

Key facts about the long term sickness income gap

- 1. Most people think their home is their most valuable asset when it usually is their lifetime income. So we insure our homes and cars but not our incomes.**
 - Unprompted, most people, 45% of employed 18-64 year olds thought their home was their most valuable asset over a lifetime and only 24% their lifetime income. Told that \$50,000 a year over 40 years was \$2 million before tax, 46% then said their lifetime income and 29% said their home.
 - Only 26% of households have someone with Income Protection insurance.
In New Zealand:
2 to 3 out of 10 households will have someone with Income Protection insurance
4 out of 10 will have someone with Medical insurance
6 out of 10 will have someone with Life insurance
6 out of 10 will have someone with Home insurance
7 out of 10 will have someone with Household Contents insurance
8 out of 10 households will have someone with Vehicle insurance
- 2. Most people severely underestimate the likelihood of being off work for a long period caused by sickness.**
 - 60% of employed New Zealanders think that your chance of being unable to work for 6 months or more is the same or greater following an accident rather than sickness.
 - In reality for employed 18-64 year old New Zealanders, the likelihood of being off work for 6 months or more following sickness is 1.8 times that of following an accident.
- 3. Many people don't understand that Social Welfare or ACC may not be able to help them.**
 - 51% of people 18-64, in employment are not aware that their partner's income (if \$30,000 or more) will preclude them from receiving all or part of a Job Seeker allowance (previously known as a sickness benefit at a maximum of \$340 a week).
 - 1 in 5 New Zealanders think wrongly that ACC covers long term sickness that prevents employment.
- 4. As a result most people are financially vulnerable if they have a long term illness that prevents them working.**
 - Each year 54,800 households experienced a sickness event that meant they are unable to work for 3 months or more.
 - Only 1 in every 8 households struck by serious illness preventing employment for 6 months or more had income protection insurance in place when it happened.
- 5. 1.54 million New Zealanders (76% of 18-64 year old New Zealanders) have no income protection insurance.**
 - Many families are vulnerable with 47% of employed 18-64 year olds being unable to pay all current household expenses and maintain their standard of living only 4 weeks after their sick leave, annual leave and savings have been used up.
 - Respondents who were employed, 18-64 years of age reported an average requirement of \$683 per week if the primary earner in the household was not able to work. (Source - Horizon Research Income Security Survey July 2015)