









Personal Insurance

This document contains factual and general information only to assist you in understanding financial planning concepts. It is designed to be used in conjunction with a Statement of Advice.

Personal insurance helps keep your financial plan on track against life's mishaps. Insurance can provide a cost-effective method of providing personal wealth protection and can help you protect your family and yourself if you die prematurely or suffer illness, medical crisis or injury.

It can ensure that any lump sum capital needs are catered for and ongoing income requirements are covered. Most people insure their homes and cars but not themselves and the income they earn.

There are a number of insurance types to consider:

	Purpose	Trigger Events
 Term Life Insurance	Provide peace of mind that a lump sum of money is available in the event of the death of the person insured.	<ul style="list-style-type: none">• Death of the insured person• Diagnosis of terminal illness of the insured person and not expected to survive more than 12 to 24 months
 Total and Permanent Disability Insurance (TPD)	Create lump sum funding to support financial needs if the person insured can no longer work	Incapacity of the insured person to work and unlikely to return to work
 Trauma or Critical Illness Insurance	Provide a lump sum amount at a time when there may be additional expenses due to illness or injury	The insured person experiences a specified medical event or condition
 Income Protection Insurance	Deliver continuity of up to 75% of income in the event that the insured person cannot work	The insured person is unable to work due to illness or injury
 Accidental Insurance Cover	Provide Term Life, TPD or Income Protection insurance where situation is specifically caused by an accident	
 Child Cover Insurance	Provide a lump sum benefit	<ul style="list-style-type: none">• Death of child• Terminal illness• Specified serious illness like cancer

Life Insurance

Term Life Insurance will provide a lump sum to the beneficiary or policy owner in the event of the death of the life insured or if the life insured is diagnosed with a terminal illness and is not expected to survive usually for more than 12 to 24 months.

Life insurance is important for the following reasons.

- It is important your dependents are not exposed to financial risk in the unfortunate event of your death as this could put them under undue financial and emotional pressure as they struggle to meet daily commitments or debts.
- Term life insurance pays the insured lump sum in the event of your death, or in some cases, upon diagnosis of a terminal illness of the life insured. It can be used to:
 - Fund funeral expenses
 - Legal and accounting fees associated with the wind up of an estate
 - Eliminate outstanding debt
 - Provide a capital sum to provide income into the future
 - Fund future education expenses.

Total and Permanent Disability Insurance

Total and Permanent Disability (TPD) Insurance will provide a lump sum if the life insured suffers an illness or injury and is rendered totally and permanently disabled. The TPD insurance proceeds provide a lump sum which can be used to cover a range of costs related to disability in addition to all the normal household expenses and commitments.

TPD insurance is important for the following reasons:

- It is important you are not exposed to financial risk through accident or misfortune as this could jeopardise your present and future plans as detailed in your goals and objectives.
- Total and Permanent Disability cover gives an agreed (insured) lump sum payment if the life insured is totally and permanently disabled. This cover can help pay for medical expenses, repay major debts and help provide for your future. If you make a successful claim against the Total and Permanent Disability insurance policy, you will receive the insured amount as a lump sum which you can use as you wish. Payment from your Total and Permanent Disability insurance cover can supplement benefits from income protection insurance and provide funds for:
 - Income needs
 - Medical and nursing costs and possible purchase of equipment (such as wheelchairs, modified vehicle etc.)

- Home modifications such as ramps for wheelchair access or
- Moving to a new home

determine whether a claim can be paid under your policy. These are 'own occupation' and 'any occupation'.

Own Occupation.

An 'own occupation' TPD definition means that your claim will be paid if a doctor believes you are unlikely to ever return to your own occupation. Your own occupation is regarded as the one you were engaged in at the time of the injury or illness. An 'own occupation' definition is no longer available within a standard superannuation policy.

Any Occupation.

An 'any occupation' TPD definition means that your claim will be paid if a doctor believes that you are unlikely to ever return to any occupation. Any occupation is regarded as one that you may be suited to by experience or education.

Flexi-Linking.

Some policies offer 'flexi-linking' as a way of managing occupation definitions and costs where some of the premium is paid from superannuation. Flexi-linking of TPD insurance can allow the life insured to obtain an 'any occupation' definition when part of the policy suite is held within superannuation. The 'own occupation' portion of the policy is held outside of superannuation, with the premium cost for this needing to be met from personal cash flow.

Trauma Insurance

Trauma (or Critical Illness) Insurance will provide a lump sum if the life insured is diagnosed with a specified medical condition such as cancer, heart attack or stroke. Trauma insurance proceeds provide a lump sum to cover costs associated with diagnosis, treatment and recovery from a trauma event.

- Trauma insurance is important for the following reasons:
- It is important you are not exposed to financial risk through accident or misfortune as this could jeopardise your present and future plans as detailed in your goals and objectives.
- Trauma cover provides a lump sum payment if you're diagnosed with a specified 'trauma' condition. It helps cover your increased medical costs and living expenses, providing you some financial security during the important recovery process. Trauma insurance will give you cover against major illnesses such as certain cancers, strokes, heart attacks, etc.

The insurance payout would provide funds to cover such costs as:

- Additional medical or nursing care requirements
- Medical equipment costs
- Alterations to your home such as ramps for wheelchair access
- Repayment of debts to relieve the financial pressure on the household or
- Allow you more time to recover without having to return to work straight away.

Flexi-linking of Trauma insurance allows the life insured to obtain a Trauma benefit held outside of superannuation linked to a life benefit held within superannuation.

Income Protection Insurance

Income Protection Insurance will provide up to 75% of your income as a monthly benefit, after a specified waiting period, when sickness or injury prevent you from working. Income protection insurance benefits can be used to meet your ongoing living expenses whilst unable to work.

- Income protection insurance is important for the following reasons: It is important you are not exposed to financial risk through accident or misfortune as this could jeopardise your present and future plans as detailed in your goals and objectives.
- Salary continuance or income protection insurance gives you a regular income while you are totally disabled and unable to work due to illness or injury.
- The policy will provide you with a monthly payment, indexed by inflation, until you are able to return to work or your benefit period expires, whichever applies first. This lessens the need to draw on other sources such as investments, home equity or social security.
- Premiums paid for income protection insurance are tax deductible and will reduce the income tax liability of the policy owner. Income protection premiums held outside of superannuation are generally tax deductible to the individual. Holding your income protection policy outside of superannuation allows you to obtain a more comprehensive range of benefits. There are 2 main types of Income Protection available: Indemnity and Agreed Value With an 'indemnity' policy type for your Income Protection, you are insured for what you say you earn, but if you make a claim you have to verify your income. If your income has reduced since you applied for cover, your claim will be paid on the reduced amount. With an 'agreed value' policy type for your income protection, you prove your income at the time of application and insure to receive a set amount. The advantage is that you know what you will receive, regardless of changes in your income.

Premium Structure

Stepped premiums are initially cheaper than level premiums however they are likely to increase as you get older. This will limit the impact of your premiums during the earlier years of the policy.

Level Premiums are initially higher than stepped premiums however they will remain constant (with rises based on inflation and indexation of the sum insured) for the term of the policy. This will limit the impact of premiums over the life of the policy.

'True level' premium means that if a policy is increased by the Consumer Price Index (CPI) each year, the increased portion of cover will continue to be charged to the client based on their original age next birthday from when the policy commenced.

Note that even with level or true level premiums the insurer may change premium rates for all policies in a group.

If you were recommended a policy with level premiums, please refer to your letter as it will contain additional details on level premiums including a comparison of the costs of level versus stepped premiums.

Insurance inside Superannuation

Premiums for life insurance, TPD (any occupation) and income protection insurances purchased through a superannuation fund are completely tax deductible to the fund. Some types of contributions to superannuation are tax-deductible and may be used to fund insurance premiums.

The premiums paid from superannuation will not affect your cash flow and are sometimes cheaper because group rates can be arranged.

If you are considering making additional contributions to your super to offset the effect of the insurance premiums, you need to be aware of the contributions caps to superannuation. We strongly suggest you speak with your Adviser regarding your own individual circumstances before commencing contributions.

Contributions Caps 2019/2020

Maximum concessional contributions	<ul style="list-style-type: none">• \$25,000 pa• From 1 July 2018 there is the ability to carry forward unused concessional contributions for a rolling 5 year period, if the total superannuation balance is below \$500,000.
Maximum non concessional contributions	<ul style="list-style-type: none">• \$100,000 pa or \$300,000 over a 3 year period for those under age 65.• You must have a total superannuation balance below \$1.6 million to contribute non concessional contributions.

Child Cover Insurance

Child Cover Insurance will provide a lump sum to the beneficiary or policy owner in the event of the insured child suffering a specified medical condition as defined in the PDS or death, or if the child is diagnosed with a terminal illness and is not expected to survive for more than 12 months.

Accidental Insurance Cover

Accidental Insurance Cover only pays a claim if you are injured due to an accident. The following types of accidental cover are available:

- Accidental Death Insurance Cover - provides a lump sum payment in the event of your death as a result of an accident. Generally, you are not required to undergo a medical assessment and therefore it can be valuable cover to hold in the event that your health situation precludes your eligibility for regular life insurance.
- Accidental TPD Insurance Cover - provides a lump sum payment in the event of you suffering total and permanent disability as a result of an accident. Generally, you are not required to undergo a medical assessment and therefore it can be valuable cover to hold in the event that your health situation precludes your eligibility for regular TPD insurance.
- Accidental Income Protection Insurance – provides a monthly benefit amount if you are totally disabled or partially disabled as a result of an accident and unable to work at full capacity.

Important Information

Current as at June 2019. This information is of a general nature only. It does not take into account your particular financial needs, circumstances and objectives. You should obtain professional financial advice if you have not already done so before acting on this information. You should read the Product Disclosure Statement (PDS) before making a decision to buy or sell a financial product.

Any case studies, graphs or examples are for illustrative purposes only and are based on specific assumptions and calculations. Past performance is not an indication of future performance. Superannuation, tax, Centrelink and other relevant information is current as at the date of this document. This information contained does not constitute legal or tax advice.
