



INSURING YOUR LIFESTYLE

Your Insurance Requirements

A good financial plan, designed to build and preserve capital, should also provide protection against your income ceasing due to:

Premature death.
Total and permanent disablement.
Temporary disability.
Trauma.

It is also important to insure against death and total & permanent disablement for non-income earning partners. Your partner may contribute significantly to such duties as childcare and home maintenance and in the event of their death or disability the cost of hiring professionals to provide these services could be considerable. It may also be very expensive to provide care for your partner should he or she become permanently disabled.

The cost of the insurance for both the income earning and non-income earning partner depends on the type of cover selected. A regular review of your cover is necessary to ensure you are not under-insured or over-insured.

Tax deductibility is available for certain types of insurance cover and it is therefore important that your insurance is structured in such a way as to take advantage of any tax concessions for which you may be eligible.

In determining the most appropriate policy you should aim to achieve a balance between affordability and the most favourable policy conditions. In assessing the amount of cover required, you should consider:

- Current levels of assets and liabilities.
- Income required to maintain your family's standard of living.
- Costs of a housekeeper or day care should these services be required.
- Costs of caring for a totally and permanently disabled person.

• Life Cover

Provides a lump sum payment to a beneficiary, third party or an estate in event of your death. It would also be normal for all or part of the benefit to be paid should you be diagnosed as terminally ill. Life insurance cover can be used to provide and care for the finances of your family in event of the death of either yourself or your spouse.

Life cover can be provided tax effectively by a superannuation fund. When contributions to superannuation are tax deductible, eg salary sacrifice contributions, the insurance premiums are paid effectively from funds that have only been subject to contributions tax.

- **Total & Permanent Disablement (TPD)**

Provides a lump sum payment if you become totally & permanently disabled. The meaning of total & permanent disability can vary and is defined in each policy document. Some policies have an option allowing you to choose the types of total & permanent disability insured. The benefit is normally provided as an advance payment of a death benefit or on a stand-alone basis.

TPD insurance is often taken out to help pay for medical expenses and meet ongoing living expenses.

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- **Trauma**

Provides a lump sum payment in the event of you being diagnosed with one of a specified range of critical illness or injuries. The list of conditions covered is often optional and varies between companies as do the definitions of those conditions. Some trauma benefits are subject to a qualifying period. The benefit can be provided as either an advance payment of a death benefit or on a stand-alone basis.

The type of events covered by critical illness policies include heart attack, stroke, cancer, paraplegia, multiple sclerosis, chronic liver, lung and kidney disease.

- **Income Protection**

Provides you with a regular source of income should you be unable to work for

a period due to sickness or injury. You can generally insure for up to 75% of your earned income. There are a number of options available relating to waiting periods and benefit periods.

Income protection premiums are tax deductible and policy payments are assessable income.

- **Business Overheads**

This is a specialised form of risk insurance designed for people who are self-employed or in a partnership. It provides for a regular payment to cover the costs of running the business should you be unable to work for a period due to sickness or injury.

A risk insurance programme requires regular review in order to ensure that it continues to meet your needs. The review process should address:

- Your changing needs and objectives.
- Policy pricing.
- The quality of your insurance benefits.
- Any changes to your health that may have a positive impact, i.e. if you have stopped smoking for twelve months.

All these factors are subject to change and these changes may have significant impact on the suitability of your portfolio. Ongoing advisory services will enable you to review your financial strategy regularly and to alter your portfolio as required.

Need to Know More

If you would like to take advantage of our free consultation or would like to know more about our services please contact us on (07) 3832 6020,
Email info@bridgewaterafs.com.au
or visit our website on
<http://www.bridgewaterafs.com.au>

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Bridgewater AFS is a Corporate Authorised Representative No 331983 of WealthSure Pty Ltd AFSL No 238030 ABN 93 097 405 108



Level 1, 346 Turbot Street • PO Box 10144, Adelaide Street • Brisbane QLD 4000

Telephone: 07 3832 6020 • Facsimile: 07 3832 6018 • info@bridgewaterafs.com.au • www.bridgewaterafs.com.au

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