Collins Financial Planning Pty Ltd

AFSL 227250

Baby Boomers Insurance

Insurance is vital in helping baby boomers protect their retirement plans

A serious illness or injury is a major setback at any stage, but it's even worse when you're approaching retirement.

For many of Australia's five million baby boomers, retirement has either started or it's going to start in the next ten years.

While many are anxious about the state of their super balances, a potentially bigger concern looms on the horizon—one that could put an even bigger dent in their future plans.

Unfortunately, people in their 50s and 60s are reaching a stage of their lives where serious illnesses like cancer and heart disease become more common.

On top of these personal threats, many baby boomers are also financially supporting their adult children and even their parents. This mean that a serious illness to anyone in their immediate family (or their spouse) could have a major impact on their retirement.

In fact, one in five families will be impacted by the death of parent, a serious accident or illness that renders a parent unable to work.[1]

With so much at stake, baby boomers not only need to think about their own personal protection plan, they need to make sure their adult children have thought about theirs as well.

What is life insurance?

Life insurance pays a money if you suffer an injury or illness that is covered by your policy. There are many different types of insurance cover, including:

- **Life cover** pays a lump sum if you die or are diagnosed with a terminal illness. The lump sum can be used to meet final expenses, pay off the family mortgage so that your family isn't left without a home, fund future child education fees and set aside money to meet your family's ongoing living needs.
- **Income protection** pays up to 80% of your income if you can't work because of sickness or injury. This money is essential in helping to meet your ongoing living needs, including meeting your mortgage repayments, while you are unable to work.
- **TPD cover** pays a lump sum if you are totally and permanently disabled. This may help you repay debts and medical bills, make modifications to your home and motor vehicle as well as meet lifetime living costs.
- **Trauma cover** pays a lump sum if you are seriously injured in an accident, or if you are diagnosed with one of a number of serious medical conditions, like cancer and heart attack. The proceeds can be used to meet medical treatment costs as well as provide financial support if your spouse wishes to take time off work to look after you.

With so many different types of life insurance available, it's important to discuss your own insurance needs with a financial adviser.

How much does life insurance cost?

Premiums vary depending on the product and a range of other factors. As an example, a 55 year old Office Manager can take out $500,000 life insurance plus a $5,000 a month standard income protection policy, for less than $12.50 per day* (Source: OnePath Life Limited, ABN 33 009 657 176, AFSL 238341).

There are also a number of tax concessions associated with life insurance. For starters, you may be able to hold your life and TPD insurance cover inside super. This means you can use your pre-tax salary to pay your premiums.

Another benefit specific to income protection and business expense insurance is that the premiums are generally tax-deductible.

The best way to design an affordable insurance strategy that protects your family, your income and your debts, is to speak to a financial adviser.

Contact Us
for more information about our services.

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1. The Lifewise/NATSEM Underinsurance Report, February 2010

*Female, non-smoker, NSW, Indemnity Income Secure Standard, 90 day wait, 6 year benefit period (assumed annual gross salary of $80,000). The worked dollar example is for illustrative purposes only.