



Research report

Reaching the unprotected: The opportunity of the Income Protection gap

November 2025



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The fact that so few working adults have Income Protection – despite being aware of it – highlights a clear challenge and an even greater opportunity.

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Phil Nash
Chief Sales Officer

Understanding the Income Protection opportunity

For almost 200 years we've been supporting families through life's uncertainties - and throughout that time, the value of protection has remained constant.

At Shepherds Friendly, we believe Income Protection is one of the most vital - yet underutilised - forms of financial resilience available to working adults in the UK. This report confirms there is a significant opportunity for advisers and intermediaries to make a meaningful impact.

Despite high awareness, the uptake of Income Protection remains low. Yet many of these individuals are in roles that carry a higher risk of income disruption and often lack employer-provided sick pay beyond the statutory minimum.

The data also reveals widespread misconceptions about what Income Protection covers and how it works. While a clear challenge, this is also a chance for advisers to educate, support, and guide clients toward better protection.

We've also uncovered what people value most in an Income Protection policy - from health services and flexible options to straightforward advice and transparent costs. These insights can help shape more relevant conversations and tailored solutions for your clients.

We believe mutuality has a unique role to play in this future too. As we approach our bicentennial in 2026, we're focused on building a future of financial protection that works for everyone. I hope this report offers useful insight as we work towards this together.

-Phil Nash, Chief Sales Officer

Just 14% of UK adults working full time have an Income Protection policy



The overwhelming majority of the UK public has no cover, risking their ability to safeguard earnings.

Income Protection is significantly under-prioritised, with an extremely low uptake compared to other types of insurance. This is most striking when considering that nearly three times as many people have pet insurance (37%) or health insurance (36%), even though income loss can have a far greater impact financially.

While clients may understand the value of other types of insurance, the data suggests there is a disconnect between the importance of shielding income and the perceived need for protection.



Almost a third of all full time workers who don't have Income Protection (31%) are single and arguably at greater risk if they become ill or injured.

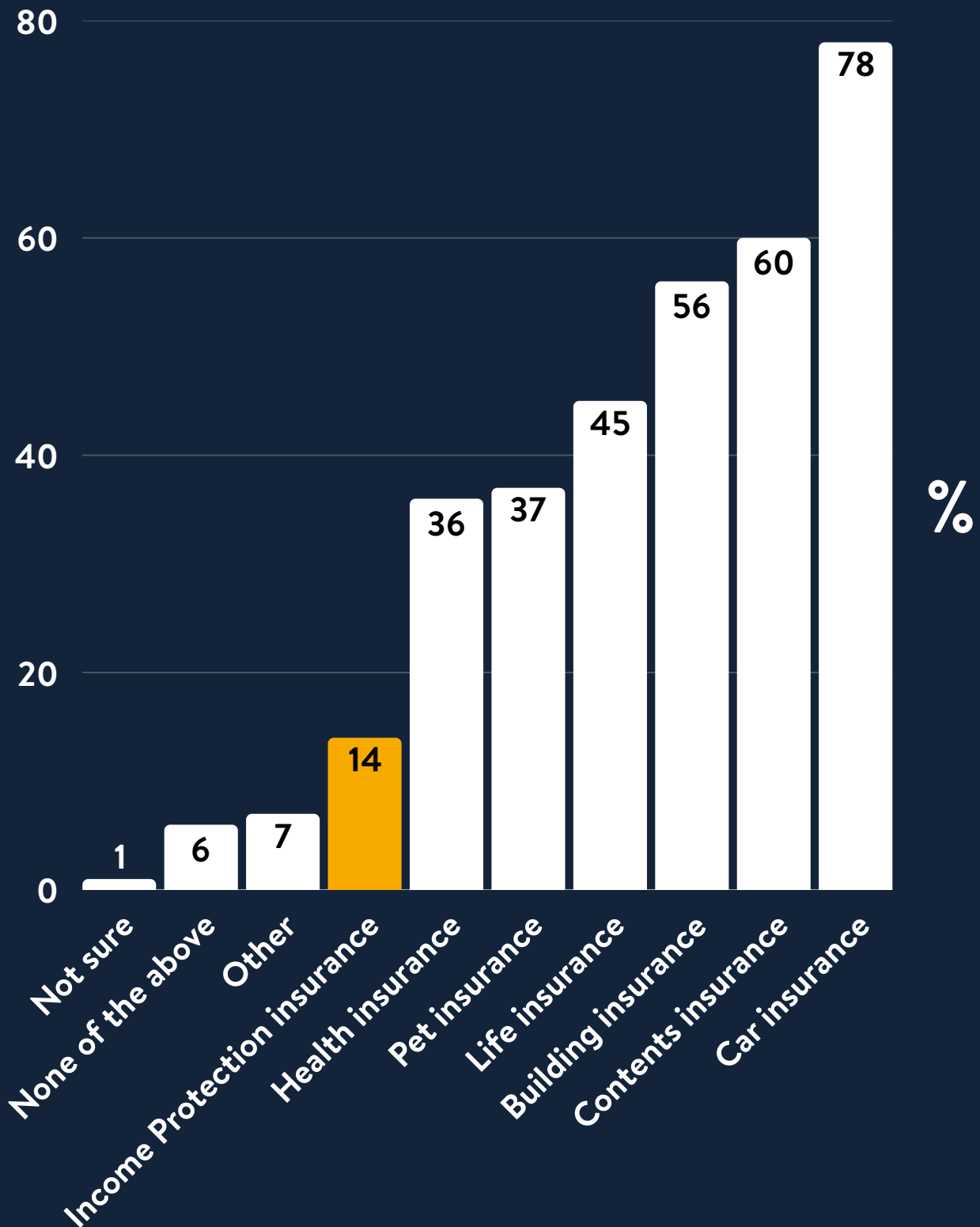


More than one in four of all full time workers who don't have Income Protection rent (30%), with a further 48% having a mortgage or loan on their home.

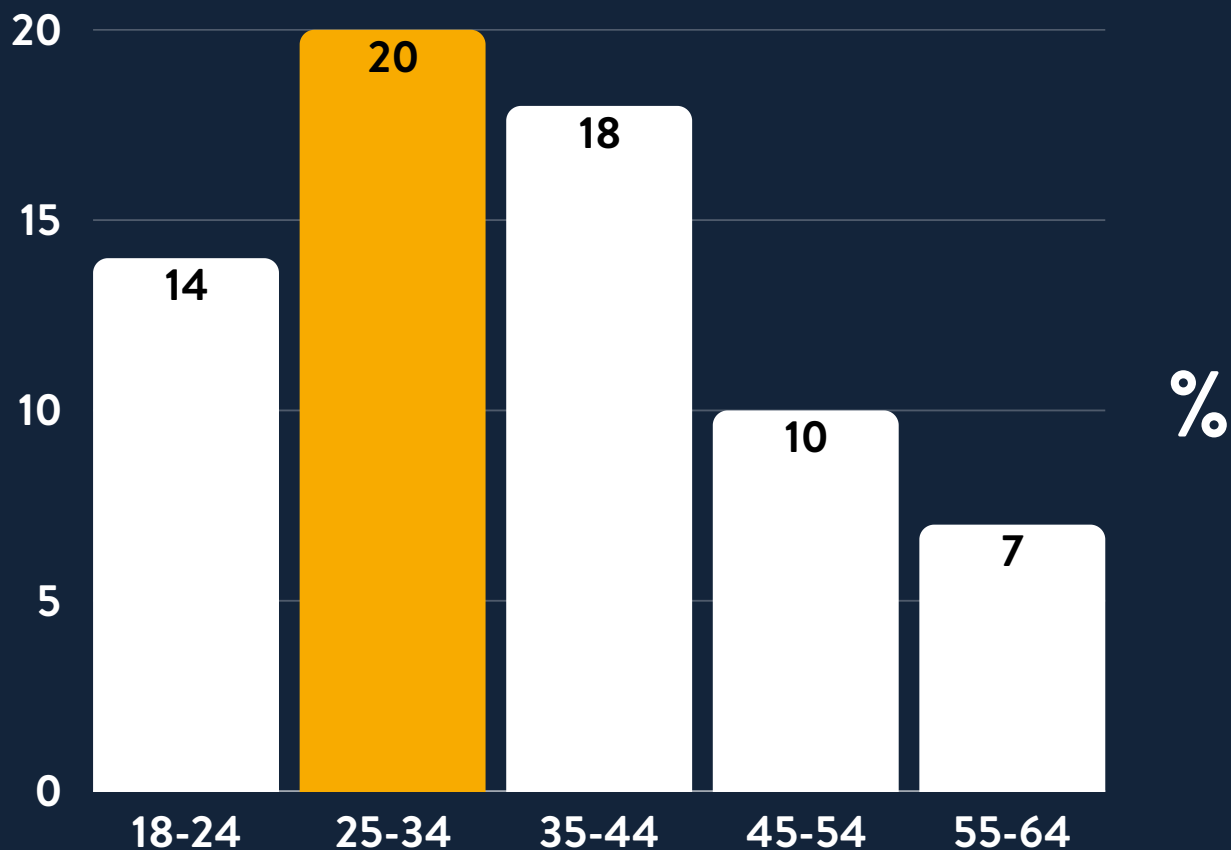


61% of all respondents working full time who don't have Income Protection have children aged 17 or younger, who likely depend on them.

Types of insurance held by full time workers



Income Protection policies by age of full time workers

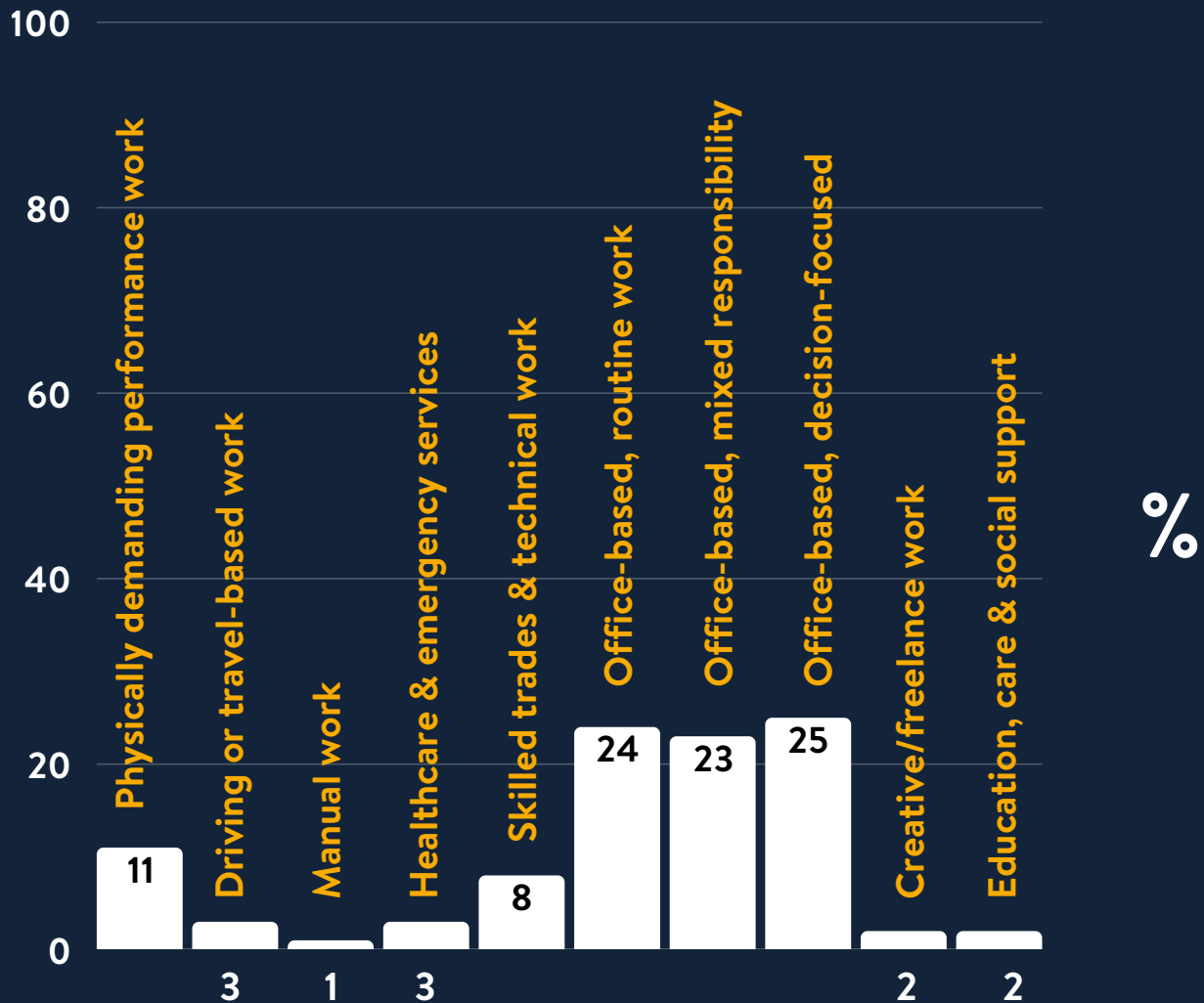


The peak uptake of Income Protection is amongst those in the earlier stages of their career, with 20% of 25-34 year-olds in full time employment holding a policy. This suggests this group may be more financially aware, or possibly starting families, prompting them to protect their income.

There is significant decline in older workers, with uptake dropping steadily in the 35-44 group and beyond. While the oldest group of workers may rely more on savings or employer benefits, or perceive less of a need for Income Protection as retirement nears, awareness or affordability could also be factors - especially for those in the middle stage of their career.

Occupations: The most at risk are the least protected

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

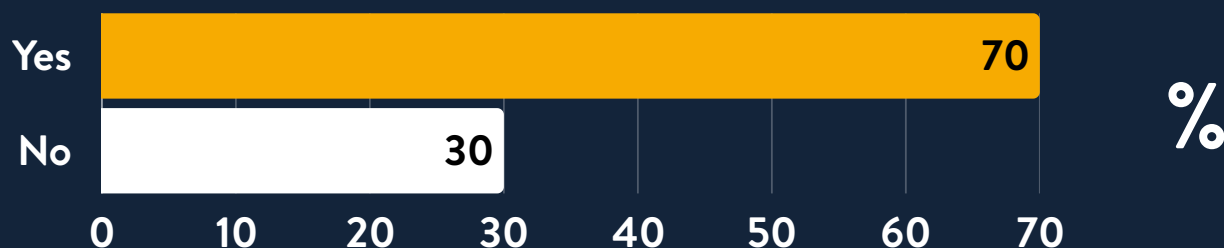


Those who work in high-risk occupations, like physically demanding work (athletes, dancers, etc.) and manual jobs (labourers, warehouse workers, etc.) are very vulnerable but have some of the lowest coverage.

Those in most office-based roles (and therefore more likely to be able to work from home, at least temporarily) are much more likely to have Income Protection.

While take up is low, awareness of Income Protection is high...

Before today, had you heard of Income Protection insurance?



Although just 14% of full time workers have Income Protection, the vast majority of full time workers across all ages (70%) know about it. This gap suggests that awareness alone isn't enough to drive those who aren't protected towards taking out a policy.

Significantly more men (73%) knew about Income Protection than women (64%), highlighting the need for the benefits of protection to reach females.

...and increases with age

Regardless of employment status, younger people were less likely to have heard of Income Protection, with awareness broadly increasing with age.

18-24	25-34	35-44	45-54	55-64	65-74	75+
46%	54%	57%	72%	76%	72%	72%

But misconceptions run rife

Lack of knowledge, barriers and misconceptions may be preventing people from getting covered. We asked full time workers what they think Income Protection covers, allowing them to select all options they thought were correct. While ‘pays your salary if you’re sick or injured’ was the most popular choice (69%), many full time workers aged 18-64 also chose options that aren’t true:

42% think it pays out if you’re made redundant

15% aren’t sure what it covers

13% believe it pays off your mortgage

12% think it pays a lump sum if you die

12% believe it covers medical bills

	18-24	25-34	35-44	45-54	55-64
Pays your salary if you’re sick or injured	52%	62%	70%	73%	81%
Covers medical bills	9%	22%	12%	8%	7%
Pays a lump sum if you die	10%	18%	13%	11%	7%
Pays off your mortgage	12%	16%	17%	11%	7%
Pays out if you’re made redundant	45%	39%	47%	41%	39%
Not sure	18%	15%	14%	15%	11%

Misconceptions are blocking financial security for many

An understanding of what Income Protection covers increases with age, with 52% of 18-24 year-olds and 81% of 55-64 year-olds respectively aware that the product exists to pay your salary if you're sick or injured. While younger workers may be more misinformed here, a significant portion of all age groups misunderstand the purpose of Income Protection or are unsure, showing a persistent education gap.

The data indicates that there is also confusion between Income Protection and health insurance, with more than two in ten (22%) 25-34 year-olds thinking it covers medical bills.

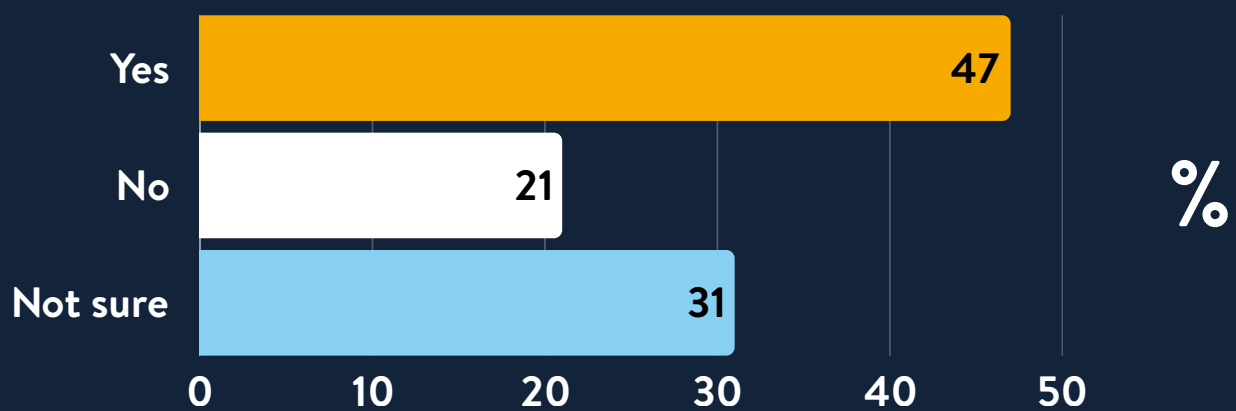
A bigger misconception is that Income Protection pays out if you're made redundant. This is highest amongst 35-44 year-olds (47%) who are likely in the middle stages of their career. This group also has the highest percentage of people (17%) who believe Income Protection pays off a mortgage, which is worrying since they're the most protected and many will own homes.

Addressing these misconceptions head-on in adviser conversations could be an effective tactic and ensure clients understand the protection they will receive.

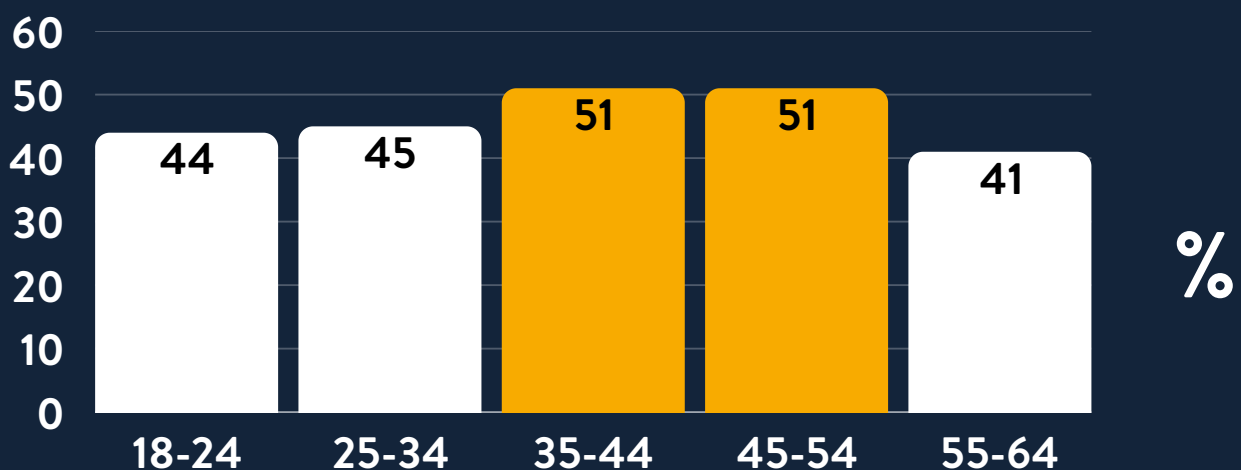


Many believe they wouldn't be eligible for an Income Protection policy

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 health or lifestyle history is a barrier to Income Protection, with the belief peaking in workers aged 35-54, suggesting potential misconceptions about underwriting and eligibility.



Chronic conditions and drinking: The top factors people believe an Income Protection application will be declined

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:

Chronic physical conditions, like diabetes or arthritis (40%)	Past medical issues, such as surgery or hospitalisation (37%)	A health condition that's being investigated/ not yet diagnosed (37%)	Drinking alcohol regularly (33%)	Mental health conditions (30%)
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When looking at the responses by age, younger people (18-24) were more likely to believe alcohol consumption would lead to Income Protection being declined (40%), with chronic physical conditions being a concern that increases with age and peaks at 55-64 (51%).

‘Past medical conditions’ has a similar upward trend, likely due to accumulated health events in older working groups, which is mirrored in the responses for a health condition that’s being investigated.

Overall, older workers are significantly more likely to believe that chronic or undiagnosed health conditions could lead to Income Protection denial, while younger workers are more concerned about lifestyle factors like alcohol consumption.

Although further information on conditions, and assessing whether cover can be provided, is part of the application process, many believe they will be blocked from cover regardless.

Which of the following factors do you believe would result in a person's Income Protection application being declined?

	18-24	25-34	35-44	45-54	55-64
Chronic physical conditions (e.g. diabetes, arthritis)	29%	33%	34%	48%	51%
Past medical conditions (e.g. surgery, hospitalisation)	23%	32%	35%	45%	43%
A health condition that's being investigated/not yet diagnosed	23%	33%	31%	44%	50%
Drinking alcohol regularly	40%	31%	36%	33%	28%
Mental health conditions (e.g. anxiety, depression)	29%	23%	30%	28%	42%

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People are ruling themselves out before they've even talked to someone. Many don't know what Income Protection offers, and a big chunk of those who think they do are unfortunately misinformed. Clear, reassuring conversations are vital.

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Caroline Payne
Acting Head of Sales

Health services and cancer screening top list of preferred 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 (27%)

Access to cancer screening and cancer care services (25%)

Flexible options if my circumstances change (24%)

Access to physical care, like a physio (23%)

24/7 access to a virtual GP service (22%)

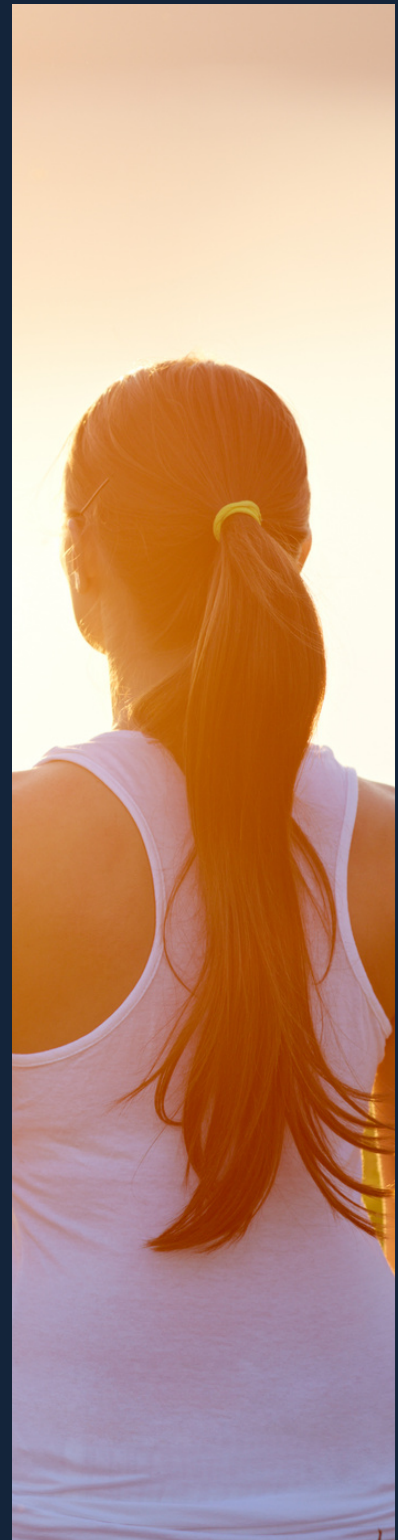
No frills - I would just want the lowest price cover (21%)

Mental health support (18%)

Lifestyle perks - like free cinema tickets, discounted gym membership (14%)

Free gift that helps you keep healthy - such as a fitness wearable or smart watch (14%)

Even with these potential benefits, 16% of respondents stated they wouldn't want a policy.



All ages value benefits that help them return to work as quickly as possible

The most popular answer overall, 'A range of health services designed to diagnose conditions and help you stay well or return to work quicker', saw agreement across all ages (23%-33%), peaking for those in the age bracket of 25-34.

Cancer screening and care peaks in the group aged 45-54 (30%), but dips back to a significantly lower level for those aged 55-64. While it might be expected that older age groups would prioritise all serious illness support, it's important to remember that by age 55-64 many people have already had routine cancer screenings through the NHS and may not see added value here.

Younger people are looking for adaptability, with 33% and 29% of 18-24 year-olds and 25-34 year-olds respectively looking for flexible options if their circumstances change.

Physical care, like access to physio, peaks at 27% for 45-54 year-olds and is strong across mid-life and older groups, highlighting the importance of options for musculoskeletal health for those demographics.

Younger respondents found a 24/7 virtual GP service the most appealing, with 28% of 25-34 year-olds choosing it as a preferred benefit.

Preference for 'No frills - I would just want the lowest price' peaks with those aged 55-64, suggesting cost effectiveness and simplicity trumps added features for these workers.

Different age groups value different benefits

Aside from across-the-board agreement on the appeal of ‘A range of health services designed to diagnose conditions and help you stay well or return to work quicker’, different age groups see added value in different ways.



Younger adults emphasise flexibility and digital health access, like a 24/7 virtual GP service.



Those in the middle of their lives value physical recovery services and cancer care.



Older groups prefer basic, affordable cover that prioritises cost over extra benefits.

69% of full time workers don't know how much statutory sick pay is per week

Do you believe you know how much statutory sick pay is per week in the UK? (Respondents answering 'No')

18-24	25-34	35-44	45-54	55-64
69%	61%	68%	76%	67%

This highlights a major lack of awareness of financial safety nets. While advisers might explain the benefits of financial stability through Income Protection, the bigger priority could be highlighting to clients how big the gap is between Government support and most people's earnings.

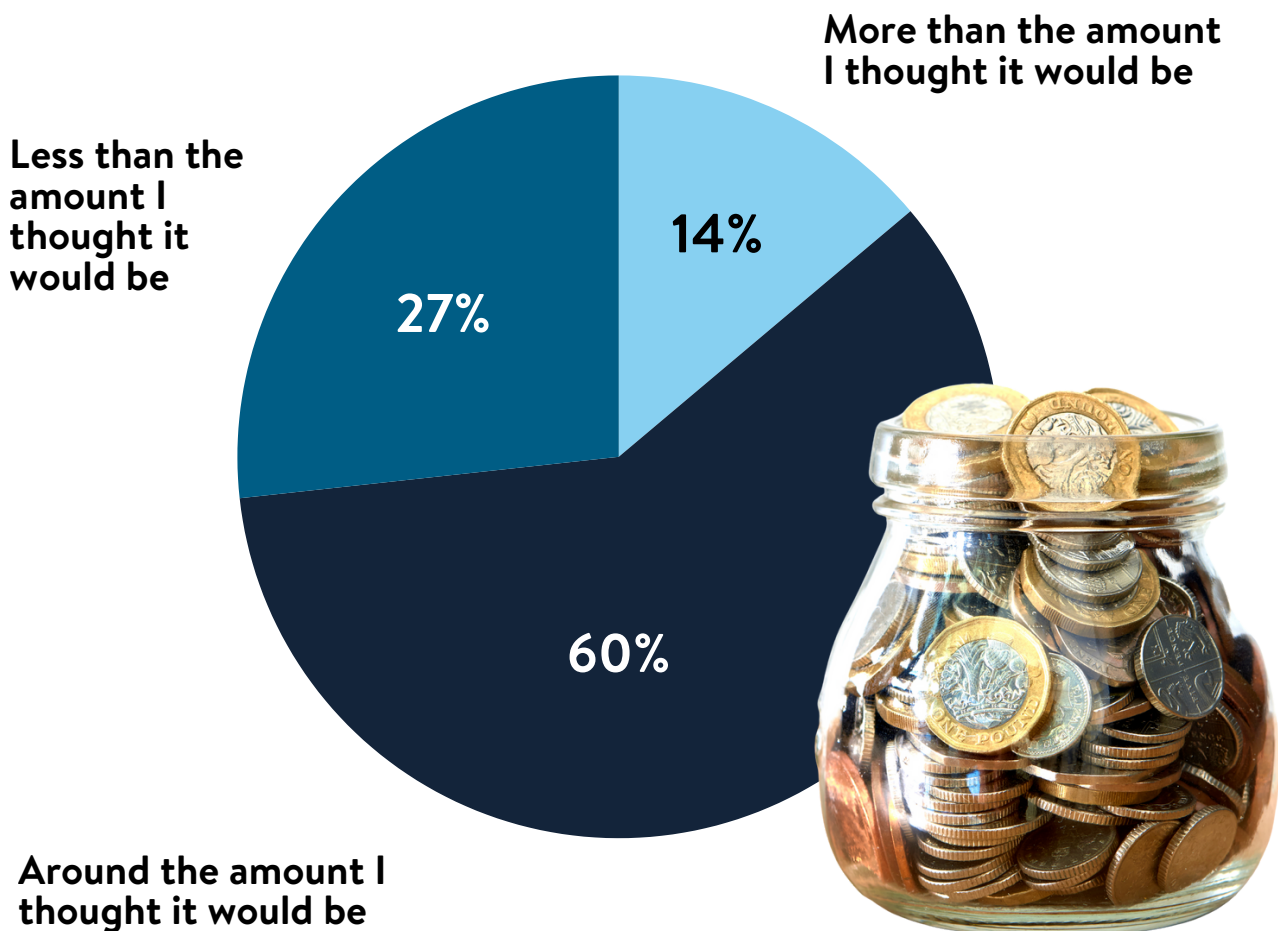
This current lack of knowledge could:

- Undermine confidence in Income Protection products.
- Lead to poor financial planning during periods of illness.
- Reflect a broader issue of disengagement with workplace benefits and entitlements.

While workers aged 45-54 and younger adults aged 18-24 are the least likely to know how much statutory sick pay is, there is little confidence across age groups. Even the age group who believe they know the most, 25-34 year-olds, still have more than six in ten (61%) who don't know what the amount might be.

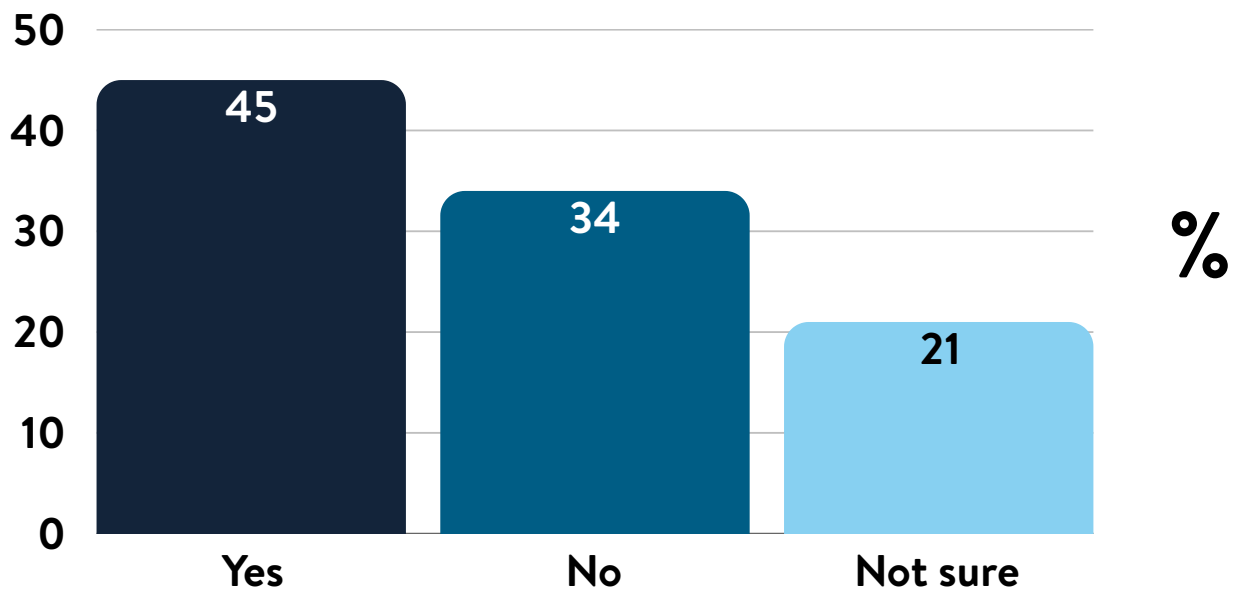
When told how much statutory sick pay was, more than a quarter (27%) said it was less than they thought

We then told respondents how much statutory sick pay is per week (£118 at the time of this survey), and asked them if it was in-line with what they thought it would be.



Uncertainty around employer sick pay leaves many workers at risk

Does your employer offer any form of sick pay beyond the government minimum? (Full time workers aged 18-64)



The split between employer sick pay provision and awareness is striking. While 45% of employees say their employer offers sick pay beyond the statutory minimum, more than a third (34%) report that their employer does not, and 21% simply don't know. This uncertainty is a concern because it means one in five workers could be overestimating their financial safety net.

For advisers, this highlights the importance of asking clients about their employer benefits and clarifying what protection they actually have, alongside discussing statutory sick pay rates. Some employees may assume they'll be covered, but the reality is often different - leaving them vulnerable to income shocks if illness or injury prevents them from working.

Does your employer offer any form of sick pay beyond the government minimum? Results for those who answered ‘No’:

18-24	25-34	35-44	45-54	55-64
42%	31%	34%	29%	40%

A U-shaped trend can be seen when looking at age here, with younger and older workers most likely to report no employer sick pay.

More than two in five young workers aged 18-24 (42%) lack sick pay, which may reflect entry-level or precarious job roles.

Those who are 45-54 years-old fare better in terms of access to employer sick pay, possibly due to more stable employment, seniority or benefits.

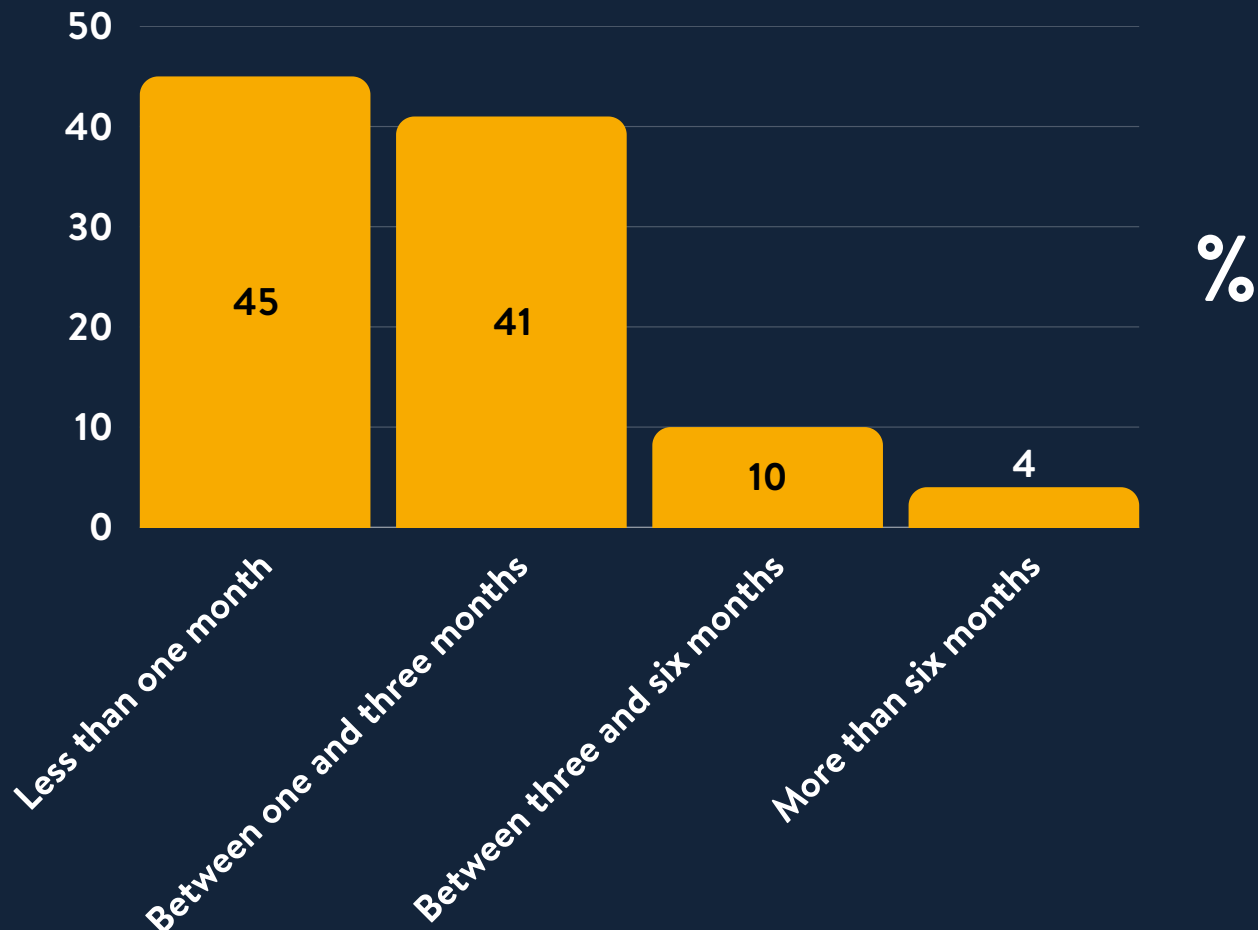
With awareness of statutory sick pay so low and inconsistent employer support, Income Protection should be seen as more than a nice-to-have. Most people don't know what they'd receive if they were ill or injured and off work, so there's an opportunity for advisers to build trust simply by explaining statutory sick pay and employer sick pay realities.



Nearly a quarter (22%) have been too ill or injured to work

Almost a quarter of full time workers aged 18-64 (22%) have been too ill or injured to work and didn't receive their usual earnings. For 41% of those, usual earnings weren't received for between one and three months, with 10% saying that stretched to between three and six months.

Looking at different age brackets, more than a quarter (29%) of workers aged 25-34 have lost income due to illness or injury - almost double the rate of those aged 45-54 (15%). This highlights a critical protection gap for younger and mid-career employees.



Older adults face longer recovery periods

For what period of time did you not receive your usual earnings? (Full time workers aged 18-64)

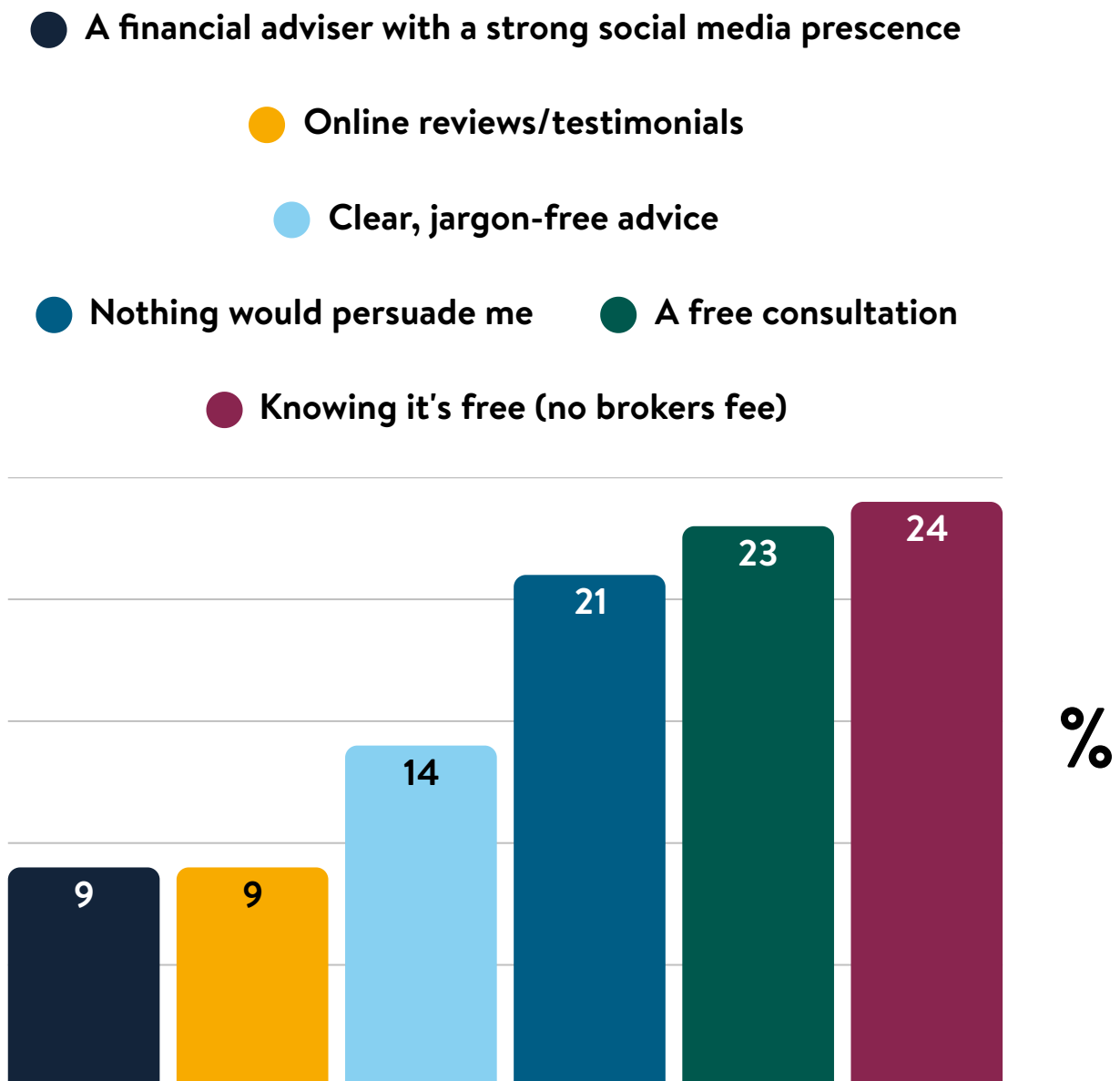
	18-24	25-34	35-44	45-54	55-64
Less than one month	38%	51%	46%	38%	44%
Between one and three months	55%	40%	43%	56%	24%
Between three and six months	7%	7%	7%	0%	26%
More than six months	0%	1%	4%	7%	6%

Older adults are significantly more likely to experience extended periods without their usual earnings, with more than a quarter of 55-64 year olds (26%) going three to six months without usual earnings. This highlights a critical vulnerability in later working life, where recovery from illness or job loss can take longer and financial support may be limited.

In contrast, younger age groups tend to face shorter disruptions, very rarely losing income for more than three months. For financial advisers, this underscores the importance of tailoring Income Protection conversations by age - focusing on long-term cover for older clients and short-term resilience for younger ones.

Free and simple: Motivators for Income Protection conversations

When asked what would make them to speak to a financial adviser about Income Protection, cost transparency and ease of access were the strongest motivators. While social media presence and online reviews/testimonials were the lowest swaying factor overall, for younger workers aged 18-34 they scored much higher, at 18% and 15% respectively.



Jargon-free advice helps, but some are still resistant

Clear, jargon-free advice (14%) ranked near the middle and was stable across all age groups (12-15%), reinforcing the importance of simplicity and clarity in adviser communications.

Notably, 22% said nothing would persuade them, highlighting a segment that may require deeper education or alternative engagement strategies.

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.

However, younger workers do value, and possibly expect, seeing advisers who are savvy online.



Young people are least resistant to a chat about Income Protection

	18-24	25-34	35-44	45-54	55-64
A free consultation	19%	25%	26%	25%	18%
An FA with a strong social media presence	18%	16%	5%	3%	2%
Knowing it's free (I won't be paying a brokers fee)	26%	19%	30%	22%	24%
Clear, jargon-free advice	14%	15%	14%	15%	12%
Online reviews/testimonials	18%	15%	9%	5%	3%
Nothing would persuade me	5%	10%	16%	29%	41%

We found that younger people are more open to engagement, with just 5% stating nothing would persuade them when it came to speaking to a financial adviser about Income Protection.

With resistance increasing steadily by age and peaking at 41% for 55-64 year-olds, the data suggests financial advisers should prioritise starting conversations with younger individuals. Building trust early could lead to stronger long-term relationships and better protection outcomes.

Mutuality is a driver for majority of younger people

When people were told that some Income Protection insurance plans are offered by mutuals - businesses owned by their members rather than shareholders, which often reinvest profits into member benefits - and asked whether this would make them more or less likely to consider them for Income Protection, 38% of full time workers aged 18–64 said they'd be more likely to choose a mutual, such as Shepherds Friendly.

Delving into age groups, 18-24 year-olds (60%) and 25-34 year-olds (56%) were more likely than older age groups to consider Income Protection offered by a mutual. Older groups are less influenced by the ownership model of a business, or may have already established their preferences.

Only 8% said it would make them less likely, suggesting mutual status rarely deters people.



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Younger people are significantly more open to getting Income Protection from mutuals. The way mutuals operate resonates with the next generation, and we need to meet them with messaging that reflects that.

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Phil Nash
Chief Sales Officer

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 Business Development consultants, we'll work closely with you to help achieve your business goals.

Get in touch with our team today



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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.

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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