SHARTRU WEALTH

Life & TPD Insurance

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Information brought to you by Shartru Wealth

ABS show that the current annual death rate of parents with dependent children is around 4,400

Death Cover (Life Insurance)

Is designed to pay a lump sum in the event of an insured's death. This lump sum can then be used to pay for things such as extinguishing debts, children's education, putting in place an income stream, funeral expenses or any other purpose.

For every home lost through fire, there are 4 homes lost through death AND 48 homes lost through disablement.

Death cover can also often pay on the diagnosis of a terminal illness, when the insured is given less than 12 months to live.

Once again common ways of holding death cover are:

- In your personal name
- Within your superannuation fund, in which case the superannuation fund would pay the premiums, upon the insured's death the benefit is paid to the insured's superannuation fund.

Of working age Australians 25,870 will die and 4-5 times more will suffer a dreaded disease, every year

36,750 will die of cancer and 261,402 will be diagnosed with cancer

Total & Permanent Disablement (TPD)

This cover is designed to pay you a lump sum should you become totally and permanently disabled. This payment can be used to pay for such things as medical expenses, home modifications (i.e. for wheel chair access), payout debts, put in place an income stream or any other purpose.

There are two definitions of Total and Permanent Disablement and careful consideration needs to be made on which option is selected:

1. Own occupation - This definition of Total and Permanent Disablement is you are disabled if you are unable to do your own job. For example a surgeon would meet this definition if he were to lose his hand, he would still be able to do other jobs but would not be able to do his own. We would have therefore ensured he had an own occupation definition so that he would receive a payout in this event, which he would not have with the following definition

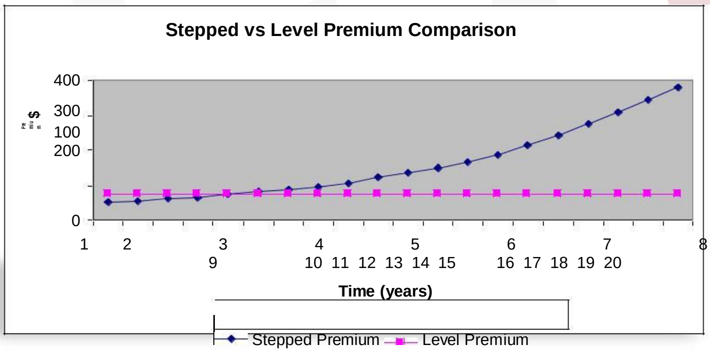
2. Any occupation - This definition of Total and Permanent Disablement is you are disabled if you are unable to work in any occupation, for example certain office workers may be better off with an any occupation definition as the loss of an hand may not stop them doing their own job or any other job. The only things that may stop them doing their own or any job is a brain or spinal injury, for them it may not worth the expense of putting in place an own occupation policy.

Two common ways to hold TPD insurance are:

- In your personal name - you pay the premium
- Within your superannuation fund - the superannuation fund pays the premiums and receives any benefit. An important consideration in choosing this option is that to be able to draw money from a superannuation fund you must meet a condition of release, one of which is meeting the any occupation definition. It is possible that if you had an own occupation definition policy within your superannuation fund that the TPD benefit may pay to the superannuation fund but as you may have only met the own occupation definition you may not be able to access it at that time. This is something you need to weigh up when deciding how you would like the premiums to be paid.

The types of Premiums structure:

1. Stepped Premium - As you age, the risk of something happening to you increases, stepped premiums increase each year to reflect this.
2. Level Premium - Start out more expensive in most cases, but have already had your future risks factored in to them. In the long run they are often a less expensive option. We often recommend a level premium, due to the fact that the later years of your life are the times that you will need the insurance the most. At this stage of your life, you may also be questioning the cost of a stepped premium, and wondering whether it is worth holding the insurance. And questioning the cost of a stepped premium, and wondering whether it is worth holding the insurance.



The most important thing is getting the insurance policy in place. You may choose to change aspects of your policy at a later stage.

Are You Adequately Covered?

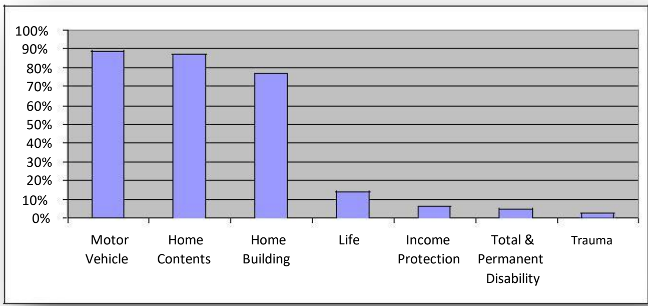
Think about even the simple things involved in you and your families current way of life – your shopping habits, your leisure activities, your children's education and sporting activities, your car and car loan, your home and home loan, your wealth creation plan, your holiday plans, your credit card debt, your buy now pay later debts. Given Australia has the fourth highest level of debt in the OECD, these debts can be substantial.

What would happen to a surviving partner or family should one partner or parent pass away?

Would you want those left behind to be able to keep the home, car, boat, home contents or be provided with an income stream or children be provided with an education?

If when thinking about the above you feel that you are not adequately covered, should something happen to you, you are not alone. In 2005 an Investment and Financial Services Association (IFSA) found that Australian parents with dependent children were critically underinsured by $1,370 billion dollars in life cover. This is pretty scary when ASB statistics show that the current annual death rate of parents with dependent children is around 4,400.

- 89% of consumers have motor vehicle insurance
- 87% of consumers have home contents insurance
- 77% of consumers have home building insurance
- 14% of consumers have life insurance
- 6% of consumers have income protection insurance
- 5% of consumers have TPD protection
- 2.5% of consumers have trauma insurance



* Comminsure research

Every insurance policy is different, to determine exactly what is covered you should check your current insurance schedule or the Product Disclosure Statement of the proposed insurance.

We would urge you to contact this office to undertake a full review of your current insurance arrangements to make sure they are suitable for what you want to protect against.