



## Having insurance for life

Many people are unsure whether life insurance is important, especially as they get older.

Here we look at the benefits of having life insurance at each stage of your life - whether you are an accumulator, pre-retiree or retiree.

### Why you have life insurance

Unlike car insurance or home and contents insurance, life insurance is not designed to protect your hard-earned assets – it is taken out to avoid your partner and your family suffering a financial loss should you become seriously ill or die.

Many people find it easier to link insurance to something that has a dollar value, like a car, and so often struggle to see the value in taking out life insurance.

They may also think that the chance of an accident involving their car is greater than the chance of something unexpected happening to them, but this is not necessarily true.

When deciding on whether you need life insurance at different stages of your life, there is only one question that you need to ask yourself – will someone in your life suffer a financial loss if you are unable to work or die?

### If you are accumulating wealth...

Life insurance is definitely worth considering when you're planning for the future – whether that's buying your first home, saving for your children's education or providing a comfortable lifestyle for your family.

It's easy to think 'it won't happen to me', however for most people there would be an impact on their family if they were to lose their ability to earn an income.

It's important to remember that, while most people do have some life insurance through their super, in most cases this isn't enough to cover all their ongoing expenses should something happen.

Life insurance should change as you accumulate wealth, and you need to have yourself covered *before* the unexpected happens.

### If you are a pre-retiree...

As you move closer retirement, having enough life insurance allows you to cover any shortfall in your retirement savings plan, should something happen to you or your spouse before you give up work and live off your savings.

This is the time when many people will accelerate their retirement savings plan, which is why it's important to protect your income as you look to pay off the final part of your mortgage, increase contributions to super and build your investment portfolio.

What prompts many pre-retirees to re-consider their life insurance is that premiums can rise significantly during this period.

Securing a policy with level premiums much earlier in life is one way to avoid this, providing you with appropriate cover as you move closer to retirement.

### If you are retired...

One of the first things people do when they retire is look to cancel their life insurance – the rationale being that if they have saved enough money on which to retire, their partner or family won't be left in a worse financial situation.

However, keeping your life insurance throughout your retirement gives you more options should your circumstances change and you decide to go back to work.

You can also use life insurance to protect against the risk of outliving your retirement savings, or if you become ill and require expensive medical care over a long period.

Another benefit is to use life insurance within your estate plan, something that could allow you to leave your children an inheritance when you die.

### We can help

We can show you the benefits of holding life insurance throughout your life, whatever your age or financial situation.

