

# Group income protection

Group income protection is a scheme designed to provide an income for employees if they are unable to work for a prolonged period of time due to illness or injury. Payment begins once a predetermined period called the "deferred period" has passed since the onset of the condition leading to the claim. The deferred period differs according to the specific terms of each scheme, but it is typically 26 or 52 weeks.

## Features

Loss of income due to illness or injury is a real concern for employees. Therefore, employees will perceive this type of cover as being very valuable.

- a benefit in attracting and retaining employees.
- an attractive benefit an employer can offer its current and future employees, which is not subject to benefit in kind.
- the full cost of providing this benefit is typically borne by the principal employer. The employer can deduct the cost against corporation tax.
- the scheme is designed to cover a group of individuals and the cost can be significantly lower compared to alternative individual policies.
- underwriting requirements are less stringent compared to individual policies. Subject to a minimum of five lives, a non-medical limit is set at €105,000 per annum. **Note: non-medical limit quoted in this document is exclusive to Grant Thornton clients**
- each individual can be insured up to the non-medical limit without providing the insurer with evidence of good health (i.e. no medical requirements).
- a scheme is easier to administer (i.e. one scheme, one policy document) compared to individual policies (i.e. series of policies).
- the payment of pension contributions can also be insured.
- in the event of a claim the benefit can be increased annually by the lesser of an agreed percentage or the rise in the consumer price index (CPI).
- the scheme can provide a proportionate benefit for employees who are unable to return to work fully and either resume their normal occupation on a part-time basis, at reduced earnings, or undertake an alternative occupation at reduced earnings. This is a valuable support for employees who are keen to return to the workforce but who cannot resume their original job in a full capacity.

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