

# ULTIMATE

REAL ESTATE SUCCESS  
COACHING PROGRAM

SESSION TWO

## Insurance

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SESSION TWO

## PERSONAL RISK INSURANCE

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Managing Director – WIZDOM Advisory

Clint Ducat is an Authorised Representative #434181 and Investor Advisory Network is an Corporate Authorised Representative #434801 of MyPlanner Professional Services Pty Ltd. Australian Financial Services Licensee #425542

We can help with:

- Life Insurance
- Income Protection
- Trauma
- Total and Permanent Disability
- Business Risk Insurance

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### General Advice Disclaimer

*This presentation provides general information only. Before making any financial or investment decisions, we recommend you consult your qualified Financial Planner and Accountant to take into account your particular investment objectives, financial situation taxation concerns and individual needs.*

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**Are our priorities right?**



**83%** of Australian car owners insure their car

**BUT ONLY**

**31%** insure their 

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Source: lifewise.org.au

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**Although**

**20%** 

Of mortgage defaults are due to 'illness or accident in household'

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Source: Australian housing and Urban Research, March 2010

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**What is more Valuable?**

**YOUR CAR**



Cost: \$45,000  
Value in 5 years time?

Cost to insure: \$100 per month  
(Insurances only based on average from other years. Major insurers calculate safety 20 year old cars from 2014)

VS

**YOUR INCOME**



Annual value loss?  
Value over 5 years time?  
Value until you retire?

Cost to insure: 2% of income (before tax)  
(Insurances only based on total income. Many factors influence rate calculation and health records)

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Source: Zurich

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### The under-insurance problem...

- Approx 1 in 5 families will suffer an unforeseen event, that will leave them incapable of working.
- Only 1/3 of the Australian workforce has Income Protection Insurance
- Over 95% of families do not have adequate personal insurance

Source: Rice Warner Actuaries: Underinsurance in Australia, June 2015, The Lifesaver / NATSEM Underinsurance Report February 2010

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### Why is Personal RISK Insurance Important?

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## Main Types of Personal Risk Insurance

- Income Protection
- Life/Death Cover
- Trauma (Critical Illness)
- Total Permanent Disability (TPD)



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## Income Protection

- Provides a monthly income if you are unable to work due to sickness or injury
- Replace up to 75% of your gross income + super
- Continue to pay your mortgage, bills, groceries and other related expenses
- Benefit periods up to age 70
- Premiums are tax deductible if owned personally



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## Life Insurance

- Provides a lump sum benefit to your beneficiaries in the event of your death
- Can be used to pay off your mortgage and other debt, and provide for your family's ongoing or future expenses.
- Most policies provide a benefit for terminal illness
- Stepped or Level premiums
- May be tax-deductible if held through super



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## Total and Permanent Disability Insurance (TPD)

- Provides a lump sum benefit to you if you are found to never be able to work again
- Can be used to pay for upfront and ongoing medical expenses, pay down mortgages/debt and/or provide ongoing income support for you and your dependants
- Need to consider "Own Occupation" or "Any Occupation" Definitions.



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## Trauma Insurance

- Also known as Critical Illness
- Provides a lump sum if you are diagnosed with a medical condition such as cancer, heart attack, stroke and other medical conditions
- Provides financial security by covering the cost of medical and living expenses so you can focus on your recovery.
- Children can be added to adult policies



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## Do insurers pay claims?

This means an average of **\$15.9 MILLION** was paid in claims **EVERYDAY** to 171 Australians and their families.



Source: Risk Store, Australian life insurance claims analysis 2012. Excludes Business Expense claims

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**The risks are magnified for small business owners**

Chance of ONE PARTNER DYING before the age of 65 of Partners

Number of Partners	Chance of ONE PARTNER DYING or BECOMING TOTALLY DISABLED before the age of 65
35	52
52	67
57	77
66	84
77	89

Source: Zurich mortality and morbidity statistics

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- Buy Sell (Cross-Insurance)
- Key Person

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**Insurance inside Super**

- Death, total and permanent disability (any occupation) and income protection cover can be owned through super.
- Premiums will be deducted from your super account (essentially your contributions pay for your insurance).
- Trauma insurance CANNOT be held within super.
- Estate Planning needs to be considered depending on the taxation situation of the preferred beneficiaries.



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**When and how much do I need?**

Any time is a good time to review your personal situation. However there are certain events during life which should prompt consideration of cover such as:

- Getting married
- Starting a family
- Taking on more debt
- Starting your own business
- Putting together a Financial or Succession Plan



It is important to review existing insurances regularly

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**Your next step?**

- ✓ Understand what you are and aren't covered for
- ✓ Get expert assistance to tailor risk cover to your own personal circumstances and needs
- ✓ Investigate and be informed
- ✓ Protect what's important



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**WIZDOM Advisory**

Email – [advisory@wizdom.com.au](mailto:advisory@wizdom.com.au)

**1300 WIZDOM**

We can help with:

- Life Insurance • Income Protection • Trauma
- Total and Permanent Disability • Business Risk Insurance

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