



Wealth Protection

Looking after you and your family

What is Wealth Protection?

Wealth Protection is about protecting the wealth and assets you have worked so hard for, and is a type of insurance that provides a benefit to you or your family if the unexpected should occur. Accidents or illnesses are unexpected but can have a significant impact on your finances if you are unable to work or earn an income.

Would your family be able to continue the same standard of living in the event of an accident, illness or even your death?

Consider whether you could afford:

- Mortgage payments
- Legal and medical bills,
- Electricity, food, water bills,
- Children's education and daily-care,
- Car maintenance
- Family holidays and special occasions.

Why protect your wealth?

People often insure their car or home, but neglect to insure their most valuable assets in life – the ability to earn an income and their own life! If something were to happen to you and your family, which caused financial strain, such as an accident or illness, Wealth Protection can give you peace of mind during a difficult or distressing time. Rather than worrying about money, Wealth Protection gives you the freedom to concentrate on what is important, whether that be recovery or concentrating on the future.

If you have worked hard to accumulate the assets you have, and value the income you earn, let alone your family's wellbeing, then Wealth Protection is worth considering as an essential part of your financial plan.

Different types of Wealth Protection

Income Protection, Life Insurance, and Trauma Insurance can often work together to ensure your greatest assets are protected. Talk with your adviser to decide suitable options and the right level of cover.



Income Protection

Income Protection (or Salary Continuance) can supplement your working income should you have to take an extended time away from work due to an accident or illness.

Think about what the financial complications would be for your family if you were unable to receive an income for an extended amount of time. Could you afford to continue to pay the mortgage or ongoing household bills?

Studies have shown that of the working population, one in six men and one in four women are expected to suffer a disability from the age of 35 to 65 that causes a loss of six months or more from work*. In most cases, this time off work could not be covered sufficiently using sick or annual leave, so this is where Income Protection can help.

Depending on your situation, **Income Protection cover generally provides up to 75% of your income in the case of accident or illness.** This cover can continue up until the age of 65, when you can access your superannuation.

How much does Income Protection cost?

Premiums generally cost 1-2% of your gross income, but this will depend on your age, occupation, sex and the type of work you do. Importantly, these premiums are generally **TAX deductible**. The cost will also depend on what 'Waiting period' and 'benefit period' you choose (See definitions box at the end of this brochure).

I think I have Income Protection cover in my super fund....

Sometimes this type of cover is available within your super fund – however all policies will be slightly different. Having cover within your fund can be cost effective as super funds, due to their large number of members, will often be able to gain bulk discounts on premiums. Another benefit is that you won't be out of pocket on a daily basis, as the premiums will be automatically deducted from your own super fund balance.

However, keep in mind that Income Protection within super usually has a maximum benefit period of 2 years so if you are unable to return to work after this time, you will no longer receive benefits. To ensure your cover is adequate, it is possible to compliment insurance within super with a separate policy outside of super, which has longer waiting and benefit periods.

This way, if you are unable to work indefinitely, your

benefits from within super will last for a certain period, while you can arrange for your separate insurance benefits to kick in after the waiting period and extend for much longer.

Case Study:

Complimenting policies to ensure adequate Income Protection cover

Jake is 35 years old, married and has two children. He earns \$95,000pa as an accountant.

He has a serious car accident, which leaves him unable to work indefinitely. His Income Protection cover from his super fund starts providing benefits after a one-month waiting period. It provides him 75% of his previous salary for up to two years. He is relieved he has this cover as he can still manage to contribute to the family's bills and mortgage.

Unfortunately, after two years, Jake is still unable to return to work.

Luckily, Jake had previously taken out additional Income Protection cover outside super. This cover has a 2-year waiting period before he can start receiving benefits – but the benefit period will last until he is 65 years old. So when his insurance within super expires, he can then start accessing benefits from his additional cover and continue to be financially secure until 'retirement' age.

* Institute of Actuaries Table IAD 1989-93 and ALT 90-92



Life Insurance

Most people have heard of Life Insurance – sometimes know as Death cover. This type of cover protects your family should the worst happen to you. Should you unexpectedly die, your family are paid a lump sum amount, which will help them carry on financially in the face of their loss of you and your income.

Life Insurance payments can help your family to:

- Eliminate debt, such as a mortgage, legal or medical expenses;
- Provide continuing support for necessary expenses including electricity, water, food, clothing;
- Maintain the status quo in your home for things such as education, holidays, and gifts.

Did you know?

Many people don't know that life insurance can sometimes be claimed 12 months before your death, up to around \$2m, with the rest paid at a later date.

Life insurance lump sums can also be paid into a superannuation account, so that your family can take advantage of the tax-free contributions, perhaps keeping them on top of a wealth accumulation plan; making your partner's retirement easier.

Trauma Insurance

This type of cover protects you financially with a lump sum payment upon diagnosis of a serious illness or disability, such as cancer, heart attack, heart disease, or stroke. In a time of upheaval and stress, the benefit can make your life and your dependants' lives more comfortable so that you don't need to worry about money.

Also, Total and Permanent Disability Insurance works in a similar way if unfortunately you were permanently unable to earn an income. You can speak to your adviser for more information.

Trauma Cover or Total and Permanent Disability Insurance may help you to:

- Pay for medical expenses, including long-distance or overseas travel to find preferred specialist care;
- Pay for necessary modifications such as rails or ramps in your house as a result of your trauma;
- Help accumulate wealth for your or your partner's retirement or savings plan;
- Reduce your debt, such as a mortgage or fixed bills.

How much do Life and Trauma Insurance premiums cost?

The cost will depend on your own situation, but things like your current age, your health, whether you undertake any dangerous activities and whether you are a smoker are all taken into account. Like Income Protection Insurance, Life and Trauma cover are also available within your super fund. Seek advice from your Count adviser about gaining adequate cover.

Is Wealth Protection for me?

Wealth Protection is for any person who wants peace of mind for the future, and if you want to ensure your family's financial security and lifestyle. Discuss with your adviser different cover options available for you.

Definitions

Premium: The fee you pay to the insurer to provide protection and cover

Waiting period: The period you wait before receiving benefits or payments

Benefits: Payments you receive from the insurer in the case of accident