

19 May 2016

Media Release

FSC launches Mind the Gap income protection insurance information resources

How long could you survive without an income? Most people wouldn't dream of not insuring their house and contents or car. So why should your income be any different?

These issues are addressed by income protection insurance information resources including a website, E-Booklet and YouTube channel launched today by the Financial Services Council (FSC).

The public information project is named Mind the Gap, from the warning to train passengers to mind the gap between the train and the platform. It has been adopted for income earners to mind the gap between their working incomes and the Government benefit they receive if they are unable to work through illness or injury.

More than 1,000 families a week (54,800 a year) experience a sickness that prevents a main income earner from working for three months or more.

FSC funded polling on the impact of long term illness on incomes shows around half (47%) of employed 18-64 year olds can't survive for more than a month after using up their sickness and annual leave.

An average family needs \$683 per week to make up for a main income earner in the household not being able to earn because of sickness. For a family with dependent children the maximum Job Seeker Allowance is \$340 a week.

The FSC's research showed only 26% of households have someone with income protection insurance. By comparison, around 80% of households have a vehicle insured, 70% have home and contents coverage and 60% have their homes insured.

The Mind the Gap website (www.mindthegap.co.nz) features short video stories of three New Zealanders – Auckland public relations practitioner Lisa Finucane, Maketu teacher Rukingi Haupapa and Blenheim financial consultant and mother Karen Thorner-Ross – who benefited from income protection insurance when illness prevented them from working.

The YouTube channel, accessible through the website, features extended interviews with Lisa, Rukingi and Karen as well as the proceedings of a half day FSC seminar on income protection insurance.

FSC Executive Director Owen Gill says income protection insurance can be very affordable especially if the wait period is extended to three months or more and the benefit limited to meet a family's essential needs. A table of the website shows typical policy premiums for men and women of various income levels, ages, wait periods and occupation risk categories.

“Income protection insurance helps you pay your mortgage, your household bills, your kids’ school fees – and can keep a good standard of living if you’re too ill to work. You can structure your policy to meet your needs.

“We hope the launch of these resources will get families thinking and talking about how they can protect the financial security of families when a main earner has a long term illness that prevents employment.”

For more information please contact Owen Gill, FSC Executive Director, on 021 961 922 or Tim Marshall, Communication by Design, on 021 902 850

About the Financial Services Council

The Financial Services Council (FSC) was established in 2011 to represent the interests of the New Zealand financial services industry and the financial well-being of all New Zealanders. Members manage more than \$80 billion in savings and provide financial services to more than 2.5 million New Zealand investors and policyholders. FSC members help New Zealanders achieve long term financial security by providing products and services which build wealth, prepare them for retirement and provide financial protection against unexpected health events.