

# Life protection solutions

How they fit together – to cover you and those who depend on you



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# Income Protection



## What is it for?

If you have an accident or suffer an illness that means you're unable to work, or only work in a reduced capacity, once your sick leave runs out and you no longer earn your full income, how will you afford to live?

Income Protection insurance provides you with, typically, 75% of your usual salary in a monthly payment – so you can keep making loan repayments, stay on top of household expenses and also continue to generate savings for your future.



## When should I get it?

As soon as you have an income and a lifestyle you want to be able to maintain, even if you suffer an accident or illness that renders you unable to work.



## What are the chances I'll need it?

60% of working Australians will, at some stage, need to take a prolonged break from work as a result of illness or injury\*, so there is a high likelihood that you would benefit from having this cover.

\* TAL Facts of Life Study



## Wouldn't I be covered by Workers Compensation?

Workers Compensation insurance such as Work Cover typically applies only to work-related conditions and injuries and it may not cover you for additional household expenses such as mortgage, household bills and childcare. It may vary according to each state's legislation.



## Isn't this included in my Super?

It could be, but you need to check and be sure that it matches your individual needs. Default income protection included with Super can be very restrictive – in terms of the amount of cover, when it commences, how long it lasts and the definitions of accidents and illnesses for which cover is provided.



## Are premiums tax deductible?

Income protection premiums are usually tax deductible.



# Trauma Insurance

(aka Recovery Insurance)



## What is it for?

If you suffer one of the listed serious medical conditions – like cancer, heart attack, stroke or an accident – trauma insurance pays you a one-off amount (a “lump sum”). You can use it for any purpose you like but usually people use it to:

- Pay for treatment costs over and above what is covered by Medicare or Health Insurance – and these can be very substantial.
- Pay for the best treatment available (this could include treatment overseas).
- Make lifestyle changes so they can focus on healing – like permanently reducing the number of days they work, making modifications their home such as ramps and rails, and funding a family member to take time off work to support them in their recovery.
- Take some time off work or take a stress-free family holiday.
- Invest to fund an ongoing income for their family.
- Take pressure off their finances by reducing debt.



## When should I get it?

Even if you don't yet have any dependants – a partner and/or children – if you're planning on having them one day, it makes sense to get Trauma insurance while you're still young and healthy when you can get cover with low or no medical checks and no restrictions on your cover.



## What are the chances I'll need it?

It depends on your age. Asteron Life, a major insurer in Australia, found that:

- Only 5% of trauma claims were made by people in their 30s.
- A massive 68% of Trauma claims were made by people in their 40s.

<http://www.asteronlife.com.au/the-danger-decade-for-australians>



## Wouldn't I be covered by Workers Compensation?

Workers Compensation insurance such as Work Cover typically applies only to work-related conditions and injuries and it may not cover you for additional household expenses such as mortgage, household bills and childcare. It may vary from state to state.



## Isn't this included in my Super?

No. It can not be included in Super.



## Are premiums tax deductible?

Generally not. One exception is where the cover is for a business purpose.



# Total & Permanent Disability (TPD) Insurance



## What is it for?

If you an accident or illness that mean you are permanently unable to work, TPD insurance pays you a one-off amount (a “lump sum”). You can use it for any purpose you like but usually people use it to:

- Pay for home modifications and lifestyle changes.
- Pay for long term care and ongoing medical expenses.
- Pay off any debts – e.g. a mortgage, personal loans.
- Invest and fund an ongoing income for your family.



## When should I get it?

Even if you don't yet have any dependants – a partner and/or children – if you're planning on having them one day, it makes sense to get TPD insurance while you're still young and healthy when you can get cover with low or no medical checks and no restrictions on your cover.



## Wouldn't I be covered by Workers Compensation?

Workers Compensation insurance such as Work Cover typically applies only to work-related conditions and injuries and it may not cover you for additional household expenses such as mortgage, household bills and childcare. It may vary from state to state.

## What if I already have Trauma cover?

Trauma insurance is designed only to cover you for short to medium term costs, and being more expensive, typical cover amounts are \$500,000 – \$750,00. If you're permanently disabled you're probably going to need much more than that.



## Isn't this included in my Super?

It can be, but you need to check and be sure that it matches your individual needs. Default TPD included with Super can be very restrictive. In particular, definitions of “total and permanently disabled” vary significantly. Another important variable is whether it covers you for “any occupation” or “own occupation”.



## Are premiums tax deductible?

If you hold TPD insurance outside of super, the premiums are generally not tax deductible.



# Life Insurance

(aka Death cover)



## What is it for?

If you were to die or become terminally ill when people are still dependent on you to provide for them, life insurance pays a one-off amount (a “lump sum”) that your beneficiaries can use to continue living the life you had planned together, for example:

- Continue living in the family home.
- Provide for their education.
- Cover living expenses.
- Pay off debts.



## When should I get it?

Even if you don't yet have any dependants (a partner and/or children), if you're planning on having them one day, it makes sense to get life insurance while you're still young and healthy – i.e. when you can get cover with low or no medical checks and no restrictions on your cover.



## Isn't this included in my Super?

It could be, but you need to check and be sure that it matches your individual needs. Life insurance included by default with Super can be very limited.



## Are premiums tax deductible?

Premiums paid for personal life insurance are not tax deductible (unless it comes in the form of a tax deduction). However, if a policy is owned inside super, contributions that are made from the super fund to the life insurance policy can be tax-deductible.



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