



Collins Financial Planning Pty Ltd

AFSL 227250

Professionals Insurance

Insurance is a vital career protection for professionals

Success as a white collar professional is often built on years of education and hard work. Once you've made it, there's probably a temptation to feel like you've set yourself up for life.

There's no doubt a healthy income is a big help when it comes to building a comfortable lifestyle for your family. The challenge can be sustaining this income and this lifestyle if you suffer a serious illness or injury.

Serious illnesses and accidents can happen to anyone at anytime. According to the Australian Institute of Health and Welfare:

- 1 in 3 Australian males and 1 in 4 females will be diagnosed with cancer before age 75.¹
- New cancer cases are predicted to rise to 150,000 a year by 2020.²
- 1 in 5 Australians aged 16 to 85 has a mental disorder at some time in a 12-month period.¹
- About 25% of male and 15% of female deaths in 2007 were of persons ages 65.³
- 3 in 5 adults (61%) were either overweight or obese in 2007-08.¹ This puts them at even greater risks of illnesses like heart disease and cancer.

While survival rates for many of the most common illnesses are improving, such an experience could easily compromise your ability to work—both in the short-term while you recover and in the long-term while you make the lifestyle adjustments you need to stay healthy.

For families with large incomes and large mortgages, an illness or injury can have a dramatic impact on your quality of life. That's why life insurance is such a valuable back-up plan.

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.
- **Income protection cover** 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, 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.

If you're a business owner, you can also take out business expense insurance to help you cover fixed business costs like rent, electricity and some employee salaries (often excludes income-producing employees).

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 accountant can take out \$1,000,000 life insurance and \$6,250 a month comprehensive income protection policy for under \$3* a 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. 'Australia's Health 2010' - Australian Institute of Health and welfare, June 2010
2. 'Cancer, incidence projections, Australia 2011 to 2020', Australian Institute of Health and Welfare, March 2012
3. 'Australia's Health 2008' - Australian Institute of Health and Welfare, June 2008

*Guaranteed Income Secure Comprehensive, 90 day wait, benefit period to age 65, male, non-smoker, NSW. (Assumed annual gross salary of \$100,000). The worked dollar example is for illustrative purposes only.

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