

Accelerated Protection Superlink TPD

Adviser information

Accelerated Protection's Superlink TPD offers an 'own occupation' TPD solution that is cost effective, tax effective and provides certainty of access for customers who take out TPD insurance under superannuation.

It addresses the issues associated with holding an 'own occupation' TPD benefit within superannuation – the risk that the benefit payable may not be released if the SIS definition of permanent incapacity is not met; and the new tax ruling, which comes into effect on 1 July 2011, that will render the 'own occupation' TPD premiums non-deductible.

With Superlink TPD, your clients can purchase 'own occupation' TPD insurance, with the 'any occupation' component held inside superannuation and the 'own occupation' benefit held outside superannuation. This gives them the security of an 'own occupation' TPD definition with the added ability to claim a tax deduction.

How it works

Two policies are issued: one inside superannuation, through the TOWER Master Fund or a self-managed superannuation fund; the second outside of superannuation.

Policy 1 Inside superannuation – 'any occupation'	Policy 2 Outside of superannuation – 'own occupation'
<ul style="list-style-type: none"> The policy is issued to the trustee of the superannuation fund. The 'any occupation' TPD component is held under this policy. The 'any occupation' TPD premium rates apply and are payable from this account. The premium attributable to the 'any occupation' TPD component is tax deductible. 	<ul style="list-style-type: none"> A second policy is issued as an ordinary policy, outside of superannuation. The 'own occupation' TPD component is held under this policy. The premium charged is the 50% 'own occupation' loading. The premium is not deductible.

The following conditions apply to the policies:

- Only one TPD benefit amount is payable.
- The TPD benefit amount, payment frequency, any optional benefits selected, and any loadings or exclusions (if applicable) must always be the same on each policy.
- If the TPD insurance is cancelled, reduced or increased under one policy, then the TPD insurance on the second policy will also be cancelled, reduced or increased (as applicable) at the same time.

Claims

Claims will first be assessed using the 'any occupation' definition of TPD, and then under the SIS definition of permanent incapacity that governs the conditions of release for superannuation.

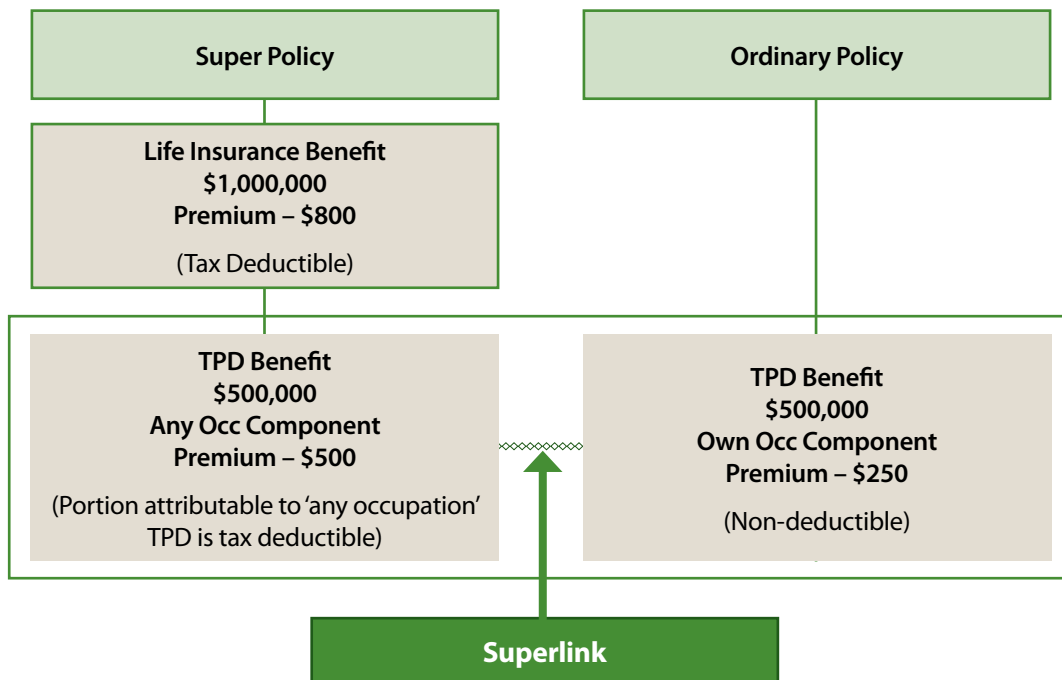
If these definitions are satisfied, the TPD benefit will be paid to the trustee. If not satisfied, the claim will be assessed using the 'own occupation' definition of TPD under the ordinary policy, and any benefit amount payable will be paid to the policy owner.

Claims will only be paid under the ordinary policy where the SIS definition of permanent incapacity is not satisfied.

The following case study illustrates how Superlink TPD can deliver significant tax advantages to your client.

Case Study

Your client takes out Life cover of \$1m and a Superlink TPD benefit of \$500,000. The 'life cover' premium payable is \$800 and the premium payable for the TPD benefit is \$750 (\$500 for 'any occupation' TPD and \$250 for the 'own occupation' TPD component):



In the above example, the fund would claim a tax deduction on the \$800 Life insurance premium, and the portion of the \$500 TPD premium attributable to 'any occupation' TPD. From 1 July 2011, the premiums on 'Own Occupation' TPD insurance will be non-deductible, whether the policy is held inside, or outside of superannuation.

How to find out more

For more information about Superlink TPD speak to the TOWER State Sales Team or the Adviser Service Centre on 1300 286 937 – Monday to Friday, 8.00am-7.00pm (AEST/AEDT).

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Important Information

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