

**DAVID KELLEHER
FINANCIAL PLANNING**



Salary Protection

PREPARED BY

**David Kelleher Insurances
www.davidkelleher.ie**

What is Salary Protection

Salary protection is vital , and if you are wondering why this is it's because without salary or regular income we have nothing , can't pay bills, mortgage, pensions, or investments or life policies. It's even hard enough to put food on the table relying on social welfare.

Lets face it if you had a machine in the front room of your house that generated euro notes you would certainly insure that !



As an employee in Ireland if you were to go out sick long term you will be relying on your social welfare unless your paid by work for a few months . After that runs out your on €204 per week !

75%

As a self-employed individual in Ireland if you were to go out sick long term you will fight to receive any social welfare from the state.

The solution to this problem is to have salary protection in place and this is really your building block for you to have continual income.

It works by providing you with 75% of your income less any social welfare you receive so the maximum amount you can cover is 75% in total. The idea behind this is apparently to give you an incentive to return to work.

Deferred Periods



Each policy has a deferred period in which no claim will be paid and these are normally, 4 weeks , 8 weeks , 13 weeks , 26 weeks and 52 weeks.

The latter two are mainly for civil servants or employees who would be paid by their companies for a year.

Most self employed people opt for the 8 weeks or the 13 weeks as they have enough funding to cover themselves for this length of time.



These policies also have an end date and this can be age 55, 60 , right up to 70, and again the average one taken here is 65 as most people have their mortgages and big costs gone at that stage.

One of the best things about this policy as opposed to a serious illness policy is that there is no conditions specified, if your doctor signs you off work that is a claim even if it's for something such as depression which is not covered under a serious illness policy.

As well as this the income on these policies is continual and increased every year at 3% compounded so they are much higher than a serious illness claim because of this. With a serious illness policy you have to pick the amount you want covered from the outset and that is all you will be paid out on a once off basis.

How often will I Get Paid

Salary protection is paid monthly and is a taxable benefit so you become an employee of the life company as such and the huge benefit of this is you will not lose any of your PRSI benefits such as your old age pension etc.



There is tax relief on your contributions at you own rate of tax on these policies so if you are on the 20% rate you will get 20% tax relief and the same if you are on the 40% rate.

While you are on a claim with these policies you also will have your premiums waived.

I recommend always going for a guaranteed premium which means the life company cannot increase the price of these every five years.

I also strongly recommend that these policies are index linked which means the premium will increase every year by 3.5% and the cover will increase by 3% and this means the value of your claim will always be matching your increasing salary.



I cannot say enough how important these policies are for a person to look after themselves.

Get it in Touch



info@davidkelleher.ie

087 8096630

021 206 6215

<https://davidkelleher.ie/>

David Kelleher is regulated by the Central Bank of Ireland