

Protecting Your Future Ages 31 – 45

Your financial priorities have probably changed a lot over the last few years. Buying a house or starting a family can certainly encourage you to view your financial goals and objectives differently. Building your career and assets are great foundations for a solid financial future. Consider the impact on this foundation, and your lifestyle, if your income is not protected.

What would the impact be if that income stopped?

Nobody plans to get sick or injured, but the unfortunate reality is that it isn't always possible to prevent these things from happening in our lives. If you were to fall ill or become injured, what would the financial and emotional impacts be on you and your family?

Did you know?

At age 35:

- 1 in 2 people will be off work due to health reasons for more than 30 days.¹
- 1 in 3 people will suffer a critical illness before they reach age 65.²
- 1 in 10 people will die before age 65.³

Think about it

The financial future of your family and the lifestyle you have worked so hard to create could be at risk if you do not take the time consider your insurance needs:

Income Protection	The government requires that 9% of your income is put towards building an income stream after the age of 65 in retirement. Give some thought to protecting your income between now and retirement. What would the impact on your family be if your income stopped for 6-12 months? Income Protection can replace up to 75% of your income if you are ill or injured.
Trauma Insurance	Unfortunately most people know someone who has been impacted by a serious illness. In the event that you should suffer a serious illness, Trauma Insurance pays a lump sum that can help you to replace lost income, cover medical costs and have the financial peace of mind to focus on recovery.
Total & Permanent Disability (TPD)	Perhaps the worst thing that can happen is suffering a total and permanent disability . What would you do if you were permanently disabled and could not generate an income again? TPD cover pays a lump sum if you suffer from total and permanent disability. This can be used to help pay off your debts and replace income you would have earned up until retirement.
Life Cover	Consideration should be given to providing for your family in the unthinkable event that you die. You can aim to provide enough to cover your debts and generate an ongoing income for your family. Life Cover pays a lump sum that can be used to provide for those you may leave behind.

Speak to your financial adviser about whether these insurance covers are right for you.

¹ 1995 Disability Committee Report (the probability that an insured 35 year old, white collar, Class A life will be disabled beyond a 30 day waiting period due to accident or sickness before 65)

² Gratton Critical Illness Paper (1994) (Aggregate/35 male/female/smoker/non-smoker)

³ Calculated from ALT 95-97 (Aggregate/35 male/female/smoker/non-smoker) – ALT Refers to Actuarial Life tables

Income Protection Insurance Illustrated

John and Jane are on their way. John was recently promoted to Head of Sales and received a generous salary increase to now earn \$200,000 pa. Jane is working in Human Resources and her current annual income is \$80,000.

John and Jane have worked hard through their twenties and early thirties, have purchased their first home and have two happy and healthy children, the youngest of whom has just commenced primary school.

John lost his father to heart disease at an early age, prompting John to take out Life Cover worth \$1 million for both himself and Jane. John thought this would be adequate insurance cover.

John was in a car accident resulting in a severe head trauma. It was 18 months before John could return to work in a part-time capacity. John's employers were patient and extremely supportive until he could return to work, however they could only pay him for the duration of his sick leave entitlement – 5 weeks.

Jane would much rather take care of John as he recuperated, however, she was now the sole income earner and needed to work to continue meeting their mortgage repayments.

While having adequate income protection insurance could not have made those 18 months any easier from an emotional perspective, the cover would have replaced up to 75% of John's income giving John and Jane two key options:

- Jane could take leave from her job to care for John
- Financially John and Jane would have been secure in the knowledge the mortgage was covered

This case study is for illustrative purposes only and the terms and conditions of insurance will depend on the particular insurance policy purchased.

IMPORTANT INFORMATION

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