



Protect what you've worked hard to create

Is your car more important than you?

Of course it isn't! Silly question. So why do so many Australians insure their car but they don't insure themselves? It seems all out of whack to me.

So let's talk "personal insurance" which incorporates **Life, Total and Permanent Disability (TPD), Trauma and Income Protection insurance**.

If you don't have these types of insurance in place then I urge you to read on and if you do, give yourself a pat on the back but ask yourself, when did I last review my level of cover? Does it protect my lifestyle and my family situation today? It must. This is about protecting you, your loved ones and your lifestyle in case anything goes wrong.

Here are some basics:

Life Insurance – We all know this one. It's a lump sum payment upon death or diagnosis of a terminal illness. This insurance is often used to pay down debt and to help replace the income of the deceased and to cover expenses, if needed.

Total and Permanent Disability (TPD) insurance – This is also a lump sum payment. Those who suffer a significant permanent disability (such as becoming a paraplegic) or who can't ever work again may receive this type of insurance payout. Again, it can help to pay off debts, cover medical expenses and other lifestyle expenses.

Trauma (sometimes called "critical illness") insurance – This is less commonly known. It is a lump sum payment upon diagnosis of a range of serious illnesses. The most common "critical illness" events are heart attack, stroke and cancer (to varying degrees). The insurance can be used to repay debt and cover expenses, including medical expenses related to the treatment of or recovery from the illness. It gives you some financial "breathing space" so you can concentrate on getting better faster.

Did you know that every day in Australia:

- 960 people will be diagnosed with cancer¹
- 35 people between 35-69 years will survive a heart attack¹
- 38 people under 75 years will have their first stroke¹

Income protection insurance – This type of insurance is also less commonly known. You have to be working to get this type of insurance. It can replace up to 75% of your income (the payment is taxable – like income) if you are off work due to or injury for an extended period of time. It is a periodic payment that helps to pay everyday bills and other lifestyle expenses. This is the insurance that applies to a situation like my husband's. It's worth highlighting a quite confronting statistic - every day in Australia nearly 2 million people of working age will be off work for at least six months at any one time through sickness and disability (now my husband is part of that statistic)².

And whilst I'm not focusing on business insurance, if you run your own business, then think about what might happen if you couldn't work for months, or even years. Who would take over and what would it mean for your business? Food for thought if you are business owner.

So how do you get personal insurance?

It's a complex area. What amount of cover do you need? What is the best policy to suit your needs? What is the best structure for you?

There are many ways to structure your insurances (i.e. ownership) and this will depend on your personal situation – both financial and also your family situation. Whilst it is important to have the insurance in place, it is also important to make sure that the proceeds will go to the right person should there ever be a payout.

Speaking to an advisor is a good step. An advisor should review what you have in place (and should do the ringing around for you) and discuss your personal circumstances and lifestyle with you. They will then go away and calculate your insurance needs, find the best policy for you and help put it into place. You will need to honestly answer medical and lifestyle questions (as these answers form the basis of an insurance contract) and you may need to do medical tests. It can take a while. If you make a claim in the future, your adviser should be there to hold your hand during a stressful time.

With an adviser, make sure they contact you to organise a yearly catch up meeting to review your circumstances and always contact them if your personal circumstances change (for example, you get married, divorced, have kids). That's why as a professional adviser I've decided to organise insurance for my clients because I stay on top of their financial affairs and know when things change or need reviewing.

Advisers don't generally charge for the first meeting and can receive remuneration from the insurer or you pay them on an hourly basis, but they will let you know how their fees are structured before you need to pay anything. Make sure you trust and are comfortable with the adviser you choose – you will be disclosing a lot of very personal information and should you need to make a claim, you will need to lean on the adviser to help you.

Personal insurance doesn't come cheap. Insurance premiums can easily run into the thousands of dollars, especially if you are older and already have a medical condition. Once you have a health condition it can become harder and more expensive (and in some cases, impossible) to get insurance. But having personal insurance in place gives you peace of mind and if you never have to claim on a policy, be grateful!

Finally, **never** cancel an existing insurance policy until you have all your required insurances in place (which may include a new policy).

So stop and think...have I protected myself and my loved ones?

Call us today so we can work together to make sure you have the right insurances in place. It's EXTREMELY important to protect what you have worked hard to create.

Cheers,

Dawn

Dawn Oldham

Financial Partner and Confidante

B. Economics & Commerce (1st Class Honours)
Graduate Diploma in Applied Finance & Investment
Graduate Diploma in Financial Planning

¹ Australian Institute of Health and Welfare.

² Australian Bureau of Statistics

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