



## Do I need Death and TPD cover?

Death and TPD cover provide you the comfort of knowing your family will receive a lump sum payment to help them financially if you were to die, become terminally ill or suffer a long-term disability. Before deciding to take this cover out you probably have some questions you'd like answered.

### What is death cover?

Death cover pays an agreed amount of money when the person who is insured dies. When taking out death cover you may decide on an amount to pay off your debts and provide your spouse and kids with an income to continue living.

### Why do I need it?

Try counting the number of years to your retirement and multiply this by how much you earn. If you were to die this is the amount of money you are no longer able to provide for your family. To your family this represents food, clothes, education, paying off the mortgage and being able to carry on with day-to-day life.

### Who will receive the money?

When the person who is insured passes away the agreed lump sum will be paid to the person nominated to receive the money. Typically in a family situation this is the spouse. It is up to the person who receives the money how they use it.

### How much do I need?

Talking to a financial planner to do a proper assessment of your wealth protection needs is a good idea. They will generally look at an amount to reduce or pay off your debts; provide for major future purchases; your kids education; and generating an income to cover your family's daily living expenses.

### How much will it cost?

Death cover is quite affordable at around \$1 a day for \$500,000 worth of cover<sup>1</sup>. Your insurance premium will be based on your age, gender, smoking status and the amount of cover you choose. Stamp duty may also be payable to the government on your life insurance policy.

### What if my circumstances change?

As your life changes so do your insurance needs. There are particular points in your life like buying property, having a child, and getting married, where you'll find that your financial responsibilities increase. It's important at these times to review your cover.

Some insurance plans make it easy to increase your cover at key times in your life and you don't have to provide any additional information on your health status - check to see if the plan you are applying for has this feature.

### What happens if I become terminally ill?

To support you and your family through this difficult time most death cover plans will pay your agreed amount of cover if you are diagnosed with less than 12 months to live. This allows you and your family time to organise your financial affairs.

### What is total and permanent disablement insurance?

Total and permanent disablement, also known as TPD cover, provides a lump sum payment if you become disabled to the point where you are unable to work again. TPD plans will also provide payment for other seriously disabling situations; you should check the insurance plan to understand in which situations you are covered.

### Why do I need it?

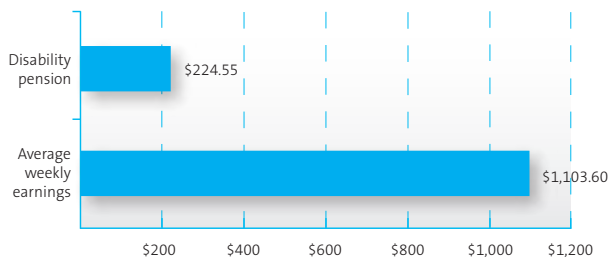
Money is the last thing you would want to think about when faced with a life long disability. A huge emotional strain is placed on a family to provide support to someone who may need full-time care together with never being able to work again.

## How much does it cost?

Most people take out TPD cover with their death cover - at around \$12<sup>2</sup> a week this is about the cost of buying your lunch once a week. If you were to take your lunch just one day in the week this could help you afford your insurance cover.

## Couldn't I receive a disability pension?

If you become seriously disabled, receiving a disability pension from the government would provide you with some assistance. You may find that this isn't enough to maintain your standard of living.



Disability pension at 1 January 2008 is \$449.10 per fortnight for a disabled spouse with children - Centrelink.gov.au.

\$1,103.60 weekly ordinary times earnings, Australian Bureau of Statistics, August 2007.

## What do I need to think about when deciding which plan is appropriate?

One important feature that most insurance companies offer is the ability to take out TPD cover for your "own occupation" or "any occupation".

If you take out "own occupation" cover you are determined to be totally and permanently disabled when you are no longer able to work in your regular job, even if you might be able to work in another occupation. You might consider this type of cover if you work in a specialised field. You also pay an increased premium to take out this type of TPD cover.

With "any occupation" cover you are determined to be totally and permanently disabled when you are no longer able to work in any occupation.

### DID YOU KNOW?

Taking out both death and TPD cover if you are the home-maker is just as important as if you are an income earner. The Australian Bureau of Statistics found that the annual income value of a woman, aged 25-44 years, managing housework, shopping and looking after children was \$45,617<sup>3</sup>.

1. Based on a 35 year old male, living in VIC, non-smoker, paying annual premiums for Flexible Lifetime® - Protection Death cover with AMP.
2. Based on a 35 year old male accountant, living in VIC, non-smoker, paying annual premiums for Flexible Lifetime® - Protection Death and TPD standalone cover with AMP.
3. Australian Bureau of Statistics - Measuring the Value of Unpaid Household, Caring and Voluntary Work of Older Australians 2003, Australian Social Trends 2001.

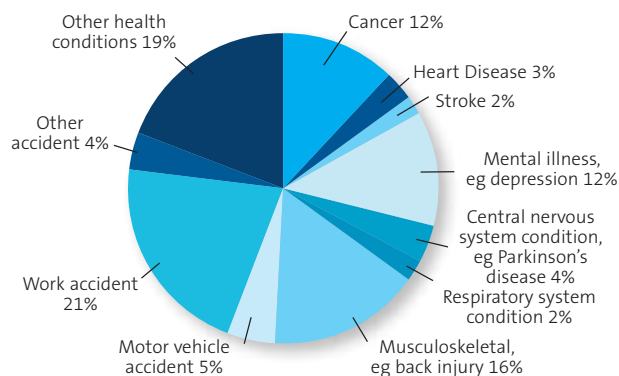
### What you need to know

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## What type of claims are paid for TPD cover?

In 2007 AMP paid TPD claims for these conditions:



## Can I just rely on my superannuation benefits?

You should check to see if you have death and TPD cover through your super fund, make sure you have enough cover and that the type of cover is appropriate (eg some cover reduces with age).

It is worth talking to your financial planner about whether having your death and TPD cover in super is the right option for you. There are some things to think about like tax considerations, and how and when benefits will be paid.

## How do I apply?

When you apply for death and TPD cover with an insurance company they will generally require you to answer a number of questions on your occupation, health, pastimes and hobbies. They ask this to assess how much risk there is in them providing you with death cover.

If they determine there is additional risk in offering you cover they may charge you an extra premium for the increased risk, or they may not cover you for certain events and offer you a normal premium rate.

## Need more information?

Everyone has different financial needs. And to find the best wealth protection solution, you may need professional financial advice. Talk to your financial planner or call AMP Customer Solutions on 133 888.