



Collins Financial Planning Pty Ltd

AFSL 227250

SMEs Insurance

Insurance—a must-have for savvy business owners

To be financially secure, both at work and at home, business owners need to plan for the unexpected.

Business owners are often risk takers by nature. Even starting a business is a risk in itself—leaving behind the comforts of a stable income, superannuation and entitlements like sick and annual leave.

While that risk can be extremely rewarding, one risk that's not worth taking is trying to run a business without adequate life insurance.

One of the reasons under insurance is a major problem in the small business community is that business owners have more to protect than most.

If you can't work because of sickness or injury, you not only have to worry about providing for your family, you have to think about how you can keep your business running.

You may have business debts on top of your mortgage or personal loans—giving you an even bigger headache if your income stops.

With so much riding on your physical wellbeing, it makes sense for all business owners 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.
- **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.
- **Business expense cover** pays a monthly benefit if you're disabled by sickness or injury. This money can be used to pay your fixed business expenses like rent, electricity, machinery lease costs and some employee salary (often excludes income producing employees).
- **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.

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 restaurant owner can take out \$500,000 life insurance plus a \$8,000 a month standard income protection policy, for as little as \$4.40 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, premiums for income protection and business expense insurance are generally tax deductible.

You may also be able to hold your life and TPD insurance cover inside super. As someone who is self-employed, this means you can use your tax-deductible super contributions to pay your premiums.

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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*Male, non-smoker, NSW, Life Cover, Income Secure Standard, Indemnity, 30 day waiting period, benefit to age 65 (assumed salary is \$130,000). The worked dollar example is for illustrative purposes only.

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