



The facts about Personal Insurance

You work hard and apply a lot of time and sacrifice to build the lifestyle that you and your family want to enjoy. The lifestyle you enjoy relies on your ability to keep working – something that’s taken for granted but not always guaranteed.

It is expected that 1 in 3 men and 1 in 4 women will be diagnosed with a malignant cancer before the age of 75.⁽¹⁾

How would your family survive without you? Would you be leaving your family with any debts? Is your family’s financial security linked to your income generation? How long would the family savings last?

What if you couldn’t work because you are struck down by an injury or serious illness? Would you be able to keep paying the mortgage, car payments, education costs and meet household expenses? Who would look after you if you needed care?

Most of us recognise the importance of protecting the assets we have accumulated, our house, car etc. But what about protecting your ability to work?

After all, it’s your income that enables you to own a house, car etc

You may be putting off getting insurance because of some misconceptions:

- **“My insurance through super is enough.”** Is it really enough to support your family? Is the structure appropriate? Will benefits be taxed?
- **“I am covered by workers compensation.”** Most sicknesses (eg. cancer) are not work related. What if you are self-employed?
- **“I can claim the disability support pension.”** Did you know the maximum basic rate for a member of a couple is less than \$1,000 per fortnight. Could your family live off this?³
- **“I’m young, debt free and healthy.”** What if you lose the ability to earn an income because of an injury or illness? Could you survive on your own without an income?
- **“I have enough savings.”** 60% of families with dependants will run out of money within a year if the breadwinner dies.⁴
- **“I have private health insurance.”** Private health only covers your things like hospital expenses, it will not cover loss of income and you are still likely to have many out of pocket expenses even after private health insurance is used.
- **“I am a stay at home parent and I don’t generate an income for my family.”** What if your household was to lose its homemaker due to an illness, disability or death? What impact does this have on the working parent?

You may also be putting off an insurance review because of the potential costs. Superannuation funds may be used in certain circumstances to help cover the cost of your insurance premiums. You may be able to claim tax deductions for some of your personal insurances such as income protection. Our company has access to a wide range of insurers so we can investigate and suggest the most affordable options for you.

Speak to us to find out more on 8544 1604.

Of course, you wouldn’t knowingly put your family’s lifestyle in jeopardy, but many people unknowingly leave their families exposed. More than one in five working age parents will die, become seriously injured, or ill enough to prevent them from working.⁽²⁾

Important cover to consider.

Life Insurance

Life insurance is about providing the protection for your biggest asset, your ability to provide for your family.

Life insurance provides a lump sum of money to your family if you die or are diagnosed with a terminal illness. Terminal Illness is payable, by many products in the market, when the insured is diagnosed with less than 12 months to live. This allows the person to settle their affairs and ensure their family has no financial worries on their death.

The correct sum insured will depend on your personal circumstances. We recommend speaking to a qualified adviser who is able to provide advice tailored to your needs.

Total and Permanent Disablement (TPD)

Total and Permanent Disability Insurance cover is a lump sum payment designed to relieve financial pressure if you are unlikely to return to work due to an illness or serious injury. It provides you with a financial safety net in case you can't work again. It is often used to eliminate debts, pay for medical expenses or fund any permanent lifestyle changes (eg. wheelchairs, changes to the home).

The definition of total and permanent disability may vary, it may mean that you are disabled to the extent that you will be unlikely to ever work again in your current role or occupation, or unable to ever return to any kind of work. It is important that when you take out TPD insurance that you are aware of when a benefit may be paid. Furthermore, TPD held through super may have its own rules of

benefit payment and tax consequences, and is usually more restrictive.

Always seek the advice of your insurance adviser to ensure you have your cover set up correctly.

Stroke is a leading cause of long term disability, and around 60,000 Australians will suffer a stroke each year (one stroke every 10 minutes).⁽⁵⁾

Each year, around 55,000 Australians suffer a heart attack. This equates to one heart attack every 10 minutes.⁽⁷⁾

Income Protection

Income protection is designed to help keep your life on track while you can't work due to sickness or injury. It can provide valuable financial support which lets you focus on getting well again.

Almost 20% of Australians report having a disability.⁽⁴⁾

Income protection insurance pays a monthly benefit of up to 80% of your income, if you're unable to work due to sickness or injury. Income protection premiums are tax deductible.

Critical Illness or Trauma Insurance

Trauma cover provides you with a lump sum payment if you're diagnosed with a specified medical condition or serious injury. This can include a heart attack, major organ transplant, cancer or stroke, just to name a few. The lump sum payment can act as a safety net to help you get back on track. The sum insured provides options in stressful situations by allowing you to reduce debt, pay for specialist medical requirements, or simply to allow you and your family time to focus on getting through this difficult period.

Business Expense

If you are a business owner a lot rests on your shoulders. If you are not there, the income may not be there either. Many of your business expenses will be incurred regardless of whether or not you are working. Business Expense cover pays a monthly benefit to help cover your fixed business expenses if you're unable to work due to illness or injury. It helps pay a monthly benefit to cover your fixed business expenses like rent, running costs, and insurances.

Source:

1. 'Australia's Health 2008', Australian Institute of Health and Welfare 2008.
2. Lifewise/National Centre for Social and Economic Modelling, 2010
3. Australian government department of human resources website www.humanresources.gov.au, 13 May 2020
4. IFSA (2005) A Nation Exposed: Investigating the Issue of Underinsurance in Australia, Research study commissioned by IFSA and conducted by Rice Walker Actuaries and TNS Australia, Sydney
5. 'What is a Stroke?: Facts, figures and statistics', National Stroke Foundation website, 2009
6. AIHW 2012. Australia's Health 2012. Australia's health no.13.Cat.No. AUS156.Canberra:AIHW
7. 'Data and Statistics', Heart Foundation, 2012.

**For more information please call us 03 8544 1604
or send an email to our friendly staff at info@fitzpatrick.com.au**

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