



# GROUP INCOME PROTECTION



## EMPLOYER TAX

Corporation Tax Relief

## EMPLOYEE TAX

No direct tax implications for employee. Income tax and NICs deducted from benefit paid through PAYE

## COST TO EMPLOYER

1% - 2% of gross payroll, depending on cover. Can be less if payment term is limited

## What is Group Income Protection

Group Income Protection, or Permanent Health Insurance, is designed to pay out a percentage of an employee's salary if that employee is unable to work due to a long-term illness or injury.

### How Does it Work?

If an employee is absent from work due to illness or injury for a certain period then the insurance company pays a percentage of salary to the employer, who, in turn, pays the employee through PAYE.

The length of time the employee has to be absent for is set by the employer as part of the policy, and can range from 13 weeks up to 52 weeks. The percentage of salary to be covered is also set by the employer, but is usually 50% or 66% of salary.

The payments on the plan will continue until the employee returns to work or the policy term ends. Again, employers set the policy term and this can be a limited period of 5 or 10 years, or run until State Pension Age.

### Why is it Valuable?

Having a Group Income Protection policy means that an employer can continue to pay an employee a proportion of their salary whilst they are off long-term through illness or injury. Knowing that they still have a regular income that is well in excess of Statutory Sick Pay (£88.45 per week in 2016/17) is extremely positive for someone in these circumstances.

It is not a P11d benefit for employees and, in most cases, the employee does not have to complete any medical forms before cover starts. This means people who may struggle to get cover individually can still benefit from the cover as long as they are working.

### What does it cost?

The cost of cover depends on a number of factors. The profile of the workforce is important and then other factors, such as the amount of cover, the time which elapses before a claim starts, and the maximum period the claim would be paid for, are taken into account.



#### Want to find out how we can help?

Call us today on 01858 414252, visit us online at [www.theinkgroup.co.uk](http://www.theinkgroup.co.uk) or email [hello@theinkgroup.co.uk](mailto:hello@theinkgroup.co.uk) to find out more or set up your no-obligation meeting.

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