



## Starting small with personal insurance

For many people, personal insurance is something they think they will never need. But the reality is, many do.

Deciding what type of personal insurance is appropriate can be quite overwhelming.

There are so many different products, all with slight variations – so where do you start?

A good approach when you are thinking about taking out personal insurance is to start small.

### If you're accumulating wealth...

The key to building up your wealth, whether that is through a regular savings plan, buying your first home, increasing your contributions into super or investing directly in shares, is to maintain and even increase your income.

Your income is what binds everything together, however what would happen if you suddenly weren't receiving an income?

Not only does cardiovascular disease (including heart, stroke and blood vessel diseases) affect one in six Australians (3.7 million), it also prevents 1.4 million people from living a full life because of disability.<sup>1</sup>

This is where income protection insurance (also called salary continuance) is worth considering, as it allows you to receive up to 75% of your income should you be unable to work for a period of time.

### If you have a family...

Having a family means there are a lot of people depending on you, and your ability to earn a regular income.

Insurance can provide peace of mind, knowing that your family is protected should something unexpected happen.

And when you consider that 1 in 2 Australian men and 1 in 3 Australian women will be diagnosed with cancer by the age 85<sup>2</sup>, you can see how important it is to secure your family's future.

<sup>1</sup> Data and statistics – [www.heartfoundation.org.au/information-for-professionals/data-and-statistics](http://www.heartfoundation.org.au/information-for-professionals/data-and-statistics), February 2015

<sup>2</sup> Cancer Council Australia – Facts and Figures [www.cancer.org.au/about-cancer/what-is-cancer/facts-and-figures.html](http://www.cancer.org.au/about-cancer/what-is-cancer/facts-and-figures.html), February 2015

Having a life insurance policy in place for both you and your partner will help cover your living expenses and allow the surviving partner to take time off work should something happen to you.

### If you are close to retirement...

Around the same time that you start thinking about your retirement plans is when the risk of suffering a major trauma also starts to increase significantly.

While more than 80% of all people with Parkinson's disease are aged over 65, the average age of diagnosis is 55 to 65.<sup>3</sup>

Having trauma insurance in place will help to protect you against the costs of such a life-changing event by providing you with an immediate lump sum.

This can be used to cover your living expenses while you or your partner take time off work, pay down debts or cover any modifications to your home or car.

Trauma insurance also helps to reduce the likelihood of drawing on the savings that you have worked so hard to build up before retirement.

### If you're retired...

Life expectancy is now 84.1 years for males and an even higher 87 years for females<sup>4</sup>, making it much more likely for events to occur that require expensive medical treatment and ongoing care.

It also means you or your partner could be left with a much lower level of retirement savings should one of you become ill.

To give you an idea, in 2009 over one-third (35%) of Australians who experienced a stroke had a resulting disability.<sup>5</sup>

Given you are not able to replace the costs of treatment as you have stopped working, having either trauma insurance or life insurance in place can help to cover the costs associated with this treatment, and maintain your existing standard of living.

<sup>3</sup> 'Australia's Health 2014' – Australian Institute of Health and Welfare, May 2014

<sup>4</sup> 'Australia's Health 2014' – Australian Institute of Health and Welfare, May 2014

<sup>5</sup> 'Australia's Health 2014' – Australian Institute of Health and Welfare, May 2014

