

# Your guide to personal cover

## Why insure yourself and your family?

The main reason people insure themselves, is to replace their income should they pass away or incur a serious injury or illness. You and your family don't need to worry about the 'what ifs' and can be safe in the knowledge that should the unexpected happen, you and your family will be protected. Even if you are only off work temporarily – you still need a regular income to cover your everyday expenses.

## What are your choices?

There are four main types of personal insurance:

Life insurance	Lump sum payment in the event of death or a terminal illness
Disability cover (TPD)	Lump sum payment if sickness or injury leaves you totally and permanently disabled
Income protection	Helps you meet your financial commitments by providing up to 75% of your salary if you can't work due to sickness or injury
Trauma cover	Payable if you suffer a specified medical condition for example, cancer and heart attacks.

## When do I need insurance?

The usual triggers for establishing or stepping up insurance cover include buying a home or starting a family. During these life changes you start to take on large regular financial commitments putting pressure on your financial security.

## What is the role of your Adviser?

A Financial Adviser can help you find the right mix of insurance so you and your family can enjoy life, without worrying about what could happen. We can simplify the process, ensure you have the right insurance package to match your needs and support you during the claim process – when you need the most support.

## A case study:

### Max 35, married with 2 children

- Accountant Max earned \$60,000 annually. His wife Sarah (34) stayed home to look after their two kids Billy (4) and Zac (2).
- Max's debts included \$140,000 for his mortgage and \$10,000 in other loans.
- Max had \$50,000 life insurance cover provided under his superannuation policy.
- With the help of his financial adviser, Max selected \$1,000,000 Life Insurance and \$200,000 Trauma and TPD Insurance as a stand-alone policy, in addition to the life insurance provided under his superannuation cover.
- The combination of superannuation and stand-alone insurance would deal with all of the family debts and provide the family with another \$900,000 should Max pass away.
- If Max was to suffer one of the medical conditions specified in his Trauma Insurance policy, or suffer a total and permanent disability, the lump sum would help him meet the medical costs without the need to dip into personal savings.
- Max also decided to purchase \$500,000 worth of Life Insurance for Sarah to help provide child care if she was not around to look after the children. They also included \$400,000 Trauma and TPD cover on Sarah's life.
- Max chose a \$3,750 monthly benefit for his Income Protection cover (being 75% of his income, the maximum level of cover offered) with benefits paid through to age 65.

Source: CommInsure

## Your insurance checklist

Before your next Adviser appointment, take a look at our checklist below and answer these key questions.

- Do you have any life, TPD, income or trauma insurance either as stand-alone policies or within your super?
- Do you have a mortgage? How much do you owe and how long will it take to pay off?
- Do you have any other outstanding debts?
- Are both parents working and who is the main breadwinner?
- How much would you need to get by each month to cover your expenses?
- Do you or anyone in your family have an existing medical condition or medical history?
- What level of cover are you looking for? Include future expenses such as educational costs for your children.

## Speak to us for more information

Working out how much insurance you need is not easy. It's important to assess your needs in consultation with your Commonwealth Financial Planner. They can tailor an appropriate selection of insurance policies to suit your individual circumstances.

### Important information

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