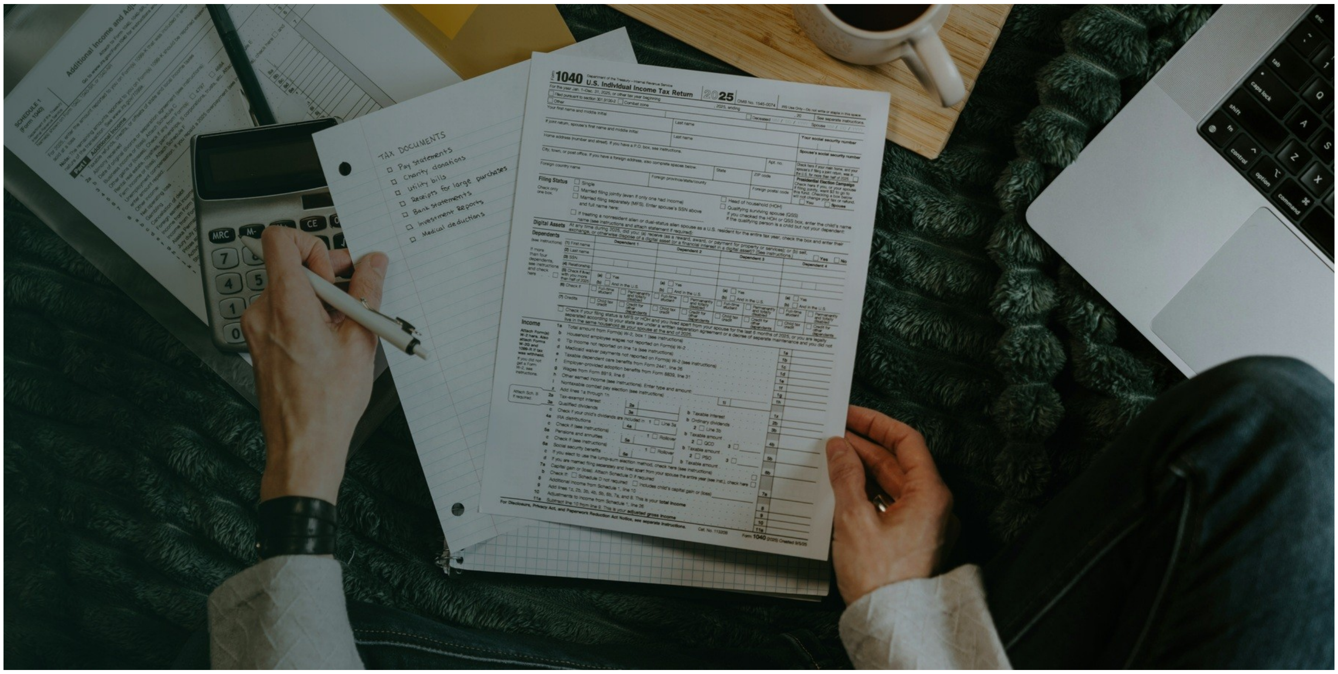

Income Protection Explained

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Statutory Sick Pay

From 6 April 2026, Statutory Sick Pay (SSP) in the UK will rise to £123.25. That figure is per week, and when compared to full-time earnings, it represents around 23% of the National Minimum Wage. For most households, that level of income would fall well short of covering even basic everyday living costs let alone mortgage or rent payments.

It’s one of the key reasons income protection insurance has increased in popularity in recent years and forecast to grow in 2026 and beyond. The number of policies now in place is rising annually as people look for ways to protect their earnings if they are unable to work through accident or sickness. Interestingly, some 52% of policyholders are aged 25 to 35 representing a real shift towards personal responsibility in protecting household finances amongst young adults.

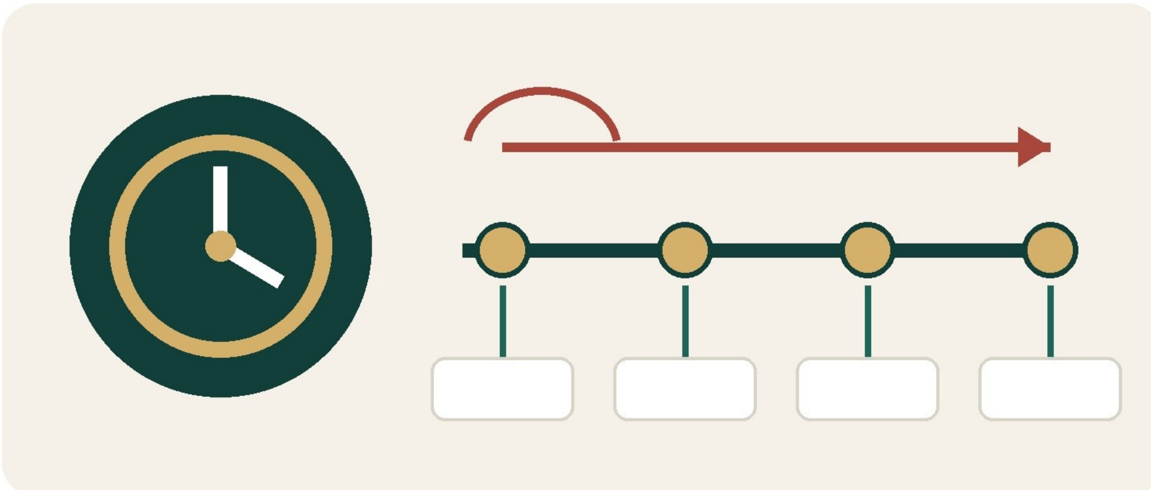
What Is Income Protection?

Income protection, also known as permanent health insurance, provides a regular income if you are unable to work due to accident or sickness.

Historically, it was often viewed as a key protection for manual occupations, where physical injury posed a higher risk. Today, it is increasingly relied upon by office-based, clerical and managerial workers as well, particularly as fewer employers now offer long-term full sick pay to their employees. For many people, income protection fills the gap between Statutory Sick Pay and the limited sick pay arrangements offered by employers.

With multiple providers and options available to consumers, it is no wonder that 97% of income protection policies taken out are because of advice from a protection specialist. It is also worth pointing out that at Hirschle Hughes, the protection team offer access to multiple providers and non-loaded premiums, valuing the customer outcome over commissions.

Deferred Periods: Choosing When Cover Starts



Policies include a deferred period, which determines how long you will wait after stopping work before payments begin. Options commonly fall between 4 weeks and 13 weeks, designed to fit in with your workplace sick pay arrangements and to what extent you consider you can stretch your personal savings. Standard policies typically have a deferred period of between one day and six months.

Income Protection should not be discounted even if you are employed in an occupation that offers extended sick pay. Teachers, NHS staff and other professions who have access to long term sick pay arrangements- “could you afford to not be paid for 6 years and ten months”? That is the average length of an income protection claim. There are also options available where your sick pay extends to two and even five years with the policy kicking in when your contractual arrangements come to an end, demonstrating the versatility of this type of personal protection policy.

How Long Does Income Protection Pay Out?

All income protection providers currently offer cover up to a maximum cease age of 70. This allows a policy to run until age 70, provided the client remains in work, at which point the policy will end.

The cease age does not have to be 70. For example, if your plan is to retire and be free of financial commitments at age 60, the policy term can be set to end at that age. Reducing the policy term to reflect future financial resilience is an important and sometimes overlooked factor that can reduce monthly premiums and ensure financial resilience into the future.

A full-term benefit payment period means that if a claim is made, the policy will pay out until the client is well enough to return to work or, if they are never able to return, until the policy cease age is reached (usually retirement). There is no fixed limit on how long a claim can be paid during the term of the policy.

Monthly premiums can be reduced by selecting a shorter claim period. Often referred to as STIP (Short-Term Income Protection), these policies pay benefits for a fixed period per claim, regardless of how long the client is unable to work. The policy term itself can still run to age 70; “short-term” only refers to the maximum length of each claim, not the overall duration of the policy.

A short-term benefit payment period can reduce the cost of cover, as the insurer limits how long benefits are paid during a claim. However, this creates a risk deserving consideration, if you remain unwell, your payments may stop before you are able to return to work.

Sales of short-term income protection have increased in recent years. While some cover is better than none, the limitations and risks should be explored particularly where affordability isn’t an issue and there is a clear benefit to full term cover.

What Does Income Protection Cover?

Income protection is not critical illness cover. It does not pay a lump sum on diagnosis. Instead, it pays a regular income if you are unable to work, including when you are undergoing treatment for an illness which may include a critical illness.

In fact, cancer is one of the three most common reasons people claim on an income protection policy. The other two are musculoskeletal conditions (such as back, joint and mobility issues) and mental health conditions. Together, these account for the majority of income protection claims.

Final Thought

With Statutory Sick Pay covering only a fraction of earnings, income protection is increasingly seen not as a luxury, but as a practical way to safeguard financial stability when health prevents someone from working. Protecting your income means protecting your lifestyle, your commitments, and your future.

Income Protection is a crucial element to personal protection insurance. It can provide financial security for both employed and self-employed people and crucially support you staying in your home whether you are a homeowner or a tenant.

Get in touch: craig@hirschlehughes.com

If you have a client looking for a professional review of their financial resilience or looking to review your own protection needs, please do get in touch. I can review your current provision and advise on life and critical illness insurance at the same time to ensure that all options are researched and discussed. There is no charge for advice for personal insurance, and I will make a personal recommendation that is tailored to your specific circumstances.

Craig Michaelson Protection Adviser Hirschle Hughes

Protection advice is free, whole of market, and completely tailored to you. As with all insurance policies, conditions and exclusions will apply. The cost of this insurance depends on several factors, such as your age, where you live and your occupation. As a result, the cost you will pay is based on your own circumstances

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