

Did you know?



The InsuranceTech team

20 December 2013

The year in review

Coming to the end of 2013, we bring you a bumper special with key take-outs from our 'Did you know?' articles for the year. Have a happy and safe festive break, and look out for the first DYK of the New Year, at the end of January 2014.

Free child cover

For a short time only, if your client takes out Child Cover, we will give them the first year of cover for free – that's worth up to \$300 per child insured. Offer extended until 31 March 2014.

TPD in super

Although tax deductibility of premiums within superannuation is attractive, it is important that your clients are aware of the potential tax bill when the benefit is paid as a lump sum. To avoid this, keeping the insurance outside of super affords certainty to your clients that the sum insured is the exact amount they will receive at claim time.

Financial Planning Benefit

The financial planning benefit is another way CommInsure helps your clients in the event of sickness or injury. CommInsure encourages them to seek further advice to ensure that any insurance proceeds they receive are spent or invested wisely.

Bankruptcy and life insurance

Life insurance policies – both inside and outside superannuation – and their proceeds afford protection for bankrupts against claims by creditors. Bankruptcy protection is yet another reason why life insurance is an appropriate wealth protection vehicle.

Pregnancy exclusions for income protection

CommInsure has removed the full post natal depression exclusion under its Income Care range and redefined as pregnancy qualifying period, providing greater choice and flexibility to your clients.

Buy-sell agreements

Insurance fund buy/sell agreements provide a range of benefits, not the least the avoidance of having one business party ending up with both insurance proceeds and the interest in the business. A number of issues need to be addressed in a buy/sell agreement, including the drafting of trigger events, the use of trauma cover and the calculation of the valuation of the business and purchase price of the business interest.

Group insurance – non super

Employer sponsored group insurance arrangements are available both inside and outside superannuation. The tax treatment of a benefit ETP to tax dependants may be more onerous as compared to benefits payments under a group policy inside super.

Sole traders and key person revenue cover

Key person revenue cover can be used to replace the revenue generated by the key person and fund the extra costs to the business in finding a suitable replacement. Importantly, sole traders can consider key person revenue cover if they satisfy the requirements of the tax ruling IT2434 and have a continuity plan for the business in place.

CGT on insurance

The payment of life insurance policy proceeds may constitute a disposal of an asset for CGT purposes. Advisers should be mindful of the potentially different tax treatment of – on the one hand, term life policies – and on the other, of TPD and trauma policies.

Flexi options with Commlnsure

Flexi-linking allows financial advisers to customise their insurance recommendations to clients, inside and outside super. Taking into consideration: affordability, cost, benefits and features, taxation, beneficiaries, rider versus stand-alone products, and conditions of release. Whether a client wants all of their insurance wants all and part of their insurance outside superannuation, flexi-linking allows advisers to meet their compliance and regulatory requirements under 'best interest duty'

IGB tax advantages

Commlnsure's Investment Growth Bond is a secure managed investment option with a raft of tax-effective features suitable for a range of investors and needs.

IGB death benefit guarantee

Safety and security is an important consideration for many people, especially when the market is volatile. Investors can rest assured in the knowledge that the Bond's unique Death Benefit Guarantee protects their capital in the event of death.

To view all our Did You Knows for year in full please click on the below link to the Commlnsure Adviser Website:

<https://adviser.commlnsure.com.au/technical-hub/dykindex.aspx>

Our InsuranceTech team can be contacted via telephone on 1800 761067 9am-5pm (AEDST) or via email at insurancetech@cba.com.au

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