



A QUIZ FOR SMALL BUSINESS OWNERS

Try the quiz below and see how you compare to the results of a recent survey conducted by the Investment and Financial Services Association (IFSA).

Q1. How long could you maintain your lifestyle if your income stopped?

According to the survey only 25% of business owners could maintain their lifestyle for more than six months from their own resources. Eighty one percent said they would be seriously affected.

Q2. Have you heard of income protection insurance?

Ninety eight percent answered yes.

Q3. Have you done anything about it?

Only 31% had taken out a policy. Sixty nine percent are praying accident or illness won't happen to them.

Q4. Do you know how an income protection policy works?

It replaces 75% of your lost income but 35% of those surveyed thought it paid a lump sum.

Q5. Were you aware that the premiums are tax-deductible?

Only 53% said yes.

Q6. Did you know premiums are FBT-free?

Twenty five percent of those surveyed intended to offer income protection to their employees to help staff retention in a tight labour market.

Q7. What would you do if you couldn't work?

The survey didn't ask this question but is one that must be asked.

You could defer paying bills for a time but that won't do your business much good. You could dip into your savings but you probably had other plans for that money. You could sell assets but it might break your heart to lose your boat or special car. You could borrow money but it may be a struggle to pay it back. You could ask your family for help but that's hard once you have enjoyed independence. You could apply for help from Centrelink but that may dent your pride. Really none of these options are very attractive.

If you are concerned, return to question 3 and join the other 31%.