

Do I need life insurance?



We like to think 'it will never happen to us'. But the reality is, some of us will pass on sooner than expected – leaving family and loved ones behind.

Should misfortune occur, could your loved ones survive without you? How would they pay the monthly bills? Or keep up with mortgage repayments?

The risks

- On average, there is one death in Australia every three minutes and 36 seconds.ⁱ
- One in three women and one in four men will be diagnosed with a malignant cancer in their lifetime.ⁱⁱ
- Over 1,600 people die on Australian roads every year, most aged 26 - 59 years.ⁱⁱⁱ
- Cardiovascular disease claims nearly 50,000 lives per year, representing 34% of all deaths.^{iv}

The reality

Life insurance provides financial protection to those you care for most. Should the worst happen, it pays a lump sum benefit to your loved ones.

Still, many Australians don't take out insurance protection because of some common misconceptions.

"I have enough savings"

60% of families with dependents will run out of money within a year if the breadwinner dies.^v

"My Life Cover in my default super fund will suffice"

Life insurance inside superannuation only represents 20% of the cover required.^{vi}

"It doesn't matter; I'm not the main income earner"

Child care and home help provided by a 'stay-at-home' spouse could be worth more than \$75,000 per year.^{vii}

What is life insurance?

Life insurance pays a lump sum amount in the event of your death – helping protect your loved ones' lifestyle and future. It is essential for those with family or other financial commitments.

What are the features?

Here are just some of the features you can expect with life insurance:

- **Early payment:** If you're diagnosed as terminally ill, you are unlikely to be working which means less household income. You may therefore be eligible for early payment.
- **Advanced payment:** Access to payments upfront to help cover funeral costs.
- **Additional benefits:** For instance, the **Guaranteed Future Insurability** benefit lets you increase your sum insured – without providing extra medical evidence – following key life events.

What are the cover options?

Here are just some of the options you can expect with life insurance:

Inside or outside super: You may be able to hold life insurance inside super and pay premiums using pre-tax dollars. There are often restrictions however, so it's important you talk to your financial adviser.

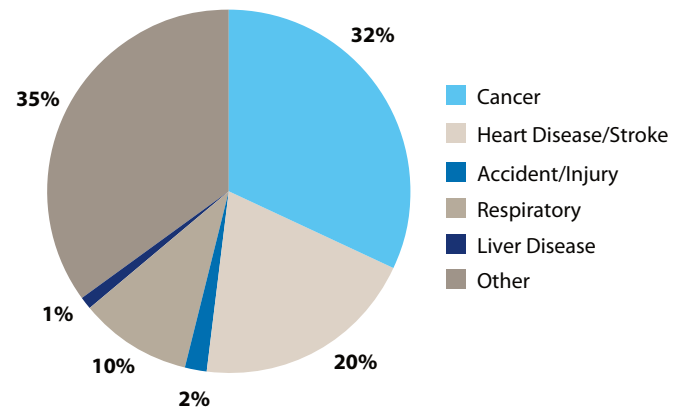
Choice of premium options: 'Stepped' premiums increase each year in line with your age, while 'Level' premiums remain constant until an age specified by your insurance provider (at this point, they convert to Stepped).

What do the payments protect? Causes of claim

Having the right level of cover helps ensure your family could survive without you.

The benefit payment can be used to meet the following expenses.

- **Mortgage repayments**
Whatever happens, there will be funds available to safeguard the family home.
- **Day-to-day expenses**
Those everyday bills might not seem like too much of a burden, but they can really add up. Would your family be able to cover living expenses such as food, clothing and schooling without you?
- **Children's future**
The cost of raising a family is significant. Life Cover can help ensure that your children have the schooling and upbringing you would want for them, if you weren't around.
- **Retirement protection**
The lump sum payment means your loved ones' retirement savings won't be put in jeopardy.
- **Funeral costs**
Your family will be able to afford the significant cost of a funeral and the related expenses.



Source: TAL Life Limited (2011)^{vii}

ⁱ ABS (2011) *Population Clock*, www.abs.gov.au/ausstats/abs, viewed 12 March 2012

ⁱⁱ AIHW (2008) *Cancer in Australia: an overview 2008*, Cancer series no. 46, Cat. no. CAN 42, Canberra

ⁱⁱⁱ Australian Government (August 2008) *Road Deaths Australia: 2007 Statistical Summary*, Road safety report no.1, Department of Infrastructure, Transport, Regional Development and Local Government, Canberra

^{iv} AIHW (2011) *Cardiovascular disease: Australian facts 2011*, Cardiovascular disease series no. 35, Cat. no. CVD 53, Canberra

^v IFSA (2005) *A Nation Exposed: Investigating the Issue of Underinsurance in Australia*, Research study commissioned by IFSA and conducted by Rice Walker Actuaries and TNS Australia, Sydney

^{vi} IFSA (2005) *A Nation Exposed: Investigating the Issue of Underinsurance in Australia*, Research study commissioned by IFSA and conducted by Rice Walker Actuaries and TNS Australia, Sydney

^{vii} IFSA (5 October 2005) *Australian mothers – undervalued and underinsured*, Media release, Sydney

^{viii} The figures shown represent actual claims paid by TAL from 1 January 2011 to 31 December 2011 across all TAL products.



How do I get protected?

Contact Sequoia Asset Management today and find out how we can help you tailor the right level of cover for your needs.

For more information and to obtain a life insurance quote, talk to a Sequoia Adviser on 02 8114 2222 today.

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