

Sleep easy remedy #2

Life Insurance


Would you sleep easier knowing your family had enough money to live on if you weren't around?

How to contact Macquarie Life


Macquarie Life





Financial Advisers

 1800 005 057


Existing Clients


 Please talk to your financial adviser for any questions about your insurance cover with Macquarie Life.

 GPO Box 5216, Brisbane QLD 4001

 macquarielife.com.au

Claims

 Freecall 1800 208 130

 insuranceclaims@macquarie.com

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FORWARD thinking

There's a reason they call it *life* insurance.

Why is life insurance so crucial to a family's financial plan? Because the ability to achieve life's most important goals – a house, food on the table, an education for the children – depends on the combination of time and money provided by both partners.

Mess with that equation, that **combination** and you put those crucial things at risk – the home you want, the education you aspire to for your children. That's why life insurance is so important – it's not about protecting a house. It's about protecting all that you value in life.

Under covered

Research released by IFSA reveals that the average life insurance payout was worth just \$91,000 in 2008.¹ When you consider that the average Australian family with young children has debts of over \$160,000² it become obvious that many Australian families are dramatically under-insured.

So why do we go without enough cover?

"Life Insurance is something I'll think about when I get older."

"Talking about disasters can make them happen."

"I've got a job and money in the bank. Why should I think about risk? There doesn't seem to be any!"

And yet these common sentiments fly in the face of some sobering facts.

- Over 1,600 people die in car accidents every year and most of them are aged between 26–and 59.³
- The average Australian mortgage is now worth more than \$345,000!⁴
- A third of women and a quarter of all men will be diagnosed with cancer at some stage in their lifetime.⁵

"My superannuation will take care of that..."

Another factor that stops people taking out the right insurance is the belief that superannuation, and the insurance included with it will be enough to rely on.

But superannuation is not there to protect you from tragedy. It's there to see you live comfortably in your retirement. And it relies on building up capital over a long period – so it may not be the backstop your family needs if something happens to you before you've accumulated an appropriate sum.

That makes the insurance that often comes with your superannuation more important. But is that the answer?

The insurance that is packaged with your superannuation is a policy shared with your fellow workers. Buying insurance "in bulk" via your super fund can be very cost effective, but that's because the insurance is often a generic cover. So the same policy might be given to a 21 year old graduate trainee who owns a surfboard and a 45 year old manager with a mortgage and two kids.

That's why consulting a financial adviser about insurance make so much sense. It's one way to ensure the cover you have is the cover you need.

Cover for you, cover for your partner

Another common mistake families make in considering Life Insurance is buying cover only for the main income earner. The home maker is also a significant contributor – without them the income earner may need to stop work to take care of the kids. And face a loss of income on top of the tragic loss of a partner. Indeed, research by IFSA suggests the childcare and home help provided by a 'stay-at-home' spouse could be worth more than \$75,000 a year.⁶ That's why they need life cover too.

How can Life Insurance help you protect your family's future?

Life Insurance pays you or your dependants a lump sum payment if the insured dies or is diagnosed with a terminal illness and has less than 12 months to live. At a time of devastating personal loss; the financial burden that follows could be overwhelming. Life Insurance can ease that burden.

Life Insurance offers you and your dependants some highly valuable features:

- Though the premium isn't tax deductible, the lump sum payment is generally tax free.
- There are a range of other benefits, including the ability, upon certain events, to increase your cover without providing additional medical information.
- If you are diagnosed with a terminal illness, you receive a forward payment of the full sum insured.

Start early

As you get older, the risk of insuring your life increases and so do your premiums. So it follows that the earlier you start, the lower the initial premium. Best of all, by starting early you reduce the chance of needing a medical exam later on if you want to increase your cover. People generally only start thinking about insurance when they become ill; however insurance is generally cheaper if you purchase it when you're healthy.

Since each of us face different risks it makes sense to ask your financial adviser to find the life insurance policy that suits your specific needs. The right amount of life cover will give you and your family peace of mind, and help you pass the sleep easy challenge!

¹ \$91,000 not enough to cover lost life, IFSA/Lifewise Media release 30th April 2009

² ABS, Australian Social Trends, Household Debt, cat. no. 4102.0, 2009

³ Australian Government, Road Deaths Australia 2007

⁴ First Home Buyer Peak Over – But investors tip toe back, Australian Financial Group, Media Release, June 9, 2009

⁵ Cancer in Australia: an overview, 2008 Australian Institute of Health and Welfare

⁶ Australian mothers – undervalued and underinsured, IFSA Media Release: October 2005