



Avoiding the risks. [15.02.08]

It's been a long time coming, but you're finally about to head away on holiday to spend a few precious weeks with your family.

Having made the flight and accommodation bookings, you didn't hesitate to organize travel insurance in case something goes wrong while you're away. It is wise to have adequate protection in place when we are travelling. Unfortunately, the summer holiday season is the time of year when more accidents do happen.

That's because, being in unfamiliar surroundings and doing sometimes adventurous activities that we would normally not consider at home, the chances of being injured are heightened.

Take a long term approach

Having temporary cover in place while on holidays is one thing, but it's also important to have protection in place all the time to guard against unforeseen events.

There are various types of cover, but in a nutshell it really is vital that you and your family are financially protected against debilitating accidents, long term sickness and, in the worst case, the death of you or your spouse.

In the past, life insurance was often the only financial product a family might have. Now, as part of a sound wealth protection strategy, it's important to consider a range of insurance products to cover for events that don't lead to death but result in time off work and partial or total loss of income.

Imagine being in an accident, or suffering from a serious illness such as cancer or a stroke – which unfortunately are all too common. Do you have enough money in the bank to cover your debt repayments if you're out of work for an extended period? Will your company keep paying your salary if you have to be off work for an extended period of time? How good is your safety net? The only way to get real peace of mind is to take steps so you are protected if the worst happens.

Insurance options

It really is worth the effort to meet with your financial adviser and go through your insurance options. Your adviser will be able to source products that meet your specific personal needs.

Once you have selected the types of insurance you require, you will then need to fill in application forms. Most likely you will need to undertake a medical check, which will be used to verify your health status and identify any pre-existing conditions.

Once these have been finalized, your policy will be activated and your cover will commence immediately. Your adviser is there to assist you every step of the way, so why wait?

Life insurance

Many of us have standard life insurance embedded within our superannuation, but check how much cover you have as you may need to top it up. Not having enough means that if you were to die suddenly, the payout to your family may not be sufficient to cover outstanding debts and pay a regular income once the funds are invested. Keep in mind that at a conservative investment rate of 5% per annum, you would need to receive a payout of approximately \$1million to generate \$50,000 p.a. pre-tax.

Total and permanent disablement insurance (TPD)

TPD insurance covers you for disabilities that permanently prevent you from ever working again. TPD is normally paid as a lump sum. Note that many TPD insurance policies require up to six months of total and permanent disability before paying a benefit.

Trauma insurance

Trauma insurance can help you cope financially with the affect that a medical trauma, such as a stroke or a heart attack can have on your life. Trauma insurance is normally paid as a lump sum and can be used to pay for changes to your lifestyle or for care that you may require because of the trauma.

If you believe you may be under-insured or would like to review your insurance cover, please contact your financial adviser.

(Source: Professional Investment Services)
