Unable to work due to injury, illness or disability: what financial support can you claim, and can payments overlap?

Author: Sophie Adams
Email: sophie@guardianinjurylaw.com.au

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If an injury, illness or disability impacts your ability to work, one of the first concerns you may have is how you will replace your income. The good news is that there are several forms of financial support available, depending on your circumstances, the cause of your condition and your work capacity.

Depending on how your injury, illness or disability arose, financial support may come from:

- workers' compensation schemes in Victoria, if you were working
- the Transport Accident Commission (TAC), if your injury occurred through the use of a motor vehicle
- superannuation insurance or private insurance policies, for total permanent disability and/or income protection
- Centrelink benefits

In some cases, you may be able to receive more than one benefit at the same time. However, many schemes contain offset provisions or eligibility rules that can reduce the amount payable where another source of income support is being received. Understanding your options early can help you maximise your entitlements and avoid costly mistakes.

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Income support payments for work-related injuries in Victoria

If your injury or illness arose out of, or in the course of, your employment, you may be entitled to workers' compensation benefits through your relevant State or Territory.

For example, in Victoria, workers with accepted claims may be entitled to receive weekly payments to replace their lost income while they are unable to work or have reduced work capacity under the Workplace Injury Rehabilitation and Compensation Act 2013. You can find more information in our blog "How to make a WorkCover claim in Victoria".

In Victoria, should you have restrictions with regards to your work capacity you may be entitled to 95% of your pre-injury average weekly earnings (PIAWE) for the first 13 weeks and 80% of your PIAWE for up to 130 weeks. Payments may continue after 130 weeks, however you must meet strict criteria to qualify.

Weekly payments are designed to replace your normal income and are considered income by Centrelink and Superannuation funds.

Motor accident compensation schemes in Victoria

If your injury arises from a motor vehicle accident, you may also have access to benefits through a state or territory motor accident compensation scheme.

For example, Victorians injured in transport accidents may receive income support and treatment benefits through the Transport Accident Commission (TAC). You may find more information in our blog "3 things to know when claiming TAC benefits after a road accident".

Weekly income replacement payments under transport accident compensation schemes, operate much like Worker's Compensation weekly payments. They are designed to replace your normal weekly income and will pay a certain percentage for a specified time.

Income protection or salary continuance insurance

Income protection ('IP') insurance, (also referred to as salary continuance insurance), provides regular payments if you cannot work due to injury or illness.

Importantly, IP insurance generally covers both work-related and non-work-related conditions. Unlike workers compensation, it is not limited to workplace injuries. The cover may be held:

- Through your superannuation fund;
- Under an individually purchased insurance policy;
- Through an employer-sponsored insurance arrangement.

Most policies pay a percentage of your pre-disability income, often around 70% to 75%, for a defined period after a waiting period has been served, usually around 3 months. The defined period is often two to three years, however, may extend all the way until age 65 under certain policies. Your entitlement will cease if it is found you have returned to full capacity.

As with Worker’s compensation weekly entitlements, IP payments are designed to act as a replacement for your normal income and are considered income

Often, members may acquire a limited entitlement automatically, when they join a superannuation fund. It is therefore imperative to check with your superannuation fund, for any insurance entitlements available.

Total and permanent disability (TPD) insurance

Many Australians have Total and Permanent Disability (TPD) insurance through their superannuation fund.

TPD insurance is different from income protection insurance as rather than providing an ongoing monthly benefit, TPD insurance generally pays a lump sum if you are unable to return to work because of a permanent disability and meet the specific eligibility requirements defined within the policy.

The standard to be eligible for TPD is significantly higher than that of income protection, as you will often need to demonstrate a prolonged absence from all work (both paid and unpaid), have received substantial treatment and have support from your treating doctors.

Unlike payment discussed above, TPD lump sum payment is not designed to replace your normal weekly income but rather to act as compensation for the lost ability to earn an income and be engaged in work in the future.

Centrelink payments for injury, illness or disability

Some people may be eligible for government income support through Centrelink when illness, injury or disability affects their ability to work.

Potential payments include:

- Disability Support Pension (DSP), for people with a permanent condition that significantly impacts their ability to work;
- JobSeeker Payment, including for people with temporary medical conditions affecting employment;
- Carer Payment or Carer Allowance, where caring responsibilities arise from another person's disability or illness.

Eligibility depends on satisfying various medical, residency, assets and income tests.

It is important to notify Services Australia about other compensation or insurance payments you receive, as these may affect your Centrelink entitlements.

Can you claim multiple benefits at the same time?

The short answer is yes – sometimes, but you should obtain advice before doing so.

For example, as a TPD lump sum entitlement is not viewed as income, replacing your normal weekly income. You can often claim this alongside other entitlements that are viewed as such. For more detail, see our guide to claiming TPD if you've already received a WorkCover or TAC payout . It is important to remember however that TPD entitlements are often only enacted after a significant period of illness, treatment and absence from all employment.

Many Australians may be entitled to claim more than one benefit arising from the same injury or illness. However, receiving two payments does not necessarily mean you will receive the full amount from both sources and offsetting can often arise when more than one entitlement exists.

The interaction between these benefits can be complex and will often depend on the policy wording, legislation and individual circumstances.

It is crucial that you obtain legal advice before pursuing multiple income replacement applications.

How offset provisions can affect your payments - ‘No double dipping’

One of the most important concepts to understand is offsets.

Many income protection policies allow insurers to reduce benefits if you are receiving income from another source, such as workers' compensation. Similarly, some compensation schemes take other income replacement payments into account when calculating benefits.

For example:

A worker receives weekly workers' compensation payments following a workplace injury;

The worker also has income protection insurance through their superannuation fund;

The insurer may reduce the income protection benefit because workers' compensation is already being paid;

Alternatively, the workers' compensation payment may be adjusted depending on the applicable legislation.

The result is that while both claims may be valid, the total amount received may not equal the combined value of both benefits. As concurrent entitlements may both be viewed as income, the law outlines that you cannot be compensated for the same lost income twice (‘No double dipping’).

Claiming the same lost income for the same period can result in costly offsetting repayments being required to be made to appropriate parties, causing additional stress in a sensitive period of life. This is why professional advice is often worthwhile before lodging multiple claims or accepting claim decisions to determine the most appropriate avenue for you.

For example, should you be injured at the workplace, workers' compensation weekly payments will likely cover 80% to 95% of your preinjury earnings initially, whereas often income protection entitlements will only be for 70% to 75% of your pre-injury earnings. You would therefore hold a greater entitlement through workers’ compensation and may visit income protection entitlements at the conclusion of workers' compensation entitlements should your incapacity continue.

Getting the right support after an injury, illness or disability in Victoria

Navigating Australia's income support system after an injury or disability can be challenging, particularly where multiple schemes overlap. Workers' compensation, income protection insurance, salary continuance cover, TPD insurance, Centrelink benefits and motor accident compensation schemes may all play a role depending on your circumstances.

While it is often possible to claim more than one benefit at a time, understanding the offsetting consequences and obtaining advice early can help ensure you understand your rights and access the full range of support that may be available and assist in avoiding costly repayments for perceived ‘double dipping’.

Contact Guardian Injury Law today for a free initial appointment, to understand the options available to you in the event you lose your income due to illness or injury.

Contacting Guardian Injury Law

1300 700 761

enquiries@guardianinjurylaw.com.au

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