



QUESTION OF MONEY

I'm self-employed and it has been on my mind to get insurance in case I fall seriously ill and I can't earn an income.

After hearing the tanaiste, Leo Varadkar, mention the new sick pay scheme recently, I started researching the differences between sick pay, health insurance, specified serious illness cover and income protection.

I'm a bit confused by the various options. Could you explain them in simple terms and help me understand if I need none, some — or all of them?

AM, Co Galway

It's true there are various products and options available to meet different needs so it is understandable that you might feel confused. While I can outline the basics of the protection products you list, I would recommend consulting a financial broker to make sure you understand the right type and level of cover for your personal circumstances.

At present employees have no legal right to be paid while off sick from work — employers can decide their own policy on sick leave. However, this year the sick pay scheme that you mentioned is being rolled out.

The new scheme will introduce paid sick leave for up to three days this year (increasing to ten days by 2025), up to a maximum rate of €110 a day. However, this is only for company employees, and as you are self-employed you won't be entitled to receive this.

There are different products available which, for a regular premium, can provide you with

peace of mind that you have some financial protection in place if you get sick and can't work.

Health insurance pays out for some or all of your medical expenses that may arise owing to an illness, according to your plan. It typically pays for private medical care in hospitals, as well as a range of outpatient services, such as GP and dental.

In essence, it covers the day-to-day reality of being ill: hospitalisation fees, surgery, treatments and so on. Your insurance provider pays the medical facility directly, or you can claim back expenses.

Specified serious illness cover (also called critical illness cover) pays out a tax-free lump sum and can provide other benefits if you are diagnosed with a serious illness that is covered by your insurance policy.

The lump sum payment is made directly to you and can be spent as you wish to cover household or personal expenses such as mortgage/rent, bills and so on.

Income protection can provide a regular cash payment to replace part of your lost income if you cannot work because of illness or injury. It pays a guaranteed income when you are unable to work because of any medical reason and keeps paying until you work again, retire or die.

This is a high-level explanation and there is more to consider when it comes to buying the best protection product for your individual needs and budget.

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