



What is it?

Income protection is an insurance policy which pays out a monthly income if you are unable to perform your usual professional duties due to an injury, illness or accident. It is made up of 2 benefits:

- temporary sickness, which covers you for the first 24 months of a claim event
- permanent incapacity, which covers you for longer-term claim events till retirement age

Who is it for?

- Professionals and businesspeople who wish to insure their future employment income stream till retirement age
- Professionals and businesspeople who do not have alternate income sources to fund ongoing living expenses if they are unable to work

Why do I need it



Who will you rely on to take care of your ongoing living expenses if you experience an injury, illness or accident that renders you unable to work?

You do not want to become a burden to your family nor your employer. You cannot rely on Government. Their current disability grant is woefully inadequate and cannot be relied on to fund your lifestyle.

This is where Income Protection comes in. Think of it as your own, personally funded, social welfare system. It allows you to insure your biggest "unseen asset", your future paychecks from employment.

The following key variables need to be considered for each income protection policy:

Key Variables



The monthly income from employment and your ongoing living expenses are used to determine the appropriate **level of cover** you need



You need to be off work for a certain period of time before you can make a claim. This is called a **waiting period** and it ranges from 7 days up to 6 months



There are various **premium patterns** to choose from when paying for your policy (see premium patterns below)



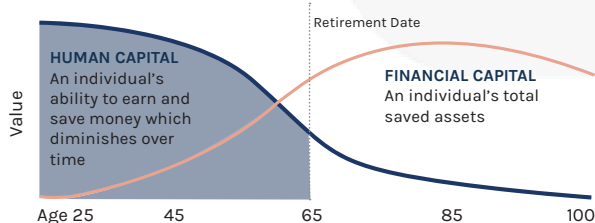
Based on your health at policy inception during underwriting, you may incur **loadings** (increased premiums) or suffer **exclusions** (no cover) for pre-existing conditions



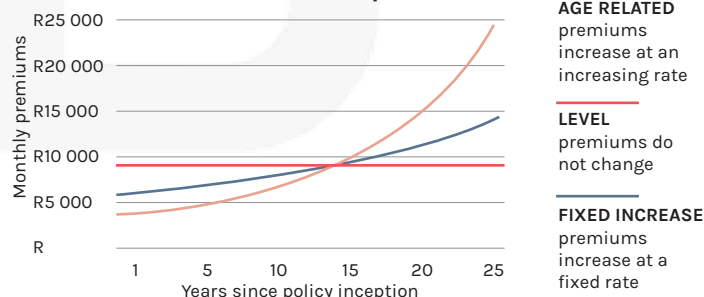
Based on your personal circumstances, there are various **rider benefits and boosters** you can add on to your policy

Insuring your Human Capital

Income protection insures your human capital from policy inception to retirement age (blue shaded area)



Premium Pattern Comparisons



PPS Income Protection



We work closely with PPS, a provider of income protection benefits for professionals. PPS members are part shareholders of PPS itself. PPS members earn a share of PPS's actuarial profits yearly instead of it being paid out as dividends, as is the case with traditional insurance companies. These profits are invested into the markets via a Profit Share Account, which grows in value over a PPS member's lifetime.

Here's a real-life example of Bob*, who has been a PPS member for the past 41 years. In the graph, we show his PPS premiums paid to date and the value he has received from them (income protection claims paid so far plus his latest profit share account value):

* not his real name

Premiums paid	R1 038 384
Bob has paid R 1038 384 in premiums to PPS so far	
PPS Profit Share Value	R1 680 011
Claim payouts received	R330 607
Bob has received back nearly double in value (R 2010 618) via the growth of his PPS Profit Share Account (R1 680 011) and income protection claims (R 330 607)	

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