



Reaching the unprotected 2026: Understanding the barriers to Income Protection

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Laura Gauden
Head of Sales

“Many consumers are not actively rejecting Income Protection. Instead, misconceptions about the product, concerns they’re not eligible and a lack of understanding appear to be preventing meaningful engagement.”

To close the Income Protection gap, we need to close the understanding gap

For 200 years, Shepherds Friendly has supported individuals and families through life's uncertainties. The world has changed beyond recognition since we were founded in 1826, but the need for financial security when illness or injury disrupts someone's ability to work has not.

Income Protection has an important role to play, but while this year's research shows awareness of the product remains relatively high, it also highlights a challenge that extends beyond this. Many workers continue to misunderstand what IP covers, how it works and who may be eligible for it.

Concern about income security remains high, and workers are increasingly aware that their financial circumstances can be affected by factors beyond their control - whether driven by economic conditions, rising living costs or ill health. Still, relatively few have taken steps to protect their ability to earn an income, the one asset that underpins the majority of financial commitments they have.

Many consumers are not actively rejecting Income Protection. Instead, misconceptions about the product, concerns they're not eligible and a lack of understanding appear to be preventing meaningful engagement. For advisers, helping clients navigate these specific misunderstandings may be just as important as explaining the product itself.

This year's findings also offer valuable insight into what people want from modern protection products. Health and wellbeing services, practical support and clear, accessible advice all rank highly, reinforcing the importance of putting customer needs and outcomes at the heart of protection conversations.

The report also highlights the continued appeal of mutuality, particularly among younger consumers. At a time when trust, transparency and customer value are increasingly important, the mutual model continues to provide a distinctive and relevant approach to financial protection.

As Shepherds Friendly celebrates its bicentenary in 2026, we are proud to reflect on 200 years of helping people plan for uncertainty while looking ahead to the future of protection. We hope the insights in this report help advisers and intermediaries better understand the challenges, misconceptions and opportunities that exist today, and support more people in accessing the financial protection they need for tomorrow.

-Laura Gauden, Head of Sales



YEARS TOGETHER

Only 16% of UK adults working full time have an Income Protection policy



Despite a slight year-on-year increase from 14%, most UK adults still have no Income Protection cover in place.

Income Protection remains one of the most overlooked forms of insurance. Take-up continues to trail well behind products such as pet insurance (36%) and health insurance (39%), even though the inability to work and the subsequent loss of income could have a much bigger financial impact.

While many people seem to recognise the value of insurance generally, the data suggests a gap between awareness and action, with respondents not prioritising protection for their ability to earn.



More than a quarter (28%) of full time workers lacking Income Protection are single and may face greater financial risk if they're unable to work due to illness or injury.

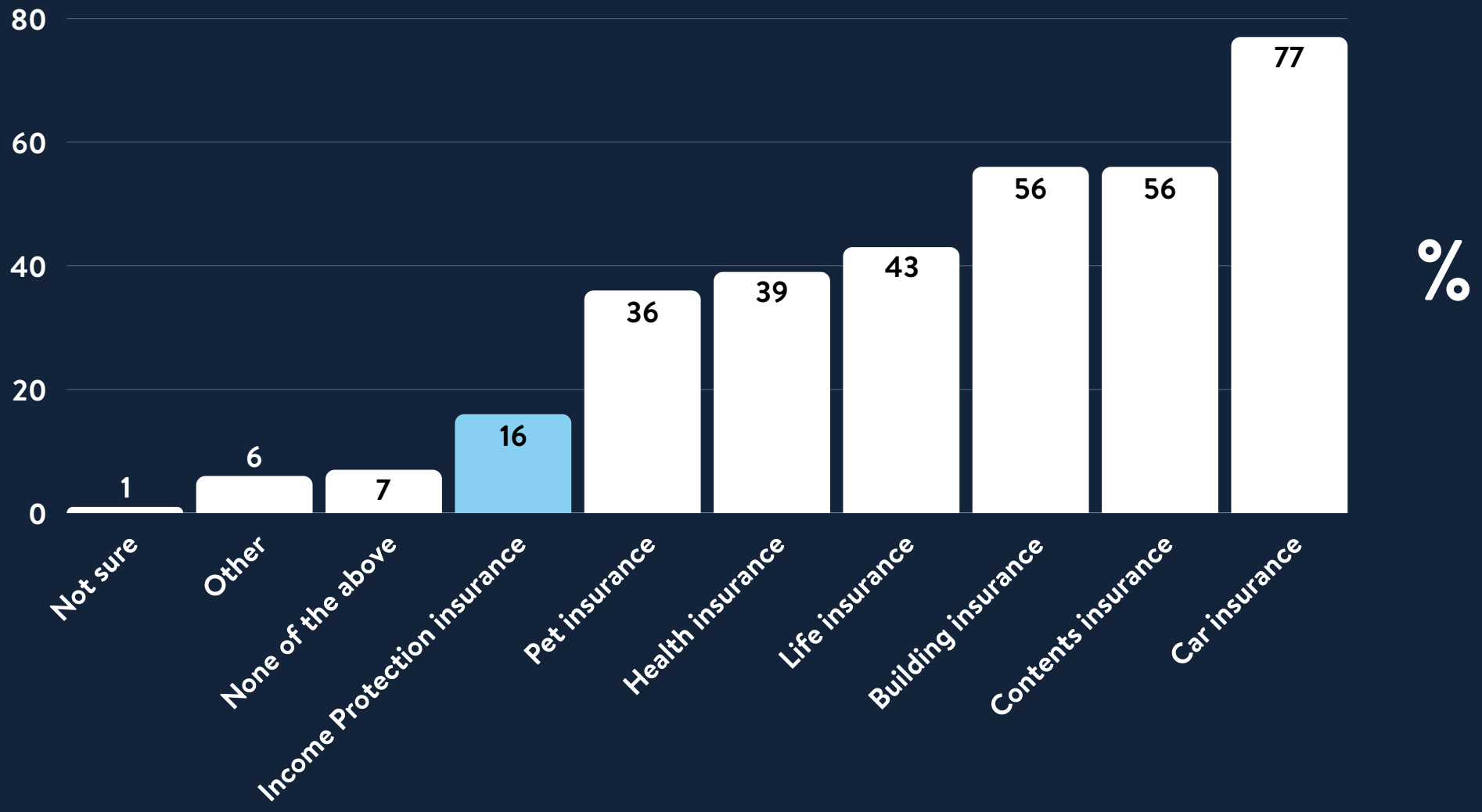


Nearly a third (32%) of full time workers without Income Protection are renters, while almost half (49%) have a mortgage or loan secured against their home.

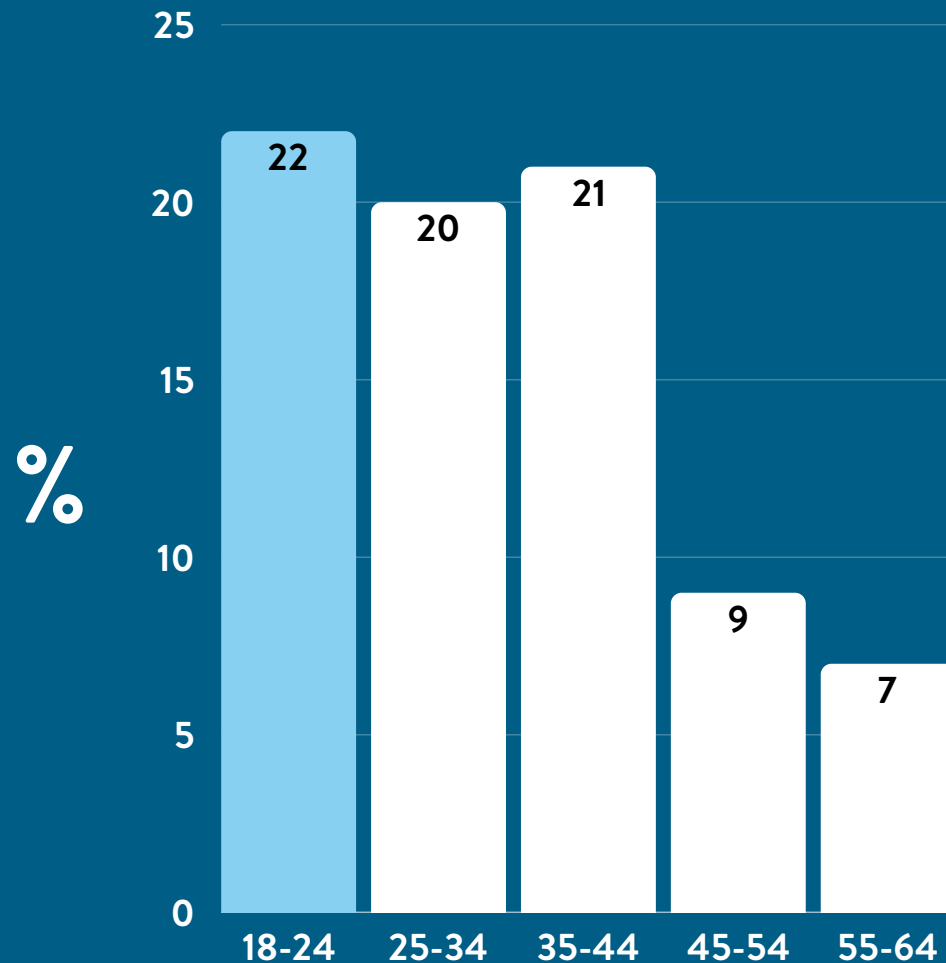


Almost half (44%) of full time workers without Income Protection have children aged 17 or under who are likely to depend on their income.

Types of insurance held by full time workers



Income Protection policies by age of full time workers



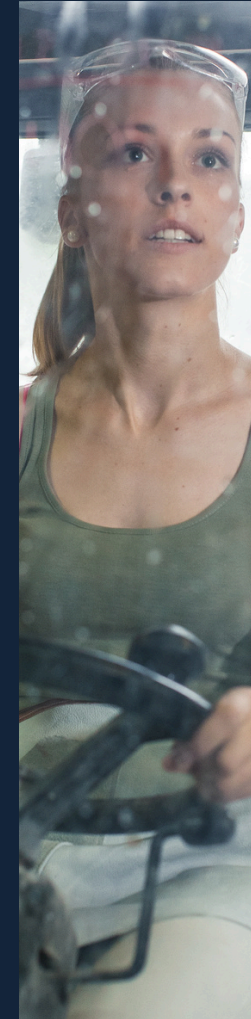
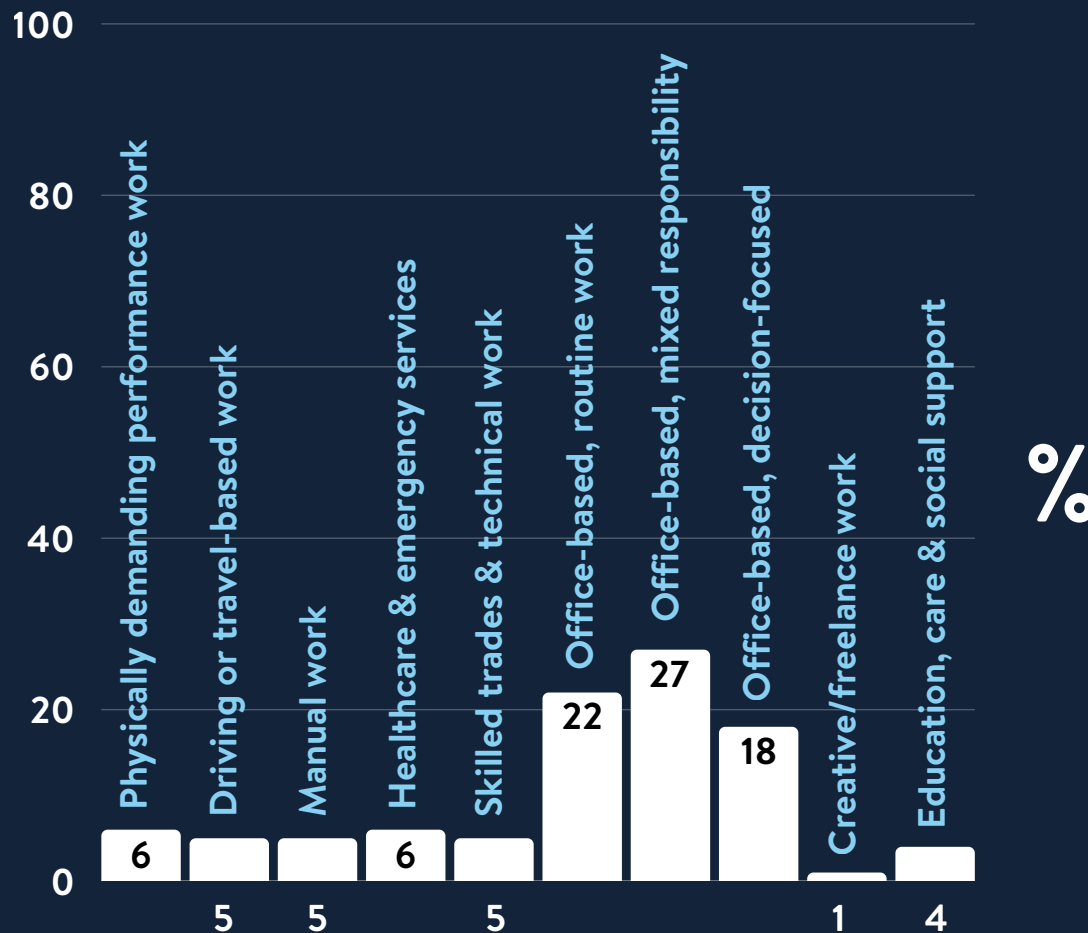
Income Protection ownership is relatively consistent among younger and mid-career workers, with between 20% and 22% of those aged 18-44 holding a policy.

However, take-up falls markedly among those aged 45 and over, dropping to just 9% for 45-54 year-olds and 7% for 55-64 year-olds. This steep decline suggests many older workers may feel less need for cover as retirement approaches, despite potentially having significant financial commitments and several years of earnings still to protect.



Protection gap persists for jobs with a physical presence

Full time workers aged 18 - 75+ who have Income Protection, by occupation



Like last year, office-based workers are the most likely to hold Income Protection, with one in five (20%) covered on average.

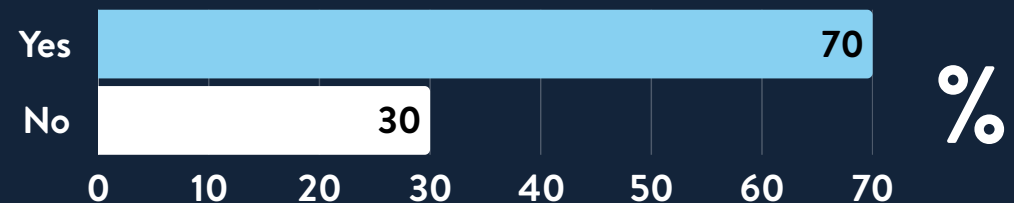
In contrast, workers in roles that require a physical presence, such as manual labour, driving, healthcare, care and social support, are less likely to have protection in place, despite often being less able to work remotely if illness or injury prevents them from performing their job.

Knowledge of Income Protection doesn't translate into cover

While only 16% of full-time workers have Income Protection, awareness remains relatively high, with seven in ten (70%) familiar with the product. Unchanged from 2025, this persistent gap suggests that awareness alone is not enough to encourage more workers to take out cover.

A similar trend emerges by gender. As in 2025, men are significantly more likely than women to be aware of Income Protection (74% vs 65%), highlighting an ongoing need to improve understanding of the value of protection among female workers.

Before today, had you heard of Income Protection insurance?



But awareness increases with age

Amongst full time workers, awareness of Income Protection rises steadily with age, suggesting familiarity grows throughout working life.

18-24	25-34	35-44	45-54	55-64	65-74
46%	63%	68%	78%	83%	86%



Protecting what, exactly?

Lack of understanding and misconceptions may be contributing to low levels of Income Protection ownership. We asked full time workers aged 18-64 who don't have a policy what they think Income Protection covers, allowing them to select all options they believed were correct. With similar findings to 2025, while many recognised that it provides an income if you're unable to work due to illness or injury (68%), the responses reveal ongoing confusion about the product and the protection it offers.

41%
think it
pays out if
you're
made
redundant

15%
believe it
pays off
your
mortgage

15%
believe
it covers
medical
bills

14%
aren't
sure
what it
covers

12%
think it
pays a
lump
sum if
you die



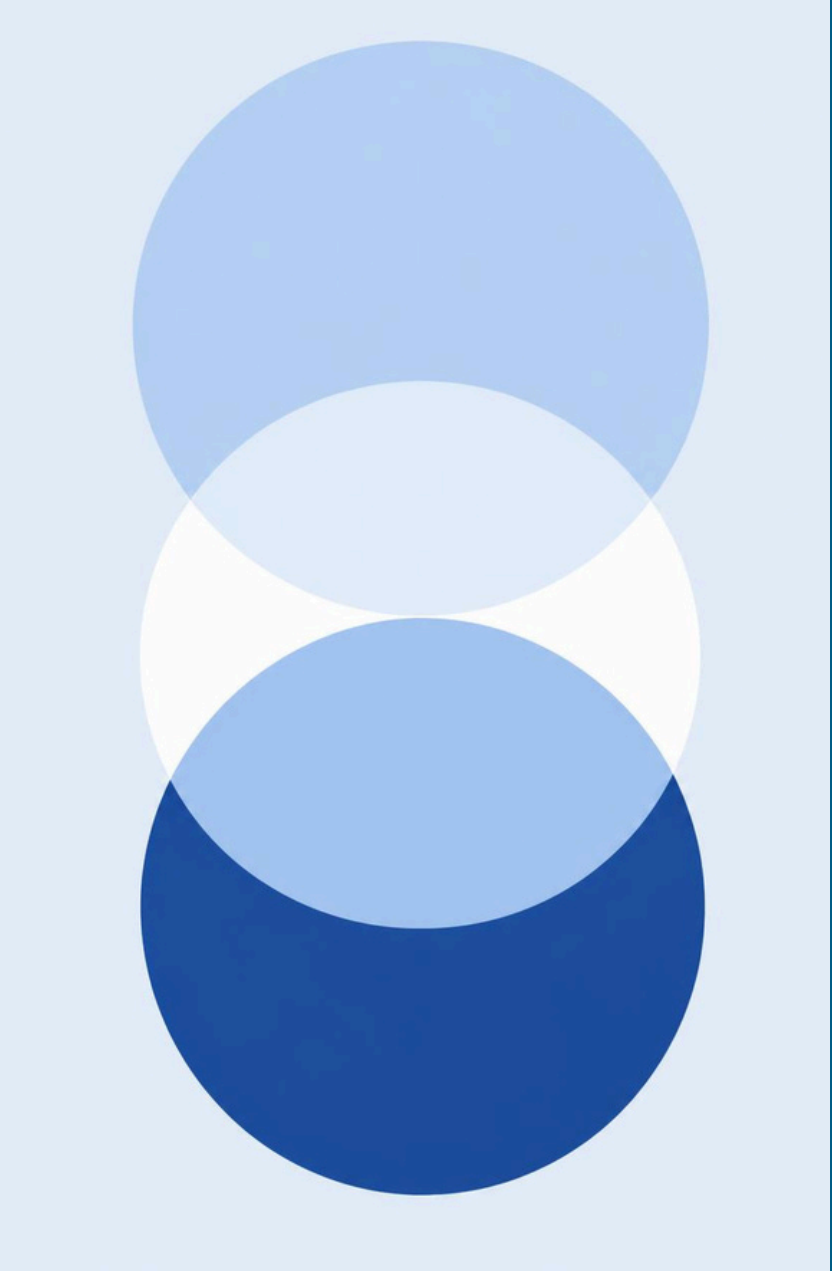
	18-24	25-34	35-44	45-54	55-64
Pays your salary if you're sick or injured	57%	57%	66%	79%	75%
Covers medical bills	19%	24%	12%	14%	8%
Pays a lump sum if you die	11%	16%	10%	10%	14%
Pays off your mortgage	18%	14%	16%	16%	11%
Pays out if you're made redundant	45%	35%	39%	50%	37%
Not sure	8%	16%	16%	9%	15%

Confusion across age groups may be behind low take up

Like awareness of Income Protection, understanding of the product generally improves with age. Among workers without cover, recognition that it pays a salary if you're unable to work due to illness or injury rises from 57% of 18-24 year-olds to 79% of 45-54 year-olds, before dipping slightly among those aged 55-64 (75%). The findings suggest that awareness of the product's core purpose grows throughout working life, although knowledge remains far from universal, particularly among younger workers.

The most persistent misconception is the belief that it pays out in the event of redundancy, with between 35% and 50% selecting this option. This is most prevalent among 45-54 year-olds (50%), despite this group being among the most likely to correctly identify what the product actually does. This suggests that many workers believe Income Protection covers a broader range of circumstances than it does.





Income Protection possibly mistaken for other products

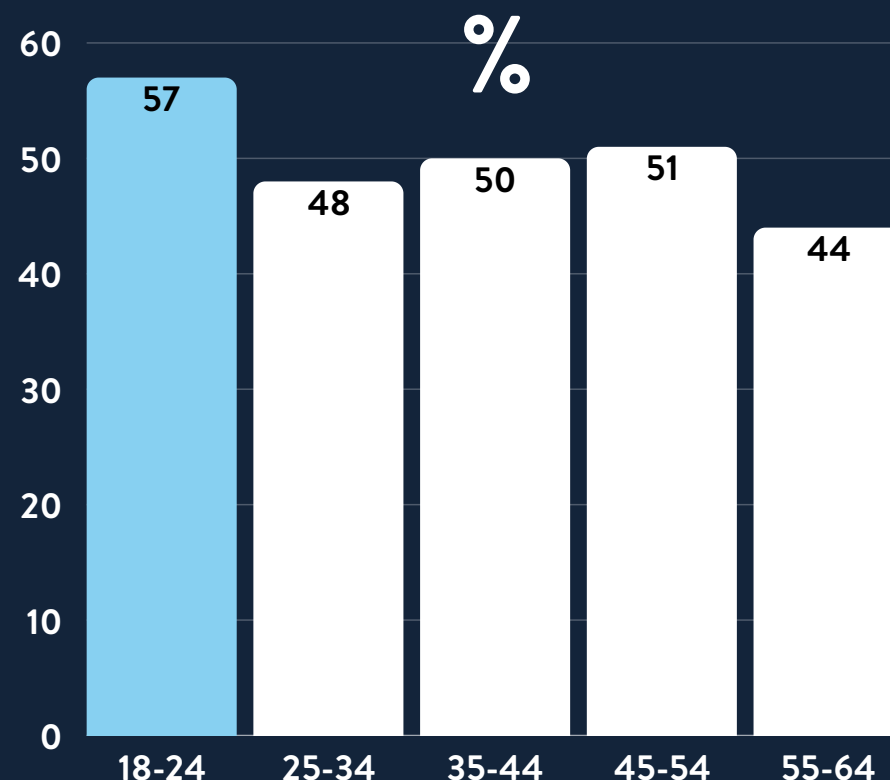
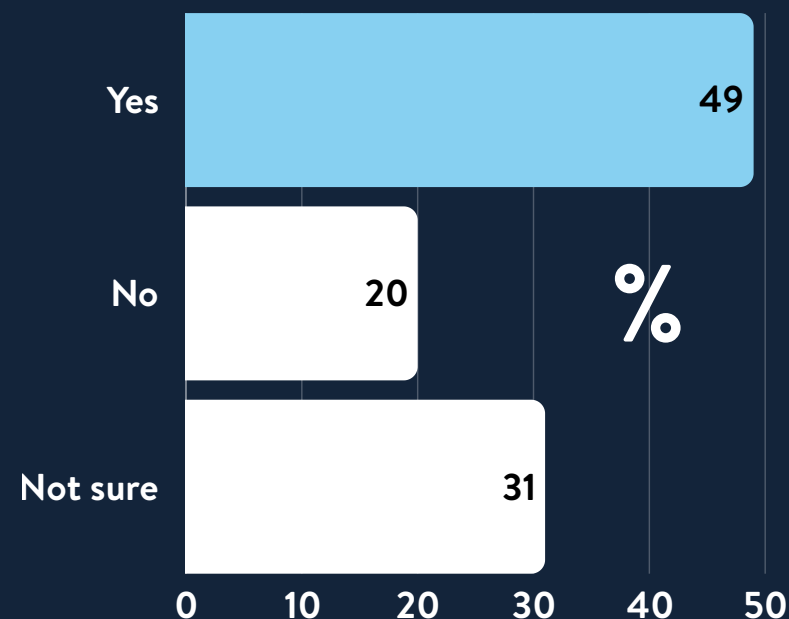
Confusion with other financial products also persists.

Around one in six younger and mid-career workers mistakenly believe Income Protection covers medical bills, pays off a mortgage or provides a lump sum on death, indicating continued overlap in people's understanding of Income Protection, health insurance and life insurance.

While uncertainty has fallen among younger workers compared with 2025, misconceptions remain common across every age group, highlighting an ongoing need for clearer education around the role and benefits of the product. Many workers have heard of it and understand its primary purpose, but significant misunderstandings create a barrier to informed protection decisions and reinforce the importance of adviser-led education.

Nearly half think they don't qualify for Income Protection

Do you think someone's current or past lifestyle, physical health or mental health would prevent them from getting Income Protection?

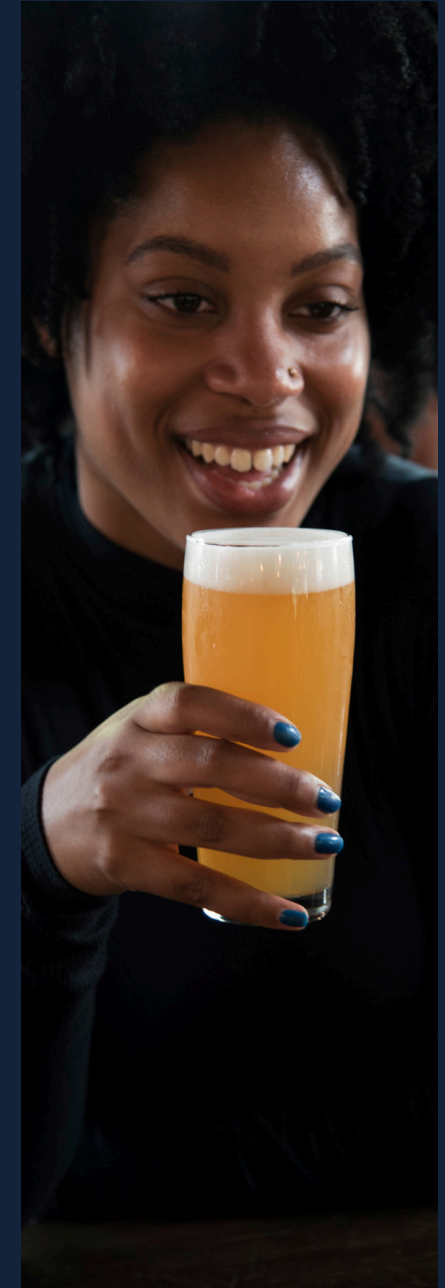


Nearly half of respondents working full time aged 18-64 think past health or lifestyle history is a barrier to Income Protection, with the belief most popular amongst youngest workers. Across the board though, there are potential misconceptions about underwriting and eligibility.

Chronic conditions and drinking remain leading perceived barriers to Income Protection claims

When asking full time workers aged 18-64 which factors they believed would result in an Income Protection application being declined, the most popular answers were largely the same as last year:

Chronic physical conditions, like diabetes or arthritis	41%
Drinking alcohol regularly	39%
Past medical issues, such as surgery or hospitalisation	38%
A health condition that's being investigated/not yet diagnosed	37%
Mental health conditions	31%



When looking at responses by age, chronic physical conditions become a greater concern as people get older, rising from 28-29% among 18-34-year-olds to 50% among those aged 55-64. Past medical conditions follow a similar pattern, increasing from 21% among 18-24-year-olds to 45-46% among those aged 45 and over, while concern about a health condition still being investigated also rises with age, reaching 44% among 45-64-year-olds.

In contrast, regular alcohol consumption remains a bigger concern for younger adults, with 46% of 18-24-year-olds believing it could lead to an application being declined, compared with 34% of those aged 55-64. Mental health conditions show less variation by age.

Overall, age-related trends are largely unchanged from last year.

	18-24	25-34	35-44	45-54	55-64
Chronic physical conditions (e.g. diabetes, arthritis)	29%	28%	44%	49%	50%
Past medical conditions (e.g. surgery, hospitalisation)	21%	32%	37%	46%	45%
A health condition that's being investigated/not yet diagnosed	28%	35%	30%	44%	44%
Drinking alcohol regularly	46%	35%	42%	40%	34%
Mental health conditions (e.g. anxiety, depression)	29%	32%	26%	30%	38%

“

Many still believe a health condition or lifestyle factor will automatically prevent them from getting Income Protection. The findings highlight how important it is for advisers to explain the reality and inform clients on how protection products are assessed.

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Laura Gauden
Head of Sales

Four in 10 workers without Income Protection expect their income to be hit by factors beyond their control

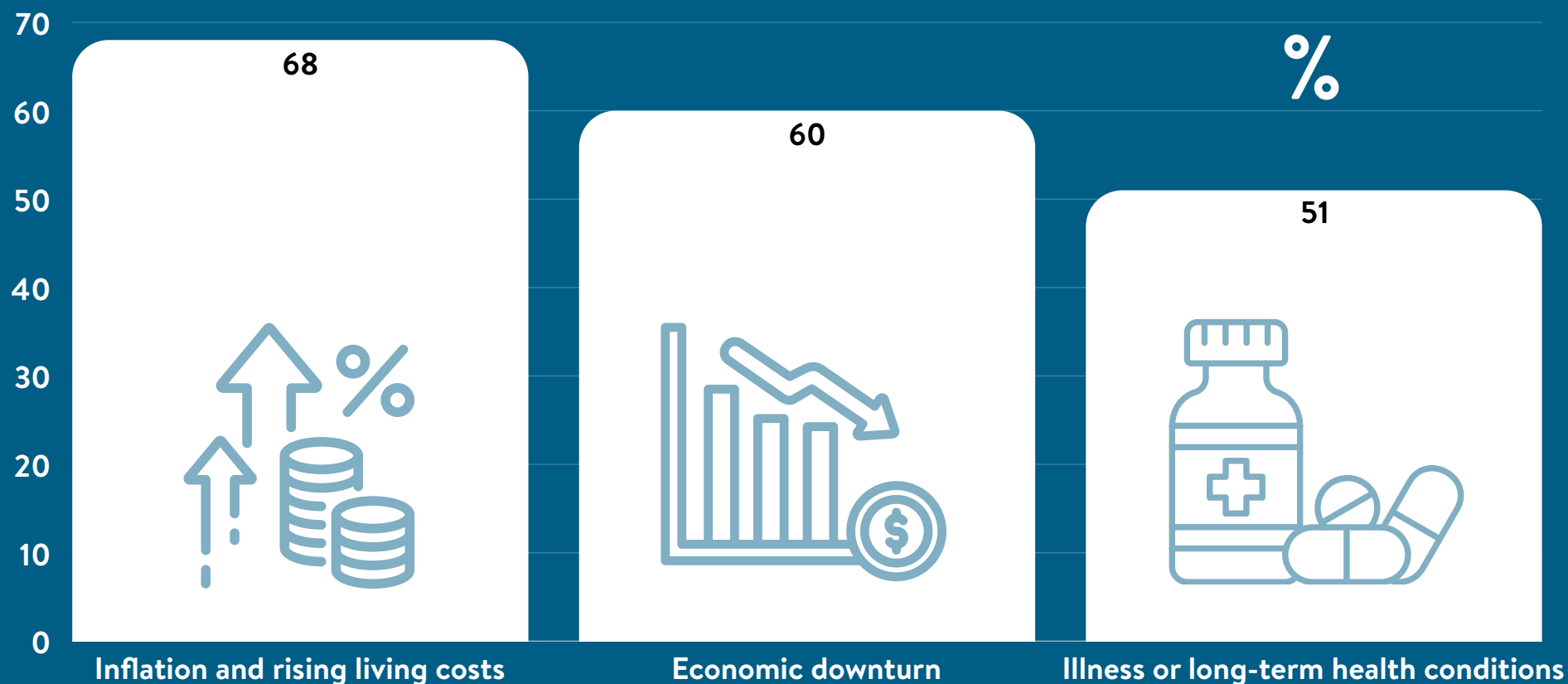
How likely do you think it is that your income could be affected by factors outside of your control in the next 5 years? Such as illness or long-term health conditions, accidental injury, war, artificial intelligence (AI) automation replacing job roles, economic downturn, job loss or redundancy, inflation and rising living costs (full time workers aged 18-64).



A new question for this year, with a key finding that concern about income disruption is widespread, with almost twice as many people believing it is likely their income will be affected by factors outside their control in the next five years (38%) than believing it is unlikely (21%). This suggests many workers recognise their financial security is vulnerable to external events, despite not currently holding Income Protection.

Ill health is third biggest perceived threat to income, cited by more than half of workers

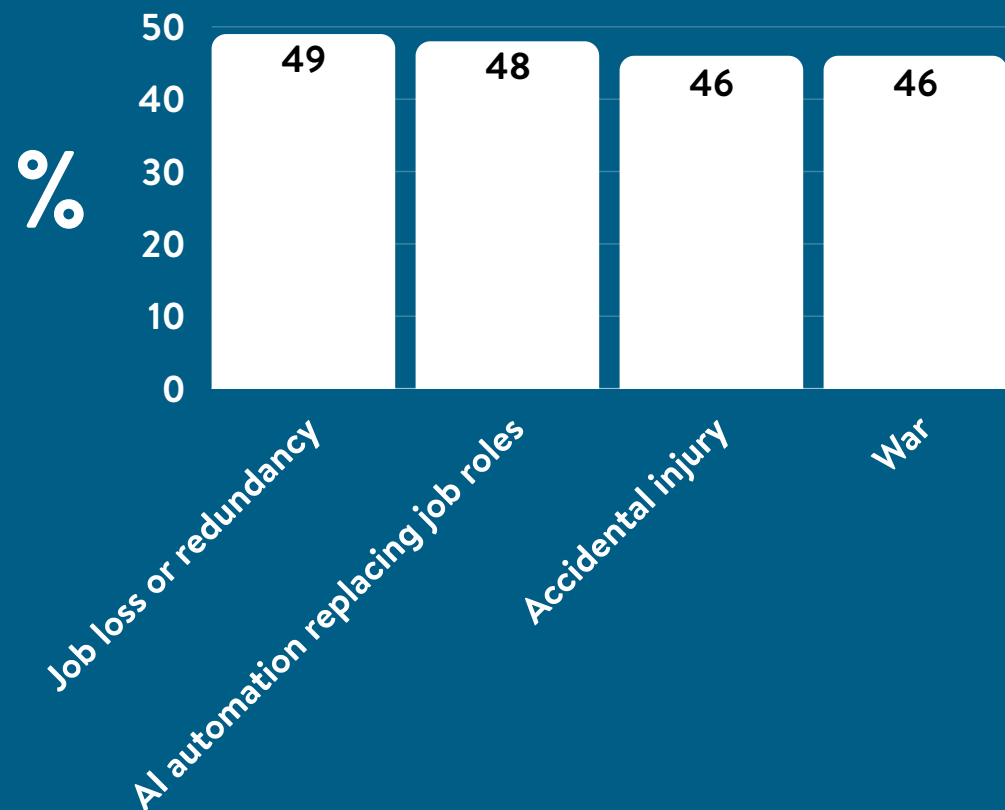
Looking at the factors full-time workers aged 18-64 believe could affect their income over the next five years, only inflation and economic downturn ranked ahead of illness or long-term health conditions.



Fear of accidental injury rivals concerns over AI-driven job losses

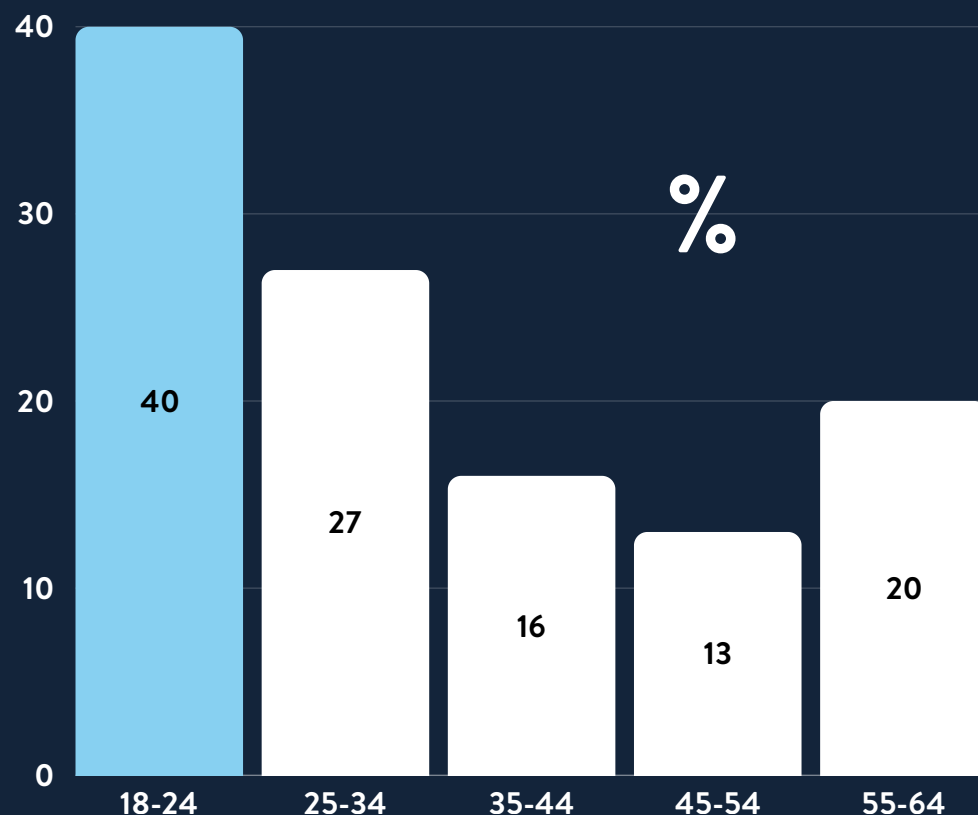
Analysing the other factors full-time workers aged 18-64 believe could affect their income over the next five years, AI sits alongside established risks. This suggests workers may view technological disruption as a genuine threat to future earnings.

But while AI may grab the media headlines in a rapidly changing world, a similar amount of people are concerned about something they can actually protect against – accidental injury. In fact, among 18-24 year-olds, accidental injury ranks second (68%) and ahead of economic downturn (60%), suggesting this age group are receptive to messages about protecting their income against unexpected accidents.



One in five (20%) have been too ill or injured to work

Have you ever been too ill to work and not received your usual earnings? Full time workers, aged 18-64.



A loss of income due to illness or injury is far from a theoretical risk. One in five full time workers aged 18-64 (20%) have experienced a period where they were unable to work and did not receive their usual earnings. For many, the financial impact was significant, with 40% going without their normal income for between one and three months, while almost one in five (18%) faced a disruption lasting longer than three months.

The results reinforce the potential value of Income Protection, demonstrating that prolonged periods away from work are a reality for many workers. While short-term absences are the most common, a notable minority experienced income loss for six months or more, highlighting how illness or injury can have lasting financial consequences for those without protection in place.

Access to virtual GP overtakes cancer screening when workers consider best benefits

Income Protection insurance plans can often include extra benefits for policyholders too. If you could choose these, what would they be? Full time workers, aged 18-64.

A range of health services designed to diagnose conditions and help you stay well or return to work quicker
26%

24/7 access to a virtual GP service
26%

Access to cancer screening and cancer care services
25%

Access to physical care, like a physio
25%

Flexible options if my circumstances change
22%

No frills – I would just want the lowest price cover
20%

Mental health support
18%

Free gift that helps you keep healthy – such as a fitness wearable or smart watch
17%

Lifestyle perks – like free cinema tickets, discounted gym membership
15%



Even with these potential benefits, 15% of respondents stated they wouldn't want a policy.



Demand for practical, day-to-day health support is growing

This year's findings show that while a range of health services remains one of the most popular benefits (26%, down slightly from 27% last year), 24/7 access to a virtual GP service has risen from 22% to 26%, moving ahead of cancer screening and care (25%) and becoming a joint-top benefit overall. The increase may reflect a growing preference for convenient healthcare access when many continue to experience delays through NHS waiting lists.

Looking at age differences, virtual GP access is particularly valued by younger workers, peaking at 34% among 25-34 year-olds and falling steadily with age to 20% among those aged 55-64. This strengthens a pattern seen last year. In contrast, cancer screening is significantly less important to 18-24 year-olds (19%) than older age groups (25-28%), with concerns over serious health conditions become more prominent later in working life.

Age shapes protection priorities

The desire for flexible options if circumstances change continues to be strongest among younger workers, with 27% of 18-24 year-olds and 29% of 25-34 year-olds selecting this benefit. However, interest drops sharply among those aged 35-44 (18%), echoing last year's finding that younger adults place a greater premium on adaptability and future-proofing their cover.

Preferences for physical care such as physio increase with age, peaking at 30% among 45-54 year-olds. Meanwhile, the appeal of a 'no frills' policy focused on the lowest cost rises significantly among older workers, reaching 25-27% among those aged 45-64 compared with just 11-12% among under-35s. Overall, older workers seem to prioritise value and simplicity, while younger workers seek flexibility and additional support services.



Free consultations top the wish list for protection advice

When full time workers aged 18-64 were asked what would make them to speak to a financial adviser about Income Protection, cost transparency and ease of access were again the strongest motivators in 2026. However, a free consultation has jumped from second in 2025 (23%) to the strongest incentive for speaking to a financial adviser this year, possibly reflecting cost-of-living pressures.

Social media presence still has the lowest swaying factor overall, with even traditionally tech-embracing younger respondents in the 18-24 and 25-34 groups voting at 10% and 14% respectively.

A free consultation

28%

Knowing it's free (no brokers fee)

22%

Nothing would persuade me

19%

Clear, jargon-free advice

12%

Online reviews/testimonials

12%

A financial adviser (FA) with a strong social media presence

7%



Reassurance and clarity still play an important role

Clear, jargon-free advice (12%) and positive online reviews or testimonials (12%) were equally valued, suggesting consumers are looking for straightforward guidance and evidence that others have had a positive experience.

Nearly one in five (19%) said nothing would persuade them, but the flip side of this less-than-ideal response is that more than four in five identified at least one factor that would make them more likely to engage with an adviser.

For advisers, the evidence suggests removing perceived cost barriers and delivering straightforward, accessible advice, is more important than prioritising social proof or digital influence across ages.



	18-24	25-34	35-44	45-54	55-64
A free consultation	44%	30%	22%	30%	25%
An FA with a strong social media presence	10%	14%	5%	3%	1%
Knowing it's free (I won't be paying a brokers fee)	22%	15%	26%	26%	19%
Clear, jargon-free advice	1%	15%	16%	12%	8%
Online reviews/ testimonials	18%	17%	12%	8%	6%
Nothing would persuade me	4%	9%	20%	20%	41%

Youngest workers most receptive to protection conversations

Younger workers are still the most open to discussing Income Protection, with 44% of 18-24 year-olds attracted by a free consultation and relatively high interest in online reviews and social media.

As we saw last year too, resistance to advice increases with age, with 41% of 55-64 year-olds saying nothing would persuade them to speak to a financial adviser.

Meanwhile, mid-career workers are most motivated by free advice and clear, jargon-free communication, highlighting the importance of demonstrating value and simplicity.

Value matters, while reputation and features build confidence

When those who don't have Income Protection are asked what would matter to them when choosing a protection product, price findings show that price is the single most important factor.

However, purchasing decisions are not based on cost alone.

Product features and cover emerge as the second most important consideration, highlighting the importance of perceived value and suitability.

Company reputation also plays a significant role, featuring in the top three factors for almost half of respondents (49%), suggesting that confidence in the provider remains a key influence.

Which factors do you think would matter most to you if you were choosing a financial protection product? Full time workers, all ages.

Factor	1st %	Top 3 %
Price	43%	77%
Product features/cover	20%	63%
Company reputation	12%	49%
Reviews & ratings	9%	47%
Recommendation from adviser	6%	22%
Brand	4%	21%
Existing relationship with provider	5%	19%
Other	1%	2%

Mutuality is a driver for majority of younger people

As in 2025, the findings suggest that mutuality continues to resonate with consumers. After learning that some Income Protection providers are mutuals, owned by their members rather than shareholders and able to reinvest profits into member benefits, more than a third of full-time workers aged 18-64 (36%) said they would be more likely to consider a mutual provider such as Shepherds Friendly.

The strongest interest came from younger workers, with more than half of those aged 18-24 (51%) and 25-34 (52%) saying mutual status would make them more likely to choose a provider. This mirrors last year's findings and reinforces the appeal of the mutual model among younger generations. By comparison, older workers appeared less influenced by ownership structure, potentially reflecting more established provider preferences. Encouragingly, just 6% said mutual status would make them less likely to consider a provider.





Laura Gauden
Head of Sales

“The mutual model continues to strike a chord with younger workers. For many, member ownership is seen as a positive differentiator, reinforcing the value of communicating how mutuals operate and the benefits this can deliver to customers.”

Closing the understanding gap: six opportunities for advisers

The findings from this year's research suggest that low Income Protection take-up is not primarily driven by a lack of awareness. Instead, misconceptions about what the product does, concerns about eligibility and uncertainty about its value appear to be preventing many consumers from engaging with protection conversations.

For advisers, this creates a significant opportunity. The research points to five areas where education, reassurance and clearer communication could help more clients recognise the value of protecting their income.

1. Awareness isn't the problem

Seven in 10 full-time workers have heard of Income Protection, yet only 16% hold a policy. Many consumers remain unclear about what the product covers, while large numbers mistakenly believe it pays out for redundancy, covers medical bills or pays off a mortgage.

Opportunity for advisers: Focus less on introducing the concept of Income Protection and more on explaining what it does, how it works and the real-world scenarios it is designed to protect against.

2. Eligibility misconceptions are holding people back

Almost half of workers believe health or lifestyle factors could prevent someone from obtaining Income Protection. Many also assume conditions such as diabetes, previous medical issues or mental health concerns automatically rule them out.

Opportunity for advisers: Reassure clients that underwriting decisions are often more nuanced than people realise. Many consumers may be ruling themselves out before exploring their options.

3. The need for protection is widely recognised

Four in 10 workers expect their income to be affected by factors outside their control during the next five years, while more than one in five have already experienced a period where illness or injury prevented them from working and receiving their normal earnings.

Opportunity for advisers: Connect protection conversations to risks clients already recognise. The challenge is often not creating concern, but helping consumers understand how they can respond to it.

4. Consumers want practical value, not just a policy

Health and wellbeing benefits rank highly among respondents, with virtual GP access now among the most attractive additional features. At the same time, price remains the dominant purchasing factor, while product features and company reputation also influence decision-making.

Opportunity for advisers: Lead with value, not simply cost. Demonstrating both the protection and wider support available through modern policies may help improve engagement.

5. Simplicity still wins

Free consultations, transparent costs and jargon-free advice are the strongest motivators for speaking to a financial adviser. Younger consumers in particular appear open to protection conversations when barriers to engagement are removed.

Opportunity for advisers: Clear communication remains one of the most powerful tools for closing the protection gap. Making advice accessible, straightforward and relevant may be just as important as the product recommendation itself.

6. Younger workers represent a significant opportunity

Despite being less familiar with exactly how Income Protection works, younger workers consistently show greater openness to protection conversations. They are more receptive to free consultations, place greater value on flexibility within products and are more attracted to additional benefits such as virtual GP services. Younger adults are also the most likely to view mutuality positively when choosing a provider. At the same time, many younger workers recognise that their income is vulnerable to events beyond their control, with accidental injury ranking as one of their biggest concerns.

Opportunity for advisers: Rather than waiting until clients have larger mortgages or families, advisers have an opportunity to engage customers earlier in their financial journey. Framing Income Protection around flexibility, accessibility and protecting future earning potential may resonate more strongly with younger audiences than traditional protection messaging.

While misconceptions remain widespread, the findings in this study provide reasons for optimism. Younger workers appear increasingly receptive to protection conversations, recognise the risks facing their income and respond positively to flexible products, accessible advice and member-focused businesses. The opportunity for advisers is clear: by simplifying conversations, challenging misconceptions and engaging customers earlier, they can help turn awareness into action and narrow the UK's protection gap.

Supporting you with 200 years of experience

Shepherds Friendly was established 1826, and with two centuries of experience in financial products, we are proud of our commitment to putting our members' interests at the heart of all we do.

We offer a wide range of award-winning plans including Income Protection, life insurance for over 50s and adult and children's investment products, all of which are designed to help your clients look after their family finances today and into the future.

With dedicated support from our experienced Sales team, we'll work closely with you to help achieve your business goals.

Get in touch with our team today:



0161 495 6495



intermediary@shepherdsfriendly.co.uk

Vicki Thomas,
Business Development Manager



Methodology

This report is based on findings from a nationally representative survey conducted by Walnut, part of Accenture Song, among 2,000 UK adults.

Responses were collected via an online omnibus questionnaire.

The responding sample is weighted to the profile of the sample definition to provide a representative reporting sample. The nationally representative profile is based on census data collected by National Office for Statistics.

Important note on age-group analysis: Some age-based findings are derived from relatively small sub-samples. These results should be treated as indicative rather than definitive, and year-on-year changes may reflect sample variation as well as genuine behavioural change.

About Shepherds Friendly

Shepherds Friendly is a mutual society based in Greater Manchester. Founded in 1826, it offers simple, easy-to-manage ISAs, investments, life insurance and income protection products that help families plan for their future.

For further information or to arrange interviews, please contact media@shepherdsfriendly.co.uk.



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The Shepherds Friendly Society Limited Registered Office:

Haw Bank House, High Street, Cheadle, Cheshire, SK8 1AL

Telephone: 0800 526 249

Web: www.shepherdsfriendly.co.uk

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