

DID YOU KNOW

Offsetting leave with AIA IP CORE

November 2023



HEALTHIER, LONGER,
BETTER LIVES

With AIA you have the extra comfort of knowing that under an Income Protection CORE policy, your clients will have a more generous leave offset clause than many alternative products in the market.

For a client who makes a claim for a Total Disablement or Partial Disablement benefit, only sick leave taken will be considered when calculating the amount of monthly entitlement they will receive. Importantly, any accrued sick leave will not be taken into account. In addition, AIA will not offset the monthly entitlement if annual leave or long service leave is taken by the client while on claim.

What does this mean for clients?

It provides peace of mind for clients that if they suffer illness or injury resulting in temporary disablement, they have flexibility around how they choose to access their accrued employment benefits.

Let us look at a case study:

Jenny has been with her current employer for 9 years and has accumulated 70 days sick leave, 30 days annual leave and 20 days of long service leave.

Unfortunately, Jenny has been diagnosed with Breast Cancer and is required to take some extended time off work to undergo surgery and chemotherapy. Jenny is fortunate enough to also have in place Crisis Recovery (Trauma) Insurance, where she receives a lump sum payment of \$250,000. She also has AIA IP CORE cover for \$8,000 per month with a 30-day waiting period.

Jenny lodges her IP CORE claim and selects to use sick leave during the 30-day waiting period, which commenced on 7 April 2023. After the expiration of her waiting period on 6 May 2023, Jenny then chooses to begin drawing down on her 20 days of annual leave, as a top-up to the IP monthly benefit she is entitled to. In this instance, Jenny will receive her full benefit entitlement from 7 May 2023, as AIA does not offset annual leave or long service leave (taken or accrued). In addition, she still has 40 days of sick leave accrued in the background, which does not impact her entitlement to any benefit (unless taken).

This flexibility in approach gives Jenny peace of mind, particularly if she returns to work and suffers a recurrence requiring her to use more of her sick leave in the future.

When coupled with other built in features under AIA IP CORE, such as the Involuntary Unemployment Benefit (waives IP CORE premiums for up to 3 months if client becomes involuntarily unemployed) and the Salary Increase Benefit (allows you to increase your sum insured when your salary increases, without providing evidence of your health or insurability), your client has peace of mind in knowing they are well protected.

For more information on the features and benefits of AIA Income Protection CORE, contact your AIA Client Development Manager.

Search "AIA TECE" on the internet or click [here](#) for our dedicated technical resources page.

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