

Get advice on insurance

Many Australians view insurance as “an unnecessary expense” despite the financial protection and emotional comfort it can provide.

Life insurance

It's always very difficult to talk about death with your family or to plan for an unforeseen tragedy.

However, talking about it now while you are healthy is a responsible step and it could make things much easier for you and your family in the future.

If you have dependants or loved ones you care about, life insurance can protect them and ensure they aren't disadvantaged financially should you die. Even if you are single, life insurance can help meet the financial obligations you leave behind such as a car loan or a mortgage.

Also known as death cover, life insurance typically pays a lump sum to your nominated beneficiaries when you die.

The average Australian faces many risks in his or her lifetime.

- ✧ A male aged 45 has a 20% risk of death before age 65
- ✧ A male aged 45 has an 11% risk of heart attack and a 13% risk of cancer before age 65
- ✧ An Australian dies every 10 minutes from a cardiovascular disease.

For a significant number of Australians, most of their insurance is provided through their super fund. If you have switched super funds recently, you may need to re-examine your level of protection to ensure it's adequate and appropriate.

Total and permanent disability insurance (TPD)

An illness or accident has the potential to leave you totally and permanently disabled and unable to work in the future. TPD is a type of insurance generally paid to you as a lump sum if you become totally and permanently disabled and are unable to work again. You could use the funds to cover debts or medical costs as well as to pay for modifications to your home which may have become necessary because of your disablement.

- ✧ A 30 year old male has a 65% chance of disability through sickness and a 35% chance of disability through accident. If disabled, there is a 37% chance the disability will last three months or more

- ✧ For a 30 year old woman, there is an 83% chance of disability through sickness and a 17% chance of disability through accident. If disabled, there is a 46% chance the disability will last three months or more
- ✧ One in every 20 Australians will suffer a disability

Trauma insurance

A serious medical illness is likely to have significant financial implications for you and your family.

Similar to life and TPD insurance, trauma insurance is also a lump sum payment. It covers you against certain medical conditions that you may suffer such as stroke, heart attack and cancer. Once your claim is accepted, you will be paid a lump sum which can help offset medical and other associated costs.

- ✧ Cardiovascular disease affects over 3.2 million people and this number is rising
- ✧ 33% of men and 25% of women will be affected by cancer before they reach 75

Income protection insurance

Income protection insurance is a must if you rely on your salary to meet your financial obligations. This type of insurance provides you with a monthly payment in the event that you are unable to work because of injury or illness.

A payment can be anywhere up to 75% of your salary and may be paid for the duration of your incapacitation or for the period you specify when taking out the insurance. Payments could be used to cover ongoing debts, daily expenses or even to continue a regular savings plan.

And your income protection premiums may be tax deductible.

- ✧ Most people insure their possessions and leave their greatest asset unprotected – the ability to earn an income.
- ✧ A 30 year old earning \$75,000 pa could earn \$4,535,000 by the time they reach 65 (assuming 3% pa wage income growth).

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