

What's best for me?

Income Protection and Specified Illness are solutions which can provide valuable benefits in the event of sickness. You may now be asking yourself which is the more appropriate solution for me.

	Specified Illness Cover	Income Protection Cover
What benefit does it give me?	A specified Illness policy pays a lump sum amount if you are diagnosed with any of the illnesses covered by the policy. This lump-sum can be used to pay off large loans, renovate the house if required, pay medical bills or supplement income for a number of years.	Income Protection provides a replacement income in the event that you are unable to work due to an accident or illness. With an Income Protection policy you are covered until you can return to work and if you can't, until your chosen retirement age.
How long does the cover last?	How long your cover will last will depend on the term you have selected to be covered. While it will depend on the circumstances, cover may cease upon payment of a claim.	With Income Protection you receive a replacement income (which can be to bring you up to, for example, 75% of the income being replaced but this will depend on your policy terms). If you become ill, the income will be paid after a certain period of time has elapsed (known as the deferred period) and will continue to be paid until you are fit to return to work or retirement age, if earlier.
Can I apply for tax relief?	Premiums paid for Specified Illness cover do not qualify for tax relief. Lump sum amounts paid are however not subject to tax.	Tax relief is normally available on premiums paid as you are entitled to tax relief for amounts paid up to 10% of your income. If, for example, you are a higher rate tax payer, a premium of €50 per month would only cost you €29.50 after tax relief assuming a higher tax rate of 41%.* Income Protection payments are however treated as income and will therefore be taxed accordingly.
Continuity of cover	Once you secure Specified Illness cover you are covered for the term selected or until such time as a claim has been paid. In most cases, a claim will make it difficult to replace that cover in the future.	Income Protection benefit will continue for the term of your policy even if you suffer an illness which triggers a claim.
Is it difficult to get on cover?	More people will qualify for Specified Illness cover than Income Protection, and for certain people, their occupation will disqualify them from Income Protection.	
Which pays the larger benefit?	It really depends on the circumstances in each case. Income Protection provides cover for illnesses which may not be covered under Specified Illness cover. For illnesses which are covered by both, it also depends. Where the customer makes a quick recovery and is back to work after a year. In this case, Specified Illness will most likely pay more. However, if the customer is unable to return to work at all, with Income Protection the benefit is likely to be far greater as the benefit will be paid until their chosen retirement age.	

Which is best for me?

For customers who would like to be able to clear loans or make significant lifestyle changes in the event of serious illness, Specified Illness pays out a lump sum which can be used as required.

Income Protection is best for customers who wish to protect their future from the loss of income due to illness or injury. It also gives comfort that the benefit will pay for as long as you are unable to work. However, if a customer doesn't qualify for Income Protection, then a Specified Illness benefit equal to a multiple of salary is the next best thing.

Many customers will need both lump sum and income replacement benefits and, where it's possible to secure cover for both, a combination may be appropriate.

*It is important to note tax relief is not automatically granted. You must apply to and satisfy Revenue requirements. Revenue limits, terms and conditions apply.

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