

Income Protection for Business Owners

Safeguarding your livelihood



HEALTHIER, LONGER,
BETTER LIVES

Most of us wouldn't drive without car insurance, or buy a house without home and contents insurance. Yet most Australians don't protect their ability to earn the income that funds their lifestyle. This becomes especially important if you own your own business.

If you are unable to work for an extended period of time due to illness or injury, how will you meet your rent or mortgage repayments and other personal expenses? Without an income you could run down your savings and face financial difficulty.

What is Income Protection?

Income Protection, also known as 'salary continuance', pays a monthly benefit of up to 75% of your annual income if you're unable to work due to illness or injury. This money can help pay for your bills, rent, mortgage, school fees, utility bills, etc. Most importantly it helps you stay on top of your debts during what could be a very stressful time. What's more, it means you won't have to use business resources to pay for your personal expenses.

Tax treatment of policies

The annual premiums for income protection are generally tax deductible to the owner of the policy. If you own your policy personally (rather than say, in your superannuation fund), and pre-pay your annual premium before 30 June, you could reduce your taxable income by up to 100% of the premium cost.



Case Study

Alex is 35, owns and runs her own business and has just purchased her first home. As her new apartment is in a prime inner city location in Sydney, she has a hefty mortgage.

She owns a design agency that she has operated for the past five years. Upon taking out her mortgage Alex decided it would be wise to take out an Income Protection policy to protect herself and her income should she fall ill to make sure she could meet her personal expenses without having to rely on her business to cover her personal expenses.

Alex decides to repaint her apartment before she moves in as it hasn't been painted for years. Whilst painting one day, Alex slips and falls off the ladder, breaking her upper arm. As a result, Alex is unable to work in her business. Fortunately Alex has Income Protection so she receives a monthly benefit, allowing her to recover from her injury whilst still being able to make her mortgage repayments and pay for her bills and food without placing additional strain on her business operations.

Speak to your financial adviser to find out how Business Insurance can help protect your business.

Don't forget about you and your family

Disability or death can also impact your personal life, especially if banks and creditors try to claim family assets to pay for business debt.

Think about steps you can take to protect your family's financial security with insurance policies that can protect you for:

- Treatment for illness
- Current debts
- Future expenses/income requirements
- Keeping family assets safe