

# Self-Employed?

## Protect Your Income and Lifestyle

Owl  
Financial



With you through life®

# Who Should Consider Income Protection?



Freelancers, contractors,  
self-employed, and  
sole traders.

Anyone without sick pay, or who  
could benefit from payments  
when employer sick pay stops.



# Why Income Protection Matters?



**1 in 5 self-employed workers would have to continue working through illness or injury to make ends meet\***

Without employer sick pay, if you're self-employed you may struggle financially if you cannot work because you're ill. Your income - and ability to cover essentials like rent, bills, or childcare—could be at risk. This guide explains how income protection insurance may help you plan for the unexpected.

\*LV= Reaching Resilience Report  
Income protection insurance may not be suitable for everyone. Costs, eligibility, and coverage depend on your personal circumstances



# What is Income Protection Insurance?

**A policy designed to replace a portion of your income (typically 65%) if you're unable to work due to illness or injury**

## Key Features:

- **Tax-Free Benefits:** Payouts are not subject to income tax (HMRC rules).
- **Flexible Terms:** Choose deferred periods (e.g., 4 weeks to 12 months) and benefit terms (short-term or long-term).
- **Exclusions Apply:** Pre-existing medical conditions or high-risk occupations may affect eligibility.

# Debunking Myths

## “I don’t need it”

2.5 million UK workers are unemployed due to long-term sickness (ONS.GOV.UK).

## “State benefits will cover me”

Reality:

- Self-employed people are not entitled to Statutory Sick Pay (SSP).
- Employment and Support Allowance (ESA) and other benefits may be available, subject to a rigorous application and assessment process.

## “I’m covered by life/critical illness insurance”

Reality:

- **Life insurance:** Pays out only on death.
- **Critical illness:** Lump sum for specific conditions (e.g., cancer, stroke), but doesn’t cover most long-term illnesses or injuries.
- Income protection fills the gap by covering everyday costs during recovery.

## “I’ll get coverage later when I’m older”

Reality:

- Insurance premiums tend to increase with age.
- Pre-existing conditions developed while uninsured may be excluded.
- Securing coverage early locks in lower rates and broader eligibility.

# How to get covered?



## Assess Needs:

Calculate essential monthly costs (e.g., rent or mortgage + bills).

## Consult an Adviser:

Discuss options, policy terms, exclusions, and affordability.

Income Protection is one of a range of financial protection options available. Ask your Owl Financial Protection Adviser for details.