

YOUR HEALTH IS YOUR WEALTH

Life's journey is full of excitement. New landscapes to uncover, endless horizons that stretch before us and yet we tend to be fearful and wonder what the future holds. As much as we like to have a smooth journey, there is always the tendency for life to throw us some challenges along the way.

Why should you insure your health and your life?

Nothing is more important than your health. Australians tend to insure our homes, our cars, our household goods and even our mobile devices, yet we neglect to protect our own lifestyle and our life.

The ability to make a good living, to protect our income and the lively hood of those who are dependent upon us is perhaps an individual's greatest emotional need. When it comes to protecting our loved ones, we often forget about the event that is rarely spoken of. That is, crossing over the threshold at the end of life.

Purchasing insurance to protect ourselves and our families makes perfect sense, and we need not be fearful. Having a balanced approach in seeking the right solutions to meeting our personal circumstances is important now and in the future.

Can your super fund help?

Insurance cover within super may be an effective way to protect you in case of an unforeseen event such as ill health, permanent or temporary disability as well as protecting your dependents in the event of your death. The cost of insurance cover (premiums) within super can be deducted from your super account balance, on either a weekly, monthly or yearly basis.

Being mindful that your super is meant for your retirement, you should carefully consider the cost of the insurance and ensure it does not erode your account balance over time. Hence keeping an eye on your account balance and reviewing this at least once a year when you receive your annual statement is a good thing to do.

Super funds usually offer members three types of insurance cover. The major types of insurance are listed in the table below.

Type of Insurance Cover	What is it?	Who is it for?
Life (Death) cover	Helps protect your family if you die prematurely. Provides a lump sum that can help pay off debts or pay an income to your beneficiaries.	Families, Dependents and Estates
Total and Permanent Disablement (TPD) cover	Protects you from the financial consequences of being totally and permanently disabled. The lump sum should help you pay medical bills, rehabilitation costs, cover debts or provide an income to your family.	Individual, Families and Dependents
Salary Continuance (income protection) cover	Provides a regular income when you are unable to work because of illness or injury.	Individual and Families

You should contact your super fund and determine the insurance cover you are entitled to receive and ensure it is sufficient to meet your needs. You may require assistance when undertaking this exercise as the TERMS and CONDITIONS vary across all super funds.

The pros and cons of insurance cover within super

- Insurance in super is usually offered as an amount of cover known as 'default' insurance cover. Whilst this goes some way to achieving a base level of cover, it may not be tailored or suitable to a member's personal needs. The default level cover may be insufficient, and you may wish to seek an increase in the cover.
- Having a base level of cover within super is a good start to protect members from an unforeseen event, such as death or disability. Additional insurances can also be held within super, such as retail medical underwriter covers, which provide more targeted insurance cover that meets an individual's personal circumstances, such as covering an existing medical condition, lifestyle or pastime activity.
- Super funds can offer insurance at group rates, which often means cheaper premiums compared to retail policies. However, depending on your individual circumstances, a standalone retail policy may sometimes be more appropriate or cost-effective. Why? Super funds have enormous buying power to purchase insurance cover in bulk for the thousands of members within the fund and hence premiums could be more competitive.
- Super funds generally provide default death and TPD insurance automatically, without health checks, to members who meet age and balance criteria. However, since April 2020, they can't auto-enrol members under 25 or with balances under \$6,000. Such members must opt in to receive cover.
- Super funds often provide default insurance cover without asking about your medical history. However, if you apply for increased or additional cover, you may be required to complete a health questionnaire or provide medical evidence to support your application.
- Most people are conscious of the rising cost of living and keeping to a budget. Having extra money coming out of the take home pay for the cost of insurance may not be so attractive. Because the balance in a member's super account is held within a concessionally taxed environment, having the cost of insurance come out of the member's super account can be considered as a tax effective way to pay for the cost (premiums)

If you wish to purchase cover within your super fund, here are some initial steps you may wish to take:

1. Understand the types of insurance available to you.
2. Request an insurance quote from the fund.
3. Carefully read and understand the terms in which insurance is provided.
4. Review any limitations or exclusions that may apply to specific events that may prevent you from claiming an insurance benefit, e.g., travelling overseas, extended parental leave or extended absences from work in Australia, or even exclusions for a pre-existing health condition.



5. Review the terms and conditions otherwise known as Restrictions or Limits that may apply restricting the benefit or the ability to make an insurance claim.

When reviewing insurance cover within super, please ensure that you review the benefits, the costs and the terms and conditions carefully.

Insurance cover can be a complex area and may often require personal advice that is tailored to an individual's personal circumstances. We recommend that you speak with one of our advisers before considering purchasing insurance within your super.

Need more information?

The following links will assist you further to obtain information about the types of insurance cover shown above.

- **Life cover:** <https://moneysmart.gov.au/how-life-insurance-works/life-cover>
- **Total & Permanent Disablement cover:** <https://moneysmart.gov.au/how-life-insurance-works/total-and-permanent-disability-tpd-insurance>
- **Salary Continuance (income protection) cover:** <https://moneysmart.gov.au/how-life-insurance-works/income-protection-insurance>

If you would like a PictureWealth adviser to assist you in any way, do not hesitate to contact us on 1800WELFIE (1800 935 343) or by email at Financialwellness@picturewealth.com

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