FINANCIAL **FACT SHEET**

WEALTH PROTECTION AND RISK INSURANCE COVER

RISK INSURANCE IS SOMETHING YOU CAN'T AFFORD NOT TO HAVE

Risk insurance is a term to describe insurance protection for your intangible assets—for example, your life and health, your income earning capacity and your recovery from major illness. In business, risk insurance addresses similar intangible assets, such as the loss of key personnel, the departure of a business partner etc.

The common forms of personal risk insurance are Income Protection, Life and Permanent Disability, and Trauma Insurance.

INCOME PROTECTION

What would your future look like if suddenly you were unable to work? For most of us, the ability to earn an income is our most valuable asset.

Depending on your age, your future income may well be worth far more than a house and its contents, a car, a boat and a holiday home all combined.

Yet few people properly insure their income, and if illness or injury prevents them from working, financial hardship often results.

With around half of us likely to spend more than three months off work due to ill health during our working lives, Income Protection should be the first item on the personal insurance shopping list.

Income Protection Insurance will pay you a regular amount, usually up to 75% of your income if you are unable to work as a result of illness or injury.

Benefits are taxable, and commence after a waiting period. Payments continue to be made until you return to work, or until the benefit period expires. The waiting period and the benefit period are selected at the time of application.

Income Protection insurance is a popular form of cover. This reflects the fact that it is the most frequently claimed insurance. For example, at the age of 35 you are 10 times more likely to be disabled from an illness or injury than you are to die from it.

Most superannuation funds and financial organisations offer this insurance option. Income Protection is tax-deductible to any employed or self-employed person outside of a superannuation fund.

The tax deduction reduces out-of-pocket costs, which can be further reduced by adjusting the waiting and the benefit period.

Income Protection policies held through a superannuation fund are generally basic in nature, and do not contain many additional benefits that are contained within a full featured self-owned Income Protection policy. So whilst the premiums may be slightly cheaper, the benefits are generally not as good. Personally-owned Income Protection policies also have an advantage where they may pay benefits from Day One of the disability event.

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Learn more at **www.peakpartnership.com.au**

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WEALTH DESIGN SOLUTIONS

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WEALTH PROTECTION AND RISK INSURANCE COVER

LIFE & PERMANENT DISABILITY

Life Insurance pays a lump sum benefit to a nominated beneficiary when the person insured dies. Premium costs can vary from year to year, depending on the age and lifestyle of the person insured and the value of the life policy.

But what happens if you don't die, but cannot return to work in an occupation to which you are suited as the result of an accident, injury or major illness?

Total and Permanent Disability (TPD) insurance can help ease the financial burden of loss of income to the insured by providing a lump sum payment.

Most people underestimate the level of life insurance they need. The insured sum should be enough to clear net debt, cover future expenses such as school fees, and provide an adequate replacement for the income that the deceased or incapacitated would have earned through to their normal retirement age.

For a breadwinner with young children, an appropriate amount may be well in excess of $1 million. Primary care givers should also consider insurance to ensure dependent children are well cared for if they were to die.

TRAUMA INSURANCE

Trauma insurance fills a gap between Income Protection, Life and TPD Insurance.

It was designed by a doctor who found that his patients' recoveries were hampered by their concerns over the financial burden caused by major illness.

Trauma Insurance pays a lump sum benefit upon the occurance of a specific condition such as cancer, heart attack or stroke. It often provides a benefit when neither Income Protection nor TPD Insurance claims can be made.

Unlike Income Protection, where the benefit is paid if you are unable to work, regardless of the nature of the illness, trauma payments are based upon the specific illness, not the degree of disability. Trauma Insurance is designed to cover out-of-pocket medical expenses and other costs associated with major illness, and to allow recovery to take place without financial worry.

It isn't a replacement for the other types of personal insurance, and a comprehensive insurance portfolio will include Life, TPD, Income Protection and Trauma Insurance.

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