

## FREQUENTLY ASKED QUESTIONS - PERSONAL INSURANCES

*Personal insurances are designed to provide protection from the financial consequences of death or disability. They therefore form an important part of most financial plans. Here, in brief, is how they work.*

### 2 HOW MUCH LIFE INSURANCE SHOULD I HAVE?

For life and TPD cover, one rule of thumb is to work out how much is needed to pay off debts and provide for current and future family living expenses. Subtract from this total the value of current investments, including superannuation, to arrive at an approximate value of the insurance cover you require.

Of course, individual circumstances vary widely. Your financial adviser will be able to help you assess your needs and resources, and perform the relevant calculations for you.

### 3 HOW OFTEN SHOULD I REVIEW MY COVER?

Your personal insurances should be reviewed whenever there is a major change in your personal situation. Key events to look out for include:

- Taking out a home loan
- Getting married or setting up house with someone
- Starting a family
- Receiving an inheritance
- Retirement

Generally, as savings increase and debts decrease, the level of cover required reduces over time, but again, much depends on your individual situation.

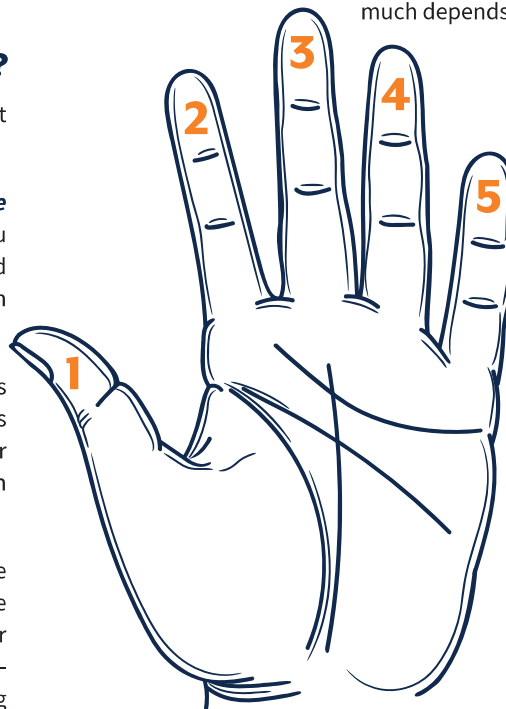
### 1 WHAT ARE THE DIFFERENT TYPES OF PERSONAL INSURANCE?

**Life insurance.** This pays a lump sum benefit if you die.

**Total and permanent disability insurance (TPD):** This pays a lump sum benefit if you meet the definition of being totally and permanently disabled. It is often bundled with life insurance.

**Trauma insurance:** Also referred to as recovery insurance, trauma insurance pays a lump sum benefit if you are diagnosed with or suffer from one of the specified illnesses, such as cancer, heart attack or stroke.

**Income protection insurance:** If you are unable to work due to illness or injury, income protection insurance will pay you a regular income, usually capped at 75% of your pre-illness income. You can select the waiting period before benefits become payable, and the length of the benefit period.



### 4 HOW DO I UNDERSTAND MY INSURANCE CONTRACT?

It's important to understand what is and isn't covered by your insurance. This will be detailed in the Product Disclosure Statement, so it's important to read and understand this. If you are unsure about anything, ask your adviser for an explanation.

### 5 HOW DO I CHOOSE THE BEST INSURANCE?

While pure life insurance is pretty straightforward, the other personal insurances may differ significantly from policy to policy. Definitions of diseases may vary. There may be a range of optional extras – some valuable, others more of a gimmick. With TPD insurance, you may have the choice of 'own occupation' or 'any occupation'. There is also the question of which insurances should be held via a superannuation fund and which should be held directly.

All this complexity means that selecting the best insurance cover is best done with the help of an experienced financial planner.

More than one third of Australian families have no life insurance cover. Many more are under-insured, even though the financial impact of not being adequately insured can be severe.

Put your mind at rest. If you have any concerns about the level of protection provided by your current personal insurance policies talk to your adviser today.

#### NEXT STEPS

Get in touch with Enrizen via email or phone to review your risk management plan and discuss your options.



T: +61 (0) 2 8316 3950  
enquiries@enrizen.com.au  
www.enrizen.com.au

Level 28, 88 Phillip Street,  
Sydney, NSW  
Australia 2000