

# How to protect your most valuable asset: your income

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When employees are asked what their most valuable asset is, they typically list their house, car and other material possessions, forgetting that without an income they would not be able to afford these assets.

Your income is your most valuable asset, which is why protecting it is so important.

Most companies have benefit schemes for their staff, which include an income-replacement benefit. These benefits normally cover 75% of your pensionable salary, which is your salary

before perks such as company retirement fund, car, petrol allowance and so on, are added.

This can be as low as 60% of your salary, depending on the benefits your company provides.

In most cases the waiting period is three months before the benefit will start paying out.

But how many people have three months' salary saved up to plug this gap should an unforeseen event or illness happen?

Some companies will take on the responsibility of assisting a staff member during the three months through loans or by raising funds for the ill or injured staff member.

However, many companies can't afford to carry on paying a staff member when they are unable to work, given they have to pay somebody else to take the staff member's place.

It is, therefore, your duty to ensure you are adequately covered.

Many staff members are interested in covering the three months' waiting period, as well as making up the difference between what the company's scheme paid. Since they were not covering the full

salary but the difference, the premiums tend to be reasonable, similar to the cost of a take-away meal for two or a lipstick.

It is possible to be over insured, so you must ensure your company benefits are considered. You don't want to pay for a benefit you will not be able to use.

Recently, a staff member contracted Covid-19 and was booked off work for 14 days and was unable to work. Fortunately, the staff member, who is a commis-

sion earner, had taken up the income replacement benefit with a seven-day waiting period. Her benefit was paid from day one.

A number of life insurance companies offer the income replacement benefit with flexible income requirements. If you are a commission earner, you can now also benefit from the income replacement benefit.

Business owners can also cover their business overheads up to certain maximums. Waiting periods are flexible, and overheads will be covered.

► *Doubell is a private wealth manager at NFB Wealth Management*

**Commission earners can also benefit**