay may be eligible for Tax Relief. This can reduce the cost of your cover by up to 40%, if you pay income tax at the higher rate. Under current legislation, the benefit payments will be treated as income and so are assessed for income tax, PRSI and the Universal Social Charge (USC).

\* The State Illness Benefit is administered by the Department of Social Protection and is subject to qualifying conditions. For more information visit [www.welfare.ie](http://www.welfare.ie)

### **About Royal London:**

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Royal London’s Irish office is based at 47 St Stephen’s Green, Dublin 2.