



# Collins Financial Planning Pty Ltd

AFSL 227250

## Homemakers Insurance

### Insurance—a natural fit for homemakers

When you think about insurance, you generally think about protecting things you can put a dollar value on. So when that insurance is for a person, the most obvious place to start is their income.

But what if that person doesn't have an income?

Homemakers may not have an income, but there are few people more valuable.

Unfortunately, homemakers often 'slip through the cracks' from an insurance perspective, as many families focus on insuring the main bread-winner.

The problem with this is that homemakers are often playing two vital roles in any households. Firstly, they are providing care for children or possibly elderly relatives. Secondly, their contribution is enabling their partner to go to work.

If a homemaker gets seriously ill or injured, both of these roles are compromised. This may mean that a family needs to pay for some help around the home, or that the working partner has to take time off work to provide care. Either way it can be a very expensive exercise.

For example, the cost of hiring a live-in nanny is around \$12-\$25 per hour while long-day care can cost up to \$120 a day or more.<sup>1</sup>

With so much riding on their physical wellbeing, it

makes sense for all homemakers to have a contingency plan for sickness or injury.

### What is life insurance?

Life insurance pays you 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.
- **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.
- **Living expense cover** pays a monthly benefit if you are disabled by an illness or injury. Specifically designed for people who work casually, it can help you keep up with your everyday household expenses until you recover.
- **TPD cover** pays a lump sum if you are totally and permanently disabled. This may help you repay debts, medical bills, make modifications to your home and motor vehicle, as well as meet lifetime living costs.



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 30 year old homemaker can take out \$500,000 life insurance, plus a \$3,000 a month living expense policy, for as little as \$1.35 per day\*. (Source: OnePath Life Limited, ABN 33 009 657 176, AFSL 238341).

To reduce the impact of life insurance on your budget, you may be able to hold your life and TPD insurance cover inside super. This means you can pay your insurance premiums using money.

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

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<sup>1</sup>'Cost of child care' (July 2011) Children Support  
<http://www.chilcaresupport.org.au/cost-of-child-care>

\*Female, non-working, non-smoker, NSW, Life Cover, Living Expense Cover, 30 day waiting period, benefit to age 65. The worked dollar example is for illustrative purposes only.

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