

Insurance



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This guide aims to provide you with a basic understanding of the types of insurance cover available through superannuation. It also outlines the importance of insurance along with the benefits and some key points you may wish to keep in mind if you are purchasing insurance cover.

Importance of insurance

Insurance cover may help protect you against life's uncertainties. It can protect your income, wealth, lifestyle and your family. By having an insurance strategy you can relax, knowing that you have taken an important step towards protecting you and your family's lifestyle.

Protecting your greatest asset – you

In a survey conducted by CommInsure Life Insurance¹ one-third of Australian adults do not have any form of life insurance – 62 per cent of females compared with 38 per cent of males. And while 57 per cent of people surveyed believe they don't think they need insurance, unexpected events can take many forms, resulting in either disability or death. Can you afford not to be adequately insured?

Life insurance industry statistics tell us that at the age of 35 you are 10 times more likely to be disabled from an illness or injury than you are to die from it.²

How would you meet your day-to-day expenses? Would your family be able to maintain the same standard of living without your income?

You may get a limited amount of sick pay from your employer if you're salaried, but it might not last long. There's always workers' compensation, but it may only cover you for work-related injuries and is usually only payable for a maximum period of two years.

1 CommInsure Life Insurance Study 2004.

2 ABC Health and Wellbeing Consumer Guides, Death and disability insurance.

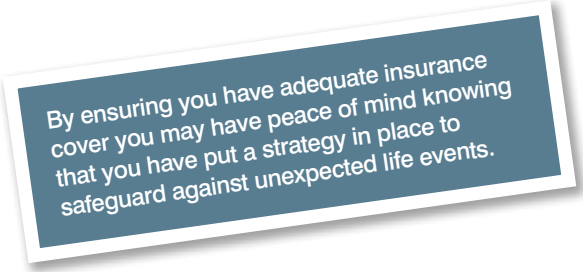
URL: <http://www.abc.net.au/health/consumerguides/stories/2003/05/08/1837334.htm>. Sourced October 2008.

The top 10 causes of death in 2006³ were:

Cause of death	Percentage
Heart disease and related illness	17.0%
Strokes	8.5%
Trachea and lung cancer	5.5%
Dementia and Alzheimer's disease	5.5%
Asthma, bronchitis and emphysema	4.0%
Colon and rectum cancer	2.8%
Blood and lymph cancer	2.7%
Diabetes	2.7%
Kidney related disease	2.7%
Prostate cancer	2.2%

Benefits of insurance cover

Most people rely on a regular income to provide for their living expenses such as groceries to major items such as a car, family home and children's education.



By ensuring you have adequate insurance cover you may have peace of mind knowing that you have put a strategy in place to safeguard against unexpected life events.

When should you think about insurance?

Any time is a good time to review your financial situation. However, there are some life events that may prompt you to review your insurance cover. These events may include:

- getting married;
- having children;
- buying property or any other asset involving a loan;
- starting your own business;
- children leaving home; or
- retirement.

Insurance and your super – it's an advantage

Insurance through your superannuation plan can be cost-effective:

- your insurance premiums are competitively priced because of the buying power that comes from having a large Plan membership;
- the cost of insurance is reduced effectively by using before-tax dollars; and
- you may, depending on your insurance policy, be eligible for automatic acceptance regardless of your state of health.

The availability, conditions and level of your insurance cover will be specific to your plan. To find out more, contact a Plum Member Services Consultant on **1300 55 7586** or refer to your *Product Disclosure Statement (PDS)*.

Types of insurance cover available through your superannuation

Depending on the design of your superannuation plan you may have access to one or more of the following types of insurance cover:

Death cover

Death insurance cover is a lump sum amount payable in the event of your death. It can be paid to any one or more of your beneficiaries or to your legal personal representative (estate). Depending on whether payment is made to a 'dependant' or not, it may be tax-free.

Total and Permanent Disablement cover (TPD)

A TPD insurance benefit is usually payable if you meet the definition of Total and Permanent Disablement in the insurance policy.

Most TPD benefits are usually paid as a lump sum amount. In some circumstances, they can be paid as a lifetime pension or a combination of the two. You may like to check your plan design for specific details about your TPD cover.

Total and temporary disablement cover (also known as salary continuance or income protection insurance)

This insurance cover will pay up to 75 per cent of your salary if you are temporarily unable to work through illness or injury. Some policies may also pay an additional amount to your superannuation plan as contributions.

Salary continuation payments will commence after the waiting period has elapsed; this is commonly 30, 60 or 90 days after you become disabled. Some policies cover you for a short period – for two to five years, others cover you until you are 65.

Insurance premiums may vary depending on the amount and type of cover, your age, sex, whether you smoke and your occupation – higher-risk, manual occupations may attract a higher premium than office-based work.

Where to from here?



Thinking about your next steps you may want to consider:

If you need insurance

It may be a good start to sit down and list your family's financial needs such as household expenses, loan repayments, children's education and so on.

To help, you may want to complete the *Insurance checklist* available on the *Member* section of the Plum website – www.plum.com.au. Working through the checklist can help you identify your current level of insurance cover, how much your family is likely to need and the various types of insurance cover available.

Clarifying the level of cover through your superannuation plan

It's important to understand the level of insurance cover available to you through your superannuation plan.

To learn more about your insurance cover contact a Plum Member Services Consultant on **1300 55 7586** or refer to your *PDS*.

Identifying if you have enough insurance cover

It can often be difficult to work out if you are adequately insured, and the most appropriate type of cover for your needs.

To make life easier, an *Insurance gap calculator* is available in the *Member* section of the Plum website – www.plum.com.au. By using the calculator, you can review your insurance needs, plan your actions and get on with enjoying life! All you need is about 15 minutes and a cup of tea or coffee, to get an idea of what insurance you may need. At the end, you will be able to print a report. You may wish to phone a Plum Member Services Consultant on **1300 55 7586** to increase your insurance cover in the plan (if available). Alternatively, you can purchase some additional cover outside of your superannuation plan. If you want, we can put you in touch with a financial adviser to discuss your requirements in more detail.

Insurance gap calculator

The screenshot shows the Plum Insurance Gap Calculator interface. It features a header with the Plum logo and a 'Print report' button. Below the header, there is a disclaimer: 'The information you have provided indicates you (and your family if applicable) are at risk. We recommend you talk to a financial planner to confirm. We can help you find a financial planner if you don't already have one.' The calculator is divided into four sections, each with a 'Recalculate' button and a 'Print report' button.

Category	Your required cover	Your current cover	Your gap
Life cover	\$470,000	\$230,000	\$240,000
Income protection cover	\$5,000	\$1,000	\$4,000
Critical illness cover	\$500,000	\$0	\$500,000
Total & permanent disability cover	\$225,000	\$0	\$225,000

Each section also includes a brief explanation: 'You have an insurance gap that is placing you and your family's (if applicable) lifestyle at risk. We recommend you talk to a financial planner to confirm these results.'

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Did you know...

As a member of the Plum Superannuation Fund you can access the services of financial advisers through *Momentum Financial Advice*. This service provides general advice over the phone – at no cost to you, in addition to personal face-to-face advice if you require more in-depth advice about your personal financial circumstances.

If you would like more information about *Momentum Financial Advice* or would like to access this service, contact a Plum Member Services Consultant on **1300 55 7586**.

Momentum Financial Advice is a service provided by GWM Adviser Services Limited (GWMAS) ABN 96 002 071 749 AFSL 230692 through an agreement with PFS Nominees Pty Ltd as trustee of the Plum Superannuation Fund. GWMAS, the Trustee and Plum Financial Services Limited are part of the National Australia Group of companies. GWMAS and the financial advisers may receive a commission when applications are lodged for certain financial products. Further information on commissions can be obtained from the financial adviser's *Financial Services Guide*. Neither Plum nor the Trustee endorses or guarantees any advice provided by GWMAS or any financial adviser referred through the *Momentum Financial Advice* services. The Trustee, through its administrator, Plum, merely facilitates members' access to these services and does not accept any liability for the services provided.

Contact us for more information

If you would like further information, visit the *Member* section of the Plum website:



www.plum.com.au, or



or speak with a Plum Member Services Consultant on **1300 55 7586**.

Important information

An interest in the Plum Superannuation Fund ABN 20 339 905 340 (Fund) is issued by PFS Nominees Pty Ltd ABN 16 082 026 480 AFSL 243357 (Trustee). The Fund administrator is Plum Financial Services Limited ABN 35 081 812 731 AFSL 243356 (Administrator). This material has been prepared by the Administrator and it contains information that is general in nature. The information does not take into account your objectives, financial situation or needs. Before acting on the information you should consider whether it is appropriate having regard to your personal circumstances and seek professional advice. The Administrator recommends that you consider the Fund's *Product Disclosure Statement (PDS)* before you make any decisions about your superannuation. To obtain a copy of the Fund's *PDS*, please contact a Plum Member Services Consultant on **1300 55 7586**. Neither the Administrator, the Trustee, nor any other company in the National Australia Group of companies accepts liability whatsoever for any decision that is made on the basis of or in reliance of the information contained in this material. Please note that the information contained in this material is current as at October 2008. Any changes in the law or policy subsequent to this date have not been incorporated.