



CALL 1300 977 242

Household debt is at record levels, yet five out of six Australians don't protect their income¹

It's a scary statistic that household debt as a proportion of household disposable income has risen from 35% in 1977 to almost 160% in 2008.¹

Rising debt levels are generally manageable provided asset prices continue rising, but things can deteriorate if asset prices falter, as seen recently in the United States. Other significant risks to a household's ability to service debt include increases in interest rates and falls in income levels.

In an income survey commissioned by the Commonwealth Bank², people were asked how they would manage if they lost their income for three months. Here's what they said:

- 31% would rely mainly on their savings
- 21% would rely on government welfare
- 20% would rely on family.

At a stretch, most people could make do for three months – but what if you were out of work for longer?

"Most Australians understand the benefits of home and car insurance, but we're reluctant to insure our income against illness or injury," says Justin Hanka of Zinsure. "By ignoring this, people are inadvertently placing their families and lifestyles at significant risk."

If a couple who both worked full time and had two children suddenly had to survive on one salary, this would have a significant impact on their ability to meet mortgage repayments and other daily expenses.

Justin stresses the importance of people planning ahead to protect their family against sudden financial hardship. "Bills don't disappear because we become ill or cannot work," he says. "Mortgage repayments, school fees, and basics like groceries and petrol still need to be paid."

Income protection insurance is one way to help safeguard your financial situation against a crisis or illness. It pays a monthly amount until you return to work. According to Justin, today's income protection policies are less expensive and have more extras and flexibility than those of earlier years. He says income protection cover may be worth another look if you've decided against it before, particularly if you have significant debt levels.

¹ Source: RBA Bulletin statistics Table B21, March 2008.

² ACNielsen Omnibus Income Report, commissioned by Commonwealth Bank of Australia, February 2006.

With income protection insurance:

- premiums are generally tax-deductible
- most policies pay a benefit up to 75% of an individual's salary
- payments can continue up to age 65.

A financial adviser can help you decide whether you would benefit from income protection insurance, or can review an existing policy to ensure it is suitable for your current situation.

2insure can help you with your insurances, simply call **1300 977 242** for more information.

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