Get covered for life

An Educational Guide produced by Suncorp

Contents

You can't always protect yourself and your loved ones from life's uncertainties. Although we don't like to think about it, we know that traumatic and tragic events may not always only happen to other people.

It is important to protect your home and car. And most people do. But it is also important to protect your life, your ability to earn an income, your health and your business interests.

Protecting loved ones from financial hardship should be an integral part of any financial plan.

This guide explains why life insurance is so important for you and your family. It provides an overview of the different types of life insurance strategies available and case studies showing how they could protect you and your loved ones.

With the help of a Suncorp Financial Planner or Suncorp Authorised Representative, you can then develop a comprehensive risk management plan and decide how much is enough to keep you and your family's lifestyle, dreams and future financially secure.

Thinking about the unthinkable

Though it's unpleasant to think about some of the 'what ifs' in life, it's important to take the time to evaluate how well you are protected against the financial impact of a traumatic or tragic event.

Are your assets and finances secure? If not, who would be affected by your lack of financial security?

The following worksheets will help you understand why it's important to insure your most important assets, what these assets are, and who is reliant on your financial wellbeing.

Have you got a plan?

Life is full of surprises, but are you prepared for some of these?

- the unexpected death of you or your partner
- having to take time off work for an extended period if you or a close family member, including children, suffered an illness or injury
- dealing with the birth of a child
- becoming a carer to one or both of your parents or grandparents
- coping with a divorce or a relationship breakdown.

Does your plan for financial security include insurance? If so, what do you insure?

What do you consider to be your most important asset?

Rank these items from 1 – 7 in order of importance. 1 is the most important, 7 is the least important to you. Record whether or not you currently insure these assets.

Asset	Rank	Insured?
House	☐	Yes ☐ No ☐
Home contents	☐	Yes ☐ No ☐
Investments	☐	Yes ☐ No ☐
Car	☐	Yes ☐ No ☐
Health	☐	Yes ☐ No ☐
Ability to produce an income	☐	Yes ☐ No ☐
Valuables (e.g. jewellery)	☐	Yes ☐ No ☐

Only 4% of Australian families with dependants have enough life cover to sustain their family's lifestyle if either parent died.[1]

Protecting your family financially may not be as expensive as you think – it costs from as little as 70c per day.[1]

1 IFSA – Rice Walker Fast Facts: A nation exposed! Underinsurance key facts, August 2005

This working life

Even an annual income of $30,000 today is potentially worth more than $1 million* over a twenty year period. Imagine no longer having access to that potential fortune, which is so vital to you and your family.

Where did you rank your ability to produce an income?

Your ability to work and earn an income is your most important asset. It supplies the capital to fuel the lifestyle that you and your family enjoy now, and are looking forward to in the future. Most of us insure our house and car, but fail to insure our livelihood. But look at how important a lifetime of your income is to you and your family.

*The table below illustrates your potential earnings over 20 years and takes into account estimated annual CPI increases (3% pa) and pay increases (3% pa). The table represents your gross income, cumulating over time.

Who wants to be a millionaire?								
Your annual income in year 1	$30,000	$40,000	$50,000	$60,000	$70,000	$80,000	$90,000	$100,000
Total income year 2	61,800	82,400	103,000	123,600	144,200	164,800	185,400	206,000
Total income year 3	95,508	127,344	159,180	191,016	222,852	254,688	286,524	318,360
Total income year 4	131,238	174,985	218,731	262,477	306,223	349,969	393,715	437,462
Total income year 5	169,113	225,484	281,855	338,226	394,597	450,967	507,338	563,709
Total income year 6	209,260	279,013	348,766	418,519	488,272	558,025	627,779	697,532
Total income year 7	251,815	335,754	419,692	503,630	587,569	671,507	755,445	839,384
Total income year 8	296,924	395,899	494,873	593,848	692,823	791,797	890,772	989,747
Total income year 9	344,739	459,653	574,566	689,479	804,392	919,305	1,034,218	1,149,132
Total income year 10	395,424	527,232	659,040	790,848	922,656	1,054,464	1,186,272	1,318,079
Total income year 11	449,149	598,866	748,582	898,299	1,048,015	1,197,731	1,347,448	1,497,164
Total income year 12	506,098	674,798	843,497	1,012,196	1,180,896	1,349,595	1,518,295	1,686,994
Total income year 13	566,464	755,286	944,107	1,132,928	1,321,750	1,510,571	1,699,392	1,888,214
Total income year 14	630,452	840,603	1,050,753	1,260,904	1,471,055	1,681,205	1,891,356	2,101,507
Total income year 15	698,279	931,039	1,163,798	1,396,558	1,629,318	1,862,078	2,094,837	2,327,597
Total income year 16	770,176	1,026,901	1,283,626	1,540,352	1,797,077	2,053,802	2,310,528	2,567,253
Total income year 17	846,386	1,128,515	1,410,644	1,692,773	1,974,902	2,257,030	2,539,159	2,821,288
Total income year 18	927,170	1,236,226	1,545,283	1,854,339	2,163,396	2,472,452	2,781,509	3,090,565
Total income year 19	1,012,800	1,350,400	1,688,000	2,025,600	2,363,199	2,700,799	3,038,399	3,375,999
Total income year 20	1,103,568	1,471,424	1,839,280	2,207,135	2,574,991	2,942,847	3,310,703	3,678,559

Financial family tree

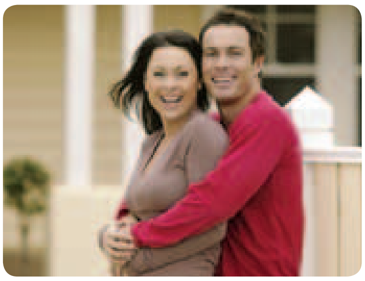
Insuring yourself protects you and your family. The financial family tree shows how far financial dependency can reach.

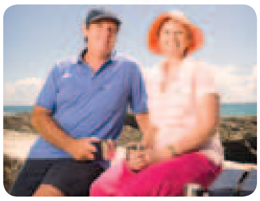
Who would be affected financially if something happened to you? Whose financial security affects you?

Your grandparents

Your partner's grandparents

You and your partner





Your parents

Your partner's parents

Your children

Other family members including brothers, sisters, children from other marriages, their siblings

Other family members including brothers, sisters, children from other marriages, their siblings

Why is insurance so important?

It is easy to dismiss illness and injury with 'it won't happen to me'. But millions of Australians, who might once have thought so too, have been impacted by serious illness or injury.

'It won't happen to me'

- 1 in 3 men and 1 in 4 women will suffer from cancer before age 75.[2]
- An Australian dies every 10 minutes from cardiovascular disease – 50,292 people in 2004.[3]
- A 40 year old male has 1 in 2 chances of having coronary heart disease in their lifetime.[4]
- A 30 year old male has a 1 in 3 likelihood of suffering a serious illness or injury before age 70.[5]
- In 2004 over 1,500 people were killed in motor vehicle accidents in Australia.[6]
- Injury is the leading cause of death among people who are under 45 years of age.[7]
- Nearly 1 in 10 men will develop prostate cancer during their lifetime. Each year around 10,000 Australian men are diagnosed with the disease and 2,500 die of it.[8]

What are the different types of life insurance products?

There are five main types of insurance cover. Some pay a lump sum, and others pay an ongoing monthly amount.

The table below gives a brief description of each insurance product, and the following pages contain case studies, based on real claims, that illustrate why having insurance can be so important.

Type of cover	What does it do?
Life Cover	Also called 'life insurance' or 'term life'. Pays your beneficiaries a lump sum when you die or become terminally ill.
Total and permanent disability (TPD)	Pays a lump sum if you become totally and permanently disabled.
Trauma	Also called 'Recovery insurance'. Pays a lump sum if you are diagnosed with either a serious illness such as cancer, heart attack or stroke, or undergo major surgery such as a coronary artery bypass. Children's Trauma cover may also be available, which pays a lump sum if your child suffers a serious medical condition.
Income Protection	Provides an ongoing monthly payment of up to 80% of your pre-tax income if you are temporarily unable to work due to illness or injury.
Business Expenses	Reimburses business owners on a monthly basis to cover fixed business costs (such as rent, staff wages and electricity) if you are temporarily unable to work due to illness or injury.

2. 'Cancer in Australia 2001', Cancer Series no. 28, Australian Institute of Health and Welfare, www.aihw.gov.au
3. 'The Shifting Burden of Cardiovascular disease in Australia', Access Economics and Heart Foundation 2005, www.heartfoundation.com.au
4. 'Heart, Stroke and Vascular disease', 2001 Australian Institute of Health and Welfare, www.aihw.gov.au
5. Based on the Suncorp Group's claims data. Based on insured, non-smoking lives.
6. Year Book Australia 2006, www.abs.gov.au
7. 'Injury Prevention Control', 2005, Australian Institute of Health and Welfare, www.aihw.gov.au
8. Prostate Cancer Foundation of Australia 2004, www.prostate.org.au/disease

What is Life Cover insurance?

Life Cover is also commonly known as term life or life insurance. Life insurance provides a lump sum on your death or on the diagnosis of terminal illness.

Life Cover provides financial support when it's needed most, giving your loved ones financial security and freedom to make choices about their future.

The right amount of Life Cover differs from person to person. With the help of your adviser you can calculate an appropriate sum insured for your circumstances which will reflect your debts and the ongoing income requirements of your dependants.

Some life insurance companies offer added benefits and features. When you do your research and talk to your adviser, look out for extras such as:

- *funeral advancement benefit* – this pays an advanced portion of the sum insured to cover funeral costs.
- *grief support services* – confidential grief counselling at an independant counselling organisation

How much is enough?

How much Life Cover you need depends on several factors. Use the Life Cover calculator (opposite) as a guide.

Your financial adviser can help accurately assess your circumstances and calculate the appropriate level of cover to protect you and your family.

How much does it cost?

Life Cover premiums vary according to many factors, including your age and lifestyle. For example, for a 40-year-old non-smoking man, a life insurance policy of around $1.13 million may cost just $15.41 a week*– or about the price of a cup of coffee a day.

The cost of Life Cover can sometimes be reduced if it is bought as part of a package also including TPD and Trauma cover.

* Based on a Suncorp death cover policy for a non-smoking man age 40, with premiums paid annually.

You can generally buy your Life Cover within super, or outside of super depending on the type of cover.

Speak to a Suncorp Financial Planner or Suncorp Authorised Representative about which option is right for you.

Life Cover calculator

Ongoing income required					
Spouse requires	$	per annum (pa)	for	years	total =
Child/children require	$	pa	for	years	total =
Other dependants require	$	pa	for	years	total =
Total					Total =

Lump sum to eliminate or reduce debt	
Mortgage (residence)	$
Mortgage (investment properties)	$
Shares or other investments	$
Personal loans	$
Credit cards	$
Total	Total =

Lump sum for additional expenses	
Children's education	$
Funeral expenses	$
Medical expenses	$
Total	Total =

Assets that could be converted to cash	
Superannuation	$
Investments	$
Shares	$
Other	$
Total	Total =

How much Life Cover is enough?	
Total lump sum required for ongoing income	
	+
Total lump sum to eliminate or reduce debt	
	+
Total lump sum for additional expenses	
	–
Total value of assets that could be converted to cash	
	–
Existing Life Cover insurance	
	=
Total Life Cover insurance shortfall	

What is Total and Permanent Disability insurance?

Total and Permanent Disability insurance (TPD) provides a lump sum if you suffer an illness or injury that leaves you totally and permanently disabled.

TPD insurance benefits are often used to eliminate debts, pay for medical expenses or fund any permanent lifestyle changes resulting from disablement.

TPD definitions may vary depending on the particular product and insurance policy.

It is important to do your research and speak to a financial adviser so you can consider, among other things, what definition may be most appropriate for you taking into account your personal circumstances. Some policies can provide for two or more TPD definitions such as those listed below. Depending on your circumstances a policy that allows you to claim under any one of these (or similar) definitions may be more beneficial to you.

1. Unlikely to ever work in your ‘own’ or ‘any’ occupation again.
2. Permanently unable to perform two of the following ‘Activities of Daily Living’ without someone else’s physical help:
    - bathing and showering
    - dressing and undressing
    - eating and drinking
    - maintaining continence
    - getting in and out of bed (or a chair or wheelchair)
3. Loss of sight or use of limbs.
4. Suffer significant cognitive impairment (dementia-type illnesses).

What is the difference between an ‘own’ or ‘any’ occupation definition?

Most companies allow you to choose whether you want coverage against being unlikely to be able to work in your ‘own’ occupation or in ‘any’ other occupation again, after suffering an illness or injury.

For example, a surgeon who injures her hands in a car accident may not be eligible for benefits under an ‘any’ occupation definition, as she is still qualified (and able) to work as a general practitioner.

However, if the surgeon has an ‘own’ occupation policy, she may be eligible to claim, as she is unlikely to ever work as a surgeon again.

An ‘own’ occupation TPD definition is potentially less restrictive. In helping you to choose the right Insurance policy, your financial adviser can assist you in deciding what definition is most appropriate for your personal circumstances.

How much does it cost?

TPD premiums vary according to many factors including your age and occupation. For example, a 30-year-old male electrician or female registered nurse may be able to buy a TPD policy worth $639,356 for approximately $2 a day – or roughly the equivalent cost of a takeaway pizza once a week.*

The cost of TPD can sometimes be reduced if it is bought as part of a package also including Life and Trauma cover.

* Suncorp policy, non-smoker, stepped premium paid annually, Queensland resident, own occupation TPD.

How much is enough?

How much Total and Permanent Disability insurance you require depends on a number of different factors. Use the TPD calculator (opposite) as a guide.

Your financial adviser can assist you to accurately assess your circumstances and calculate the appropriate level of cover to protect you and your family.

TPD insurance calculator

Ongoing income required						
You require	$	per annum (pa)	for	years	total =	
Total					Total =	
Lump sum to eliminate or reduce debt						
Mortgage (residence)					$	
Mortgage (investment properties)					$	
Shares or other investments					$	
Personal loans					$	
Credit cards					$	
Total					Total =	
Lump sum for additional expenses						
Medical expenses					$	
Lifestyle and home modification costs					$	
Cost of a carer					$	
Total					Total =	
Assets that could be converted to cash						
Investments					$	
Shares					$	
Other					$	
Total					Total =	

How much TPD insurance is enough?	
Total lump sum required for ongoing income	
	+
Total lump sum to eliminate debt	
	+
Total lump sum for additional expenses	
	–
Total value of assets that could be converted to cash	
	–
Existing TPD insurance	
	=
Total TPD insurance shortfall	

What is Trauma insurance?

Trauma insurance – or Recovery insurance – provides you with a lump sum on the diagnosis (or occurrence) of one of a list of specified serious medical conditions and procedures. Each insurance company maintains their own list, but they generally include serious medical conditions such as cancer, heart attack or stroke.

Trauma insurance is designed to provide you with money when you need it most. You can generally use the money how you choose, for example to cover medical costs and treatment, or to reduce debt. Some people choose to make a permanent lifestyle change, such as reducing their working hours, so they can spend more time with family.

About Trauma insurance

Differences between policies

Medical definitions vary between insurance companies, so make sure you do your research and seek assistance from your adviser when choosing a policy. What one company defines as a 'severe burn' may not be considered 'severe' enough by another.

Some companies also offer partial payments, depending on the level of severity of your condition.

Most policies will cover you for the following list of illnesses and injuries:

- aplastic anaemia
- blindness
- cancer
- cardiomyopathy
- chronic kidney (renal) failure
- chronic liver failure
- chronic lung failure
- coma
- coronary artery angioplasty – triple vessel
- coronary artery surgery
- deafness
- dementia
- encephalitis
- heart attack
- heart surgery (open)
- HIV – medically acquired
- HIV – occupationally acquired
- intensive care
- benign intercranial tumour
- loss of speech
- major head trauma
- major organ transplant
- Meningitis
- Motor Neurone Disease
- Multiple Sclerosis
- Muscular Dystrophy
- out of hospital cardiac arrest
- paralysis
- Parkinson's Disease
- primary pulmonary hypertension
- repair or replacement of aorta
- repair or replacement of valves
- severe burns
- stroke.

How much does it cost?

Trauma premiums vary according to many factors including your age and occupation. For example, a 40-year-old female registered nurse may be able to buy a Trauma policy worth $152,256 for less than $2 a day – roughly the equivalent weekly cost of renting a couple of DVDs.*

The cost of Trauma cover can sometimes be reduced if it is bought as part of a package also including Life and TPD Cover.

* Suncorp Recovery Stand Alone policy, stepped premium paid annually, Queensland resident.

How much is enough?

How much Trauma insurance you require depends on a number of different factors. Use the Trauma calculator (below) as a guide.

Your financial adviser can assist you to accurately assess your circumstances and calculate the appropriate level of cover to protect you and your family.

Trauma insurance calculator

Ongoing income required					
You require	$	per annum (pa)	for	years	total =
Total					Total =
Lump sum to eliminate or reduce debt					
Mortgage (residence)					$
Mortgage (investment properties)					$
Shares or other investments					$
Personal loans					$
Credit cards					$
Total					Total =
Lump sum for additional expenses					
Medical expenses					$
Lifestyle and home modification costs					$
Total					Total =
Assets that could be converted to cash					
Investments					$
Shares					$
Other					$
Total					Total =
How much Trauma insurance is enough?					
Total lump sum required for ongoing income					
					+
Total lump sum to eliminate or reduce debt					
					+
Total lump sum for additional expenses					
					–
Total value of assets that could be converted to cash					
					–
Existing Trauma insurance					
					=
Total Trauma insurance shortfall					

What is Children's Trauma insurance?

Children's Trauma insurance – or Child Cover – provides you with a lump sum payment should your child die, get diagnosed with a terminal illness or suffer one of a list of specified medical conditions or procedures. The benefit is paid on diagnosis or occurrence of the illness or injury.

Children's Trauma is designed to ease the financial pressure on families. Benefits are often spent on medical treatment, rehabilitation, replacing income if a parent takes time off work, or to take the family on holiday, during what is often a very stressful time for them.

Differences between policies

As with adult Trauma insurance, each insurance company maintains their own list of illnesses and injuries, but most include:

- blindness
- brain damage
- cancer
- chronic kidney failure
- deafness
- encephalitis
- intensive care
- intercranial benign tumour
- loss of limbs or sight
- loss of speech
- major head trauma
- major organ transplant
- meningitis
- paralysis
- severe burns
- stroke.

Medical definitions also vary between insurance companies, so do your research and talk to a financial adviser before deciding on a policy.

Look for a policy that has a continuation option – which means that after your child turns a particular age, the policy can be converted to an adult version.

How much does it cost?

As an example look at Suncorp's Child Cover. If it is bought with another Suncorp Life Cover, TPD, Recovery or Recovery Stand Alone policy, Suncorp's Child Cover option is premium free for up to $10,000 of cover. Additional cover costs just $1 per month for each $10,000 worth of cover. For example, $50,000 of cover may cost just $4 per month for each eligible child.

How much is enough?

How much Children's Trauma insurance you require depends on a number of different factors. Use the Children's Trauma calculator (opposite) as a guide.

Your financial adviser can assist you to assess your circumstances and calculate the appropriate level of cover to protect you and your family.

Children’s Trauma insurance calculator

Ongoing income required					
You require	$	per annum (pa)	for	years	total =
Total					Total =

Lump sum for expenses	
Medical expenses	$
Rehabilitation costs	$
Hotel accommodation costs	$
Transportation costs	$
Lifestyle and home modification costs	$
Total	Total =

How much Children’s Trauma insurance is enough?	
Total lump sum required for ongoing income	
	+
Total lump sum for expenses	
	–
Existing Children’s Trauma insurance	
	=
Total Children’s Trauma insurance shortfall	

What is Income Protection?

Income Protection pays a monthly amount while you are unable to produce an income as a result of illness or injury.

Many policies will cover up to 75% of your salary if you are totally or partially disabled.

By replacing your regular income, Income Protection payments can help you and your family maintain a level of financial normality. Income Protection gives you the financial freedom to focus on your recovery or treatment, without worrying about regular expenses.

Income Protection policies are very flexible and can be tailored to suit your individual and family circumstances.

Waiting periods

The 'waiting period' is the time between you becoming unable to work and receiving your first income protection payment. You can generally choose a waiting period between fourteen days and two years. A shorter waiting period usually means a higher premium.

Benefit periods

The benefit period is the period during which you receive your income protection payments. You can generally choose between a two or five year benefit period or up to age 65.

Agreed value and indemnity contracts

You may be able to apply for an 'agreed value' contract or an 'indemnity' contract.

An agreed value contract usually means that the monthly payment stipulated in your policy will be the amount you receive if you make a claim.

An indemnity contract means the monthly payment will be assessed when you make a claim.

Included and optional extras

Most Income Protection policies include certain benefits at no extra charge, and optional benefits for an additional cost.

Included benefits might be:

- a recurring disability benefit
- an elective surgery benefit
- a specific injury benefit
- a death benefit.

Additional benefits might include:

- an accomodation benefit
- a bed confinement benefit
- a crisis benefit
- a family assist benefit

How much is enough?

How much Income Protection insurance you require depends on a number of different factors. The maximum you can insure yourself for is generally 75% of your gross income.

Premiums for Income Protection are generally tax deductible. However, tax is payable on benefit payments.

Your financial adviser will be able to help you determine the appropriate level of cover to insure your income.

How much does it cost?

Premiums for income protection vary considerably, depending particularly on your age, your occupation, the amount covered, and the waiting period chosen.

For example, a 40-year-old female registered nurse earning $28,544 per annum may be able to buy income protection that would pay a benefit of $1,750 a month for approx $30.38 a week – about the equivalent of buying a lunchtime sandwich each weekday.*

For the same premium amount, a 30-year-old male licensed electrician earning $78,000 per annum may be able to buy income protection that would pay a benefit of $4,890 a month.*

* Suncorp Income Protector, non-smokers, stepped premium paid annually, Queensland residents, 30 day waiting period, benefit period to age 65, increasing claim.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AE 1005
300 x 380 x 210

What is Business Expenses insurance?

Business Expenses insurance pays a monthly benefit to cover fixed business costs if you suffer an illness or injury and are unable to work.

It works on a similar principle to income protection, as it pays a monthly benefit. However, its purpose is significantly different.

Business Expenses insurance is designed to cover the fixed day-to-day costs (up to the monthly benefit) of running your business in your absence, such as the cost of a locum, rent, staff salaries, equipment expenses, loans and other business overheads like electricity and cleaning bills.

Waiting periods

You can generally choose a waiting period between 14 and 90 days, after which your benefit becomes payable. A shorter waiting period usually means a higher premium.

Like Income Protection, Business Expenses policies are very flexible and can be tailored to suit your individual needs and circumstances.

"But I already have Business Interruption insurance…"

Business Interruption insurance is different from Business Expenses insurance. Business Interruption insurance is not related to your health or ability to work, but pays you a monthly amount to cover the cost of fixed business expenses if a 'trigger' event occurs. Trigger events for Business Interruption insurance include things like fire or water damage.

How much is enough?

How much Business Expenses insurance you need depends on several factors. Use the Business Expenses calculator (opposite) as a guide.

Your financial adviser can help accurately assess your circumstances and calculate the appropriate level of cover to protect you, your business and your family.

How much does it cost?

As with Income Protection, Business Expenses insurance premiums vary considerably, depending particularly on your age, occupation, the amount covered, and the waiting period chosen.

For example, a 30-year-old female hairdresser may be able to buy Business Expenses cover of $4,615 a month for $3.50 a day – about the equivalent cost of a decent bottle of wine once a week.*

For the same premium amount, a 40-year-old electrician may be able to buy Business Expenses cover of $5,500 per month.*

* Suncorp policy, non-smokers, stepped premiums paid annually, Queensland residents, 30-day waiting period.

Business Expenses monthly benefit calculator

Premises		
Rent or interest/fees on a loan to finance premises*	$	p/m
Insurance of premises*	$	p/m
Property rates/taxes*	$	p/m
Security costs*	$	p/m
Repairs and maintenance*	$	p/m
Total	Total =	p/m
Services		
Telephone: land line* and mobile	$	p/m
Utilities: gas, electricity, water*	$	p/m
Cleaning and laundry*	$	p/m
Total	Total =	p/m
Equipment		
Lease or financing costs (premises and car)	$	p/m
Registration and insurance of vehicles and equipment	$	p/m
Repairs and maintenance of equipment	$	p/m
Total	Total =	p/m
Salaries and related costs		
Salaries of employees who do not generate any business income*	$	p/m
Payroll tax and Superannuation (SG) on the above salaries	$	p/m
Total	Total =	p/m
Other		
Regular advertising costs	$	p/m
Accounting and auditing fees	$	p/m
Bank fees and interest fees	$	p/m
Professional association dues and subscriptions	$	p/m
Total	Total =	p/m

How much Business Expenses indurance is enough?	
Total premises expenses	
	+
Total services expenses	
	+
Total equipment expenses	
	+
Total salaries and related costs	
	+
Total other	
	–
Existing Life Cover insurance	
	=
Total Life Cover insurance shortfall	

*Indicates that the item is not insurable if your office is your residential address. Mobile phone excluded.

Case studies

Life Cover and Total and Permanent Disability

Life Cover

Karen was a 38-year-old office manager, working for a manufacturing company. Two years earlier, she and her husband had divorced, leaving her with a mortgage and sole responsibility for the care of her 14-year-old son, Steven.

Now a single parent, Karen became more aware of her financial vulnerability. At the suggestion of a friend who had been in similar circumstances, she consulted a financial adviser.

The adviser carefully talked her through her various options and devised a plan to financially protect her and Steven, if something ever happened to her. Steven had always worked hard and done well at school, and she was particularly concerned to make sure that he would be able to afford to go on to university, if he wanted to.

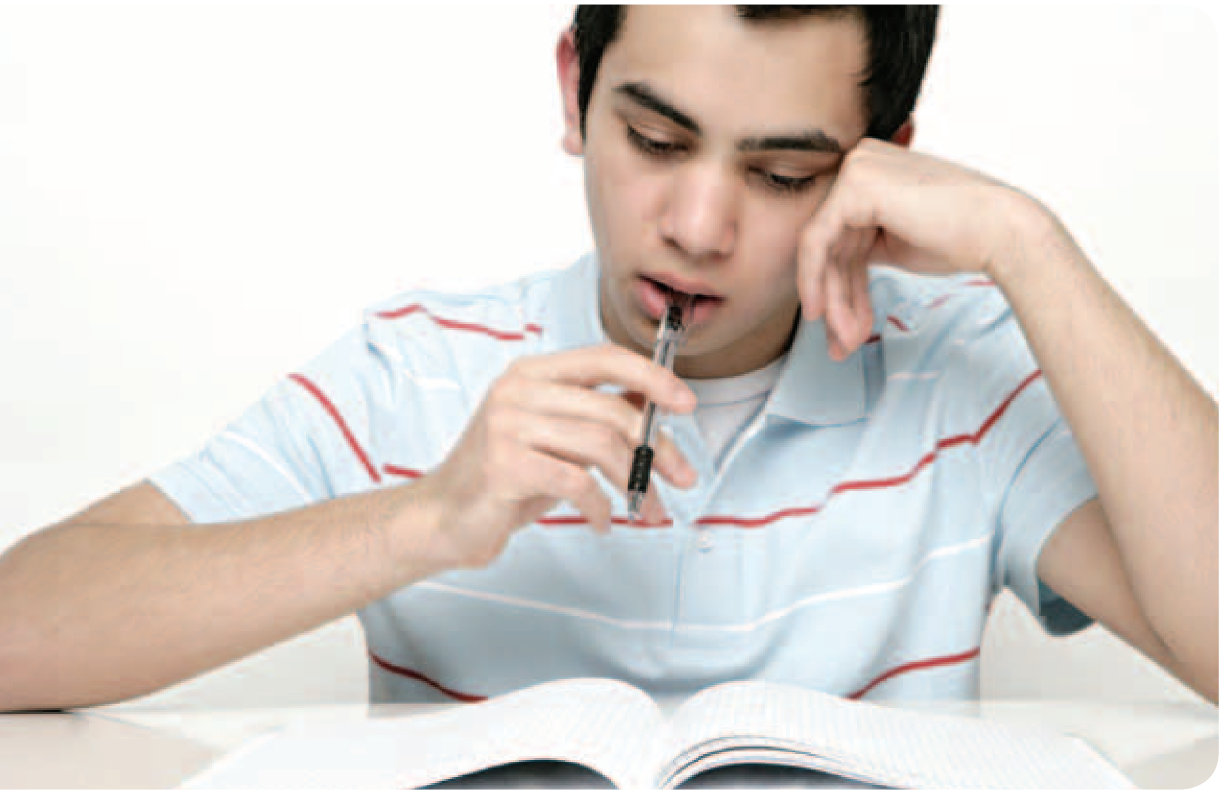
She took out a life cover and trauma policy for $500,000. She also took out an income protection policy, in case she ever became temporarily unable to work.

Less than two years later, Karen went home from work early one afternoon with a bad headache and the feeling she might be getting the flu. Later that day she lost consciousness and was rushed to hospital. She had suffered a brain haemorrhage, and died that evening without regaining consciousness.

Under her life policy, Karen had nominated Steven as her sole beneficiary. He received the $500,000 through a trust fund set up by the fund's solicitors.

Steven is now working hard for his HSC, with plans to become a doctor. Or a vet. Or maybe an architect. Or perhaps…

Based on a real claim. Names have been changed.
This is an example only. Grounds for making a claim and level of benefit can vary from one policy to another depending on their terms.



Total and Permanent Disability

John is a 52-year-old general medical practitioner who works during the week in a suburban medical centre. His main passion in life is his hobby farm two hours from the city.

John and his wife Anne bought the property three years ago, with the plan that he would work full-time for another six or seven years. After that, all their children would have left home and completed university, and they would sell the family home and move to the country permanently. This would also allow time for John to renovate the derelict farmhouse on the property so he and Anne could live there.

Six months ago, he was spending another weekend renovating the farm house. While propping up some floor timbers he dislodged a large wooden beam, which fell on him. It caused a severe fracture of the left knee, head lacerations and concussion, a fractured shoulder, three broken ribs and four fractured vertebrae.

Knowing first hand through his professional life the effects that injury and illness can have on people's lives, John had always been a believer in having adequate insurance protection for himself and his family.

Many years before he had worked with his financial adviser and had taken out a comprehensive insurance plan. He had always been careful to keep the plan updated over the years, particularly when major events had happened, such as the birth of his children, and when he and Anne had bought a more expensive house.

John had a TPD policy worth $1.125 million with an 'own occupation' definition. Relatively soon after his accident, he received medical advice that while he had the capability to return to some form of work, he could never again work in medicine as a general practitioner. His claim for 'own occupation' TPD was approved, and the payment made.

Although his injuries prevented John from retiring from medicine on his own terms, the payment funded all his medical and rehabilitation bills, and also enabled him and Anne to still fulfil their plan of retiring to the farm once the children had left home. He will also now be able to fund their university education from his insurance payment.

Anne was particularly pleased that the insurance payment also enabled them to engage a professional architect and builders to complete their dream home.

Based on a real claim. Names have been changed.
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Case studies

Trauma and Income Protection

Trauma

Darren, 34, is an electrician employed by a national building contractor, when six years ago on the advice of his older brother, Darren talked to a financial adviser about insurance protection. Although single at the time with no children or major financial commitments, he insured his life and took out income protection and trauma cover of $200,000.

Darren's main interest in life, aside from Kerry, his partner of two years, is cricket. Priding himself on keeping fit and healthy, he is a longstanding member of his local club side with a reputation as a reliable opening batsman.

One Sunday at an away match two hours from home, he was waiting to go out to bat when he suddenly blacked out and collapsed. He was rushed to hospital, semi-conscious.

Darren regained full consciousness at the hospital, and after urgent and extensive medical testing, he was diagnosed as having suffered a minor stroke. This news came as both a relief and a shock to him and Kerry – relief that he had not suffered something even more serious, and shock that someone his age could have a stroke, a medical condition they had both previously thought only affected much older people.

After a period of rehabilitation, he made an almost full recovery, but was told that he would be on medication for the rest of his life to prevent further strokes.

While he was convalescing, his brother reminded him to check with his financial adviser about whether any of the insurance policies he'd taken out a few years ago would cover him now. Darren did so and learnt he could claim under his trauma policy, since stroke was one of the stipulated medical conditions. With his adviser's help he made the claim and received the full payment of $200,000.

He and Kerry paid off a substantial part of the home loan they had only recently taken out. They also decided they needed a holiday, and used some of the money to take a luxury three-week trip to the USA and Mexico.

Darren also claimed on his Crisis benefit, under his income protection policy, while he was off work. This helped cover their everyday expenses such as their home loan and other bills.

Darren returned to work after four months, and resumed playing cricket two months after that, when the new season began. His team mates said the break appeared to have done nothing for his batting.

Income Protection

Maria was 41 and worked full-time as an assistant store manager in a large supermarket, earning around $65,000. The work was hectic and often stressful but the store was conveniently close to Maria and husband Paul's home.

Paul worked as a national sales manager and travelled frequently, so Maria often had to juggle her time between work and looking after their 12-year-old twin girls. One of the girls, Kylie, was very unhappy at school, which was causing great concern and putting more demands on Maria's time.

When the twins were born, Maria and Paul were concerned that they might not have enough insurance protection. They saw a financial adviser who recommended they insure their lives so that the children's care and education would be taken care of. The adviser worked out an appropriate sum of life cover, and advised that they both take out income protection cover.

Paul was away interstate in the run up to Christmas. It was the busiest time of year at the supermarket, and Maria was working extra shifts. Maria also had to go and see Kylie's school Principal several times.

This high-stress period of juggling responsibilities as a mother with her work commitments caused Maria to suffer a mental breakdown. Several other stress factors, which had been building over many years, worsened her condition.

Maria began receiving medical treatment for severe depression and with her adviser's help, made a claim under her income protection policy. The claim was approved and she began receiving the full benefit of $4,062 a month.

After three months, on her doctor's recommendation her insurer engaged a rehabilitation consultant, who undertook a workplace assessment and worked with Maria and her treating psychiatrist to plan a gradual return to work. Two months after that, Maria returned to work for two mornings a week, totalling eight hours, and earning $250 a week.

Maria's income protection policy allows her to work up to ten hours a week and still receive the full benefit. For the last five months, she has continued to work two mornings a week, and still receives the full insurance payment.

Maria is recovering well and will soon start increasing her working hours. The knowledge that the family's ability to pay their home loan and other expenses was unaffected by her time away from work has greatly helped her recovery.

Based on a real claim. Names have been changed.
This is an example only. Grounds for making a claim and level of benefit can vary from one policy to another depending on their terms.

Case studies

Child Cover

Children's Trauma insurance

Ron and Alison Freeman have two young children – Ewan, aged four and Laura, six. They live in a country town where Ron manages the local bowling club and Alison works as a receptionist in a car sales dealership.

Shortly after Ewan was born they moved into a larger house and took out a much bigger home loan. As a result of these two major changes in their lives, they visited an adviser for a review of their financial plan.

The adviser devised a risk protection plan for the whole family. It included life, TPD and trauma for Ron and Alison and children's trauma insurance of $50,000 each for Ewan and Laura. Ron and Alison had found it very difficult to even think about the need for insurance cover for the children. But they were surprised at how low the premiums were and the first $10,000 worth of cover was free.

Four years later, Ewan began experiencing fatigue and pneumonia-like symptoms. Alison took him to their GP and he was referred to a specialist at a hospital 300km away in the city. The specialist delivered the devastating news that Ewan had Lymphoblastic Lymphoma, a form of cancer.

The prognosis was alarming. Ewan was classified in a 'high risk group' because of the aggressive growth of the tumour and the high chance of it relapsing.

Ewan had to be moved to a hospital in the city to start chemotherapy straight away. He had intensive chemotherapy over a twelve-week period. He also had to undergo bone marrow biopsies and a series of lumbar punctures.

Alison left work and moved into a motel near the hospital so she could be at Ewan's bedside to support him through treatment. Every weekend, Ron and Laura drove to the city to stay with Alison and be with Ewan.

The insurance company provided the Freemans with a claim cheque for $50,000 within a week of the claim being notified. They used the money to fund Ewan's treatment, to pay travel and accommodation costs, and to pay the ongoing bills that would have been outstanding as Alison was no longer working.

Ewan is now back at home and back at school, but he still has a couple of years before the doctors can give him the all clear.

Ron and Alison are also now considering using some of the money to take Ewan and Laura to the Gold Coast for a much-needed holiday.

Based on a real claim. Names have been changed.
This is an example only. Grounds for making a claim and level of benefit can vary from one policy to another depending on their terms.

Case studies

Business Expenses, Income Protection, Trauma, Life and Total and Permanent Disability

Business Expenses and Income Protection

Robert Willis is a 36-year-old self-employed dental surgeon with a busy high street practice. He employs five full-time dental technicians and administrative staff, but he is the only dental surgeon.

Five years earlier, when his dental practice was just beginning to grow, Robert had consulted a financial adviser and taken out both an income protection policy and a business expenses policy.

Robert is a serious amateur surfer. He surfed twice during the week and every weekend. One Saturday morning, the seas were three-to-four feet, churned by passing storms. Even though Robert surfed relatively close to shore, he was unfortunately taken from the water nearly unconscious. He suffered an abrasion to his head and a fracture to his right scaphoid (wrist) bone. Being right-handed, this completely prevented him from undertaking his usual dental surgery tasks, and he was unable to treat any patients.

Robert talked to his financial adviser, who helped him make claims on both his income protection and business expenses policies, based on his inability to treat patients and thus undertake his usual occupation.

He now receives monthly benefits of $7,250 a month income protection, and $14,750 a month business expenses.

He is back at work for ten hours a week, as his policies allow him to work up to ten hours a week and still receive his full benefit.

Income from the business has fallen considerably since Robert can't treat patients, but the payments from the two policies enable him to cover his personal financial commitments, and also pay his fixed business expenses.

Robert's only regret is that he hadn't recently updated the sums insured under his policies, as his business turnover and income has increased substantially since he took the policies out. Fortunately, he has been able to fund the shortfall himself.

Based on the advice of his doctor and physiotherapist, Robert expects to be back at work full-time in two months.

Trauma, Life and Total and Permanent Disability

Sarah was a highly paid executive in the telecommunications industry. A keen jogger, she gradually began to feel a weakness in her legs while on her daily run. She was only 33 and at first put it down to overwork and general fatigue, but the symptoms persisted and worsened. Eventually she received the devastating news that she was suffering from multiple sclerosis (MS), a chronic, progressive, degenerative disease of the central nervous system. MS tends to occur in women at an earlier age than men, and affects more women than men.

Five years earlier, she and husband Simon had seen a financial adviser, and each taken out $1.5 million life and TPD Cover and $500,000 stand-alone trauma insurance. With the financial adviser's help she submitted a claim under her trauma policy and received the full benefit of $500,000.

She resigned from her job and paid off some of their mortgage, invested some of the payment to cover future medical expenses, and added a home office where she could work as a part-time consultant.

Sarah's MS rapidly progressed, leading to significant disability which prevented her from working at all. She submitted a claim for TPD based on 'own' occupation, because she could no longer work in her usual job. She and Simon used the $1.5 million payment to modify their home so she could continue living there.

As Sarah's symptoms worsened, her mobility became further impaired and she and Simon accepted that she must move into a full time care facility to get the attention she now needed. This would be very expensive, but the funds invested from her TPD claim two years earlier made it possible.

Recently, after ten years of living with MS, Sarah, tragically, was diagnosed as terminally ill. She was then able to claim in advance her death cover of $1.5 million, which will cover her ongoing 24/7 care.

Simon has used the Financial Planning Benefit, a feature of the policy, to ensure a secure financial future for him and their extended family.

Based on a real claim. Names have been changed.
This is an example only. Grounds for making a claim and level of benefit can vary from one policy to another depending on their terms.

Myth Busters

There are many misconceptions about insurance. Some people still regard it with suspicion, while others, believing they already have the protection they need, see it as an expensive, non-essential 'nice to have'. The reality can come as a shock.

The following 'myth busters' help dispel some of the more common misconceptions about insurance, and shed some light on who needs it and why it is so important.

Myth 1 – You're young and healthy. You don't need insurance.

Sadly, everyone is at risk of serious or fatal illness or injury, whatever their age. Take a look at these real life claims.

Term Life claims

Age at claim date	Sex	Cause of claim	Sum insured	Occupation	Policy held for (years)
34	M	Motor vehicle accident	$1,060,000	Floor tiler	0.6
35	M	Infection	$370,428	Farrier	7.0
35	F	Mouth and tongue cancer	$547,424	Home duties	5.6
36	M	Coronary artery disease	$100,000	Stock broker	0.5
37	M	Brain tumour	$281,897	Nurse	3.6
38	M	Leukemia	$444,188	Public servant	7.7
39	F	Ovarian cancer	$150,000	Senior police constable	6.8
39	M	Respiratory arrest	$358,877	Office clerk	5.6

Trauma claims

Age at claim date	Sex	Cause of claim	Sum insured	Occupation	Policy held for (years)
25	M	Lung cancer	$100,000	Floor tiler	0.3
27	M	Spinal injury	$258,000	Farrier	1.0
30	F	Major head trauma	$105,000	Home duties	2.8
34	M	Leukemia	$257,500	Stock broker	1.2
35	M	Testicular cancer	$231,750	Nurse	1.3
36	F	Multiple sclerosis	$137,670	Public servant	2.0
39	M	Heart condition	$135,714	Senior police constable	9.6
39	F	Heart attack	$51,335	Office clerk	9.7

Income Protection claims

Age at claim date	Sex	Cause of claim	Sum insured (Per Month)	Occupation	Policy held for (years)
22	M	Fractured wrist	$2,382	Bricklayer	1.4
24	M	Lower back injury	$2,987	Motor mechanic	1.5
30	M	Pneumonia	$3,847	Carpenter	1.3
31	F	Chronic fatigue syndrome	$5,344	Management	0.6
31	M	Skull fracture	$4,670	Company director	4.8
33	F	Arthritis	$4,106	General practitioner	3.5
34	F	Head trauma	$4,000	Interior designer	1.9
35	F	Depression	$10,848	Consultant	5.2

Source: A selection of the Suncorp Group's claims data.

Myth 2 – Insurance is too expensive.

It's a common misconception that insurance is expensive, whereas it is not having insurance that could cost you and your family everything. Most people are surprised to learn that life insurance is cheaper than they think.

It's too expensive to not have insurance!

- On average, cancer patients are admitted to hospital 5 times, use outpatient and accident and emergency services 21 times, visit a GP 26 times, use other medical services (outside of hospital) 36 times and have 14 prescriptions for drugs.[9]
- The cost for cancer drugs alone can reach as high as $60,000 pa.[10]
- The cost of a wheelchair can be more than $3,000.
- Additional costs of child care, electricity, laundry and taxis quickly add up.
- A funeral can cost anywhere between $4,000 and $7,000.[11]

The tables below indicate how much insurance you can purchase, starting from only $1 per day.

Life Cover – $1 per day can insure a lump sum of up to...		
Age (next birthday)	**Male**	**Female**
30	$435,376.51	$794,203.30
35	$435,376.51	$753,820.08
40	$361,362.50	$558,088.80
45	$253,587.72	$347,255.26

Assumptions: non smoker, stepped premium, paid annually, premium includes policy fee

Recovery Package (Life Cover, TPD and Trauma) – $2 per day can insure a lump sum of up to...		
Age (next birthday)	**Male (Electrician – licensed)**	**Female (Nurse – registered)**
30	$301,980.61	$299,354.69
35	$255,005.85	$220,976.35
40	$176,781.08	$162,708.96
45	$98,064.47	$107,580.59

Assumptions: non smoker, stepped premium, paid annually, own occupation TPD, premium includes policy fee

Income Protection – $3.50 per day (pre-tax) can insure a monthly benefit of up to...		
Age (next birthday)	**Male (Electrician – licensed)**	**Female (Nurse – registered)**
25	$4,812.42	$2,794.31
30	$4,812.42	$2,794.31
35	$3,623.42	$2,337.69
40	$2,752.13	$1,775.57
45	$1,874.18	$1,209.15

Assumptions: Income Protector policy, non smoker, stepped premium, paid annually, QLD resident, 30 day waiting period, age 65 benefit period, indemnity contract, increasing claim option, premium includes policy fee & stamp duty

9 'Health system expenditures on cancer and other neoplasms in Australia 2000 – 2001' Health and welfare expenditure series no 22, Australian Institute of Health and Welfare May 2005, www.aihw.gov.au

10 'Push for breast cancer to hit PBS', Sydney Morning Herald 21 October 2005

11 www.choice.com.au

Myth Busters (Continued)

Myth 3 – You have adequate insurance in your super fund

Many people have limited amounts of life insurance within their superannuation, known as 'group insurance', or perhaps some mortgage insurance.

Even so, Australians remain severely under insured. We generally don't have enough insurance to cover our debts if something happened to render us unable to work. Group insurance is usually based on your salary and not on how many financial dependants you have, your family circumstances or your level of debt.

Isn't my group insurance cover in my super enough?

Group insurance provides insurance for groups of people linked by a common factor, such as being employees of the same company, or members of the same superannuation fund.

Group insurance can provide the following cover options:

- Death (Life Insurance)
- Death and Total and Permanent Disablement (TPD)
- Temporary Salary Continuance (TSC).

Group insurance is a valuable benefit that your employer or superannuation fund provides. However, as with all insurance, it's essential that you work with your adviser to identify any gaps in your overall insurance protection. Together you can determine the best strategy to fill these gaps – perhaps by increasing or changing the cover in your group insurance policy or taking out personal insurance.

Items to consider when taking out group insurance:

- Is the sum insured enough?
- Is the waiting period and benefit period on your salary continuance policy suitable to your needs?
- Do you need trauma insurance?
- Does your policy have a continuation option that lets you keep your insurance if you leave the employer?
- Do you require any of the additional benefits a personal insurance policy can provide? These may include rehabilitation benefits for income protection or funeral advancement benefits for life cover insurance.
- Does the design of your group insurance plan complement your estate planning intentions as expressed in your Will? Beneficiary payments under super are taxed at different rates depending on the category your dependants fall into.

Often the Life and TPD sums insured under a group scheme are known as 'a reducing contract', meaning the sum insured reduces as you get older.

The cover held by those with life insurance through their superannuation represents 20% of the cover needed.[14]

14 IFSA – Rice Walker Fast Facts: A nation exposed! Underinsurance key facts, August 2005

Myth Busters (Continued)

Myth 4 – Private health insurance provides all the cover you need

Private health insurance is a great way to protect you and your family against medical expenses arising from illness or injury. The government provides incentives to Australians who have private health insurance, including 30% tax rebate on premiums and a reduction in the Medicare surcharge levy.

However, private health insurance, like insurance within superannuation, can also leave you with protection gaps and should be used as a complementary product to life, TPD, trauma and income protection insurance.

A good private health insurance policy will probably cover the immediate expenses of an illness or injury, while life insurance will protect your lifestyle from being disrupted.

What is private health insurance?

There are two types of private health insurance cover available: hospital cover and ancillary (or extras) cover.

The amount of treatment you are covered for depends on a number of factors, including the level of hospital cover you select, the hospital and doctor you choose to treat you, and whether they have an affiliation with your health fund.

Will private health insurance cover the cost of all my medical expenses and rehabilitation costs?

Not necessarily. Private health insurance may not cover the total cost of the doctors' services provided to you in hospital, or your out-of-hospital rehabilitation care including the costs of your medication.

This can leave you with a 'gap' between the cost of the treatment and the amount covered by your health fund.

Myth 5 – Centrelink will look after you

Australia's welfare system can be a great safety net. However, too many people rely on the disability pension for total support if a tragedy occurs.

What the majority of people don't realise is how little this pension provides in comparison to Australia's Average Weekly Ordinary Time Earnings (AWOTE).

Maximum rate of Disability Support Pension (under 21 with children or over 21)[15]

Status	Disability Support Pension rate per fortnight
Single	$701.10
Couple	$528.50 (each)

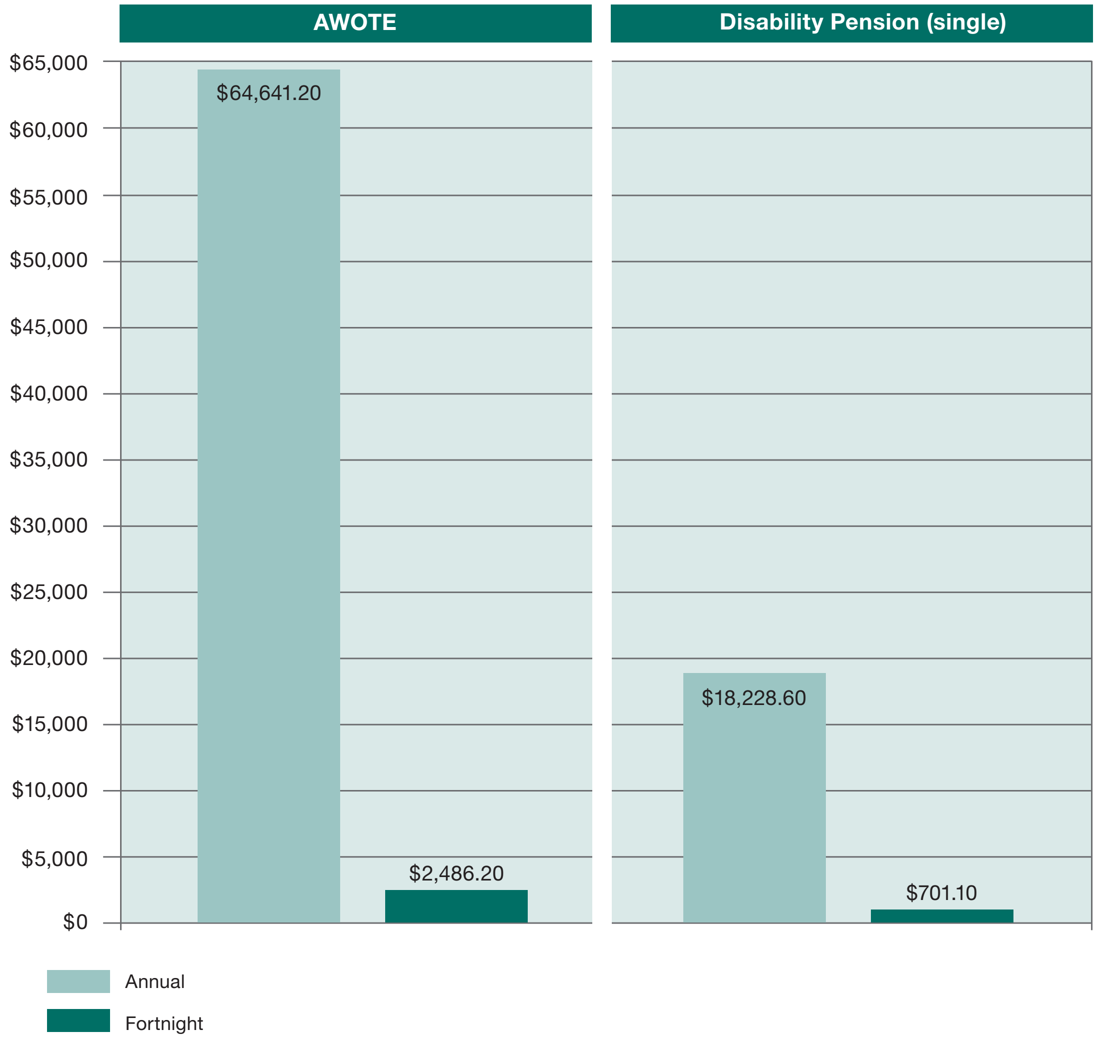
As at May 2010, AWOTE was $64,641.20 pa.[16]
The current rate of disability support pension (single person) is $18,228.60 pa.[15]

Would this be enough to maintain your current lifestyle?

It is also important to know that these payments are subject to what is known as an **income test** and an **assets test.**

This means that if you have assets in excess of $645,500 (home owner, single) or additional income in excess of $1544.20[17] per fortnight (single) you may not qualify to receive the pension.

The graph below illustrates the difference between the disability pension and AWOTE.



15 Payment rates appear as a guide only and are effective from 20 March 2010 – www.centrelink.gov.au
16 Average Weekly Earnings cat. 6302 May 2010, Australian Bureau of Statistics (issued 20 May 2010)
17 Thresholds are effective from 20 March 2010 to 30 June 2010

What next?

Ask a Suncorp Financial Planner or Suncorp Authorised Representative

Not only can a Suncorp Financial Planner or Suncorp Authorised Representative help you determine 'how much is enough', but they can also help you:

- decide on which of the products or combination of products are most suitable for your individual needs
- structure the policy to best suit your circumstances
- review your existing cover

Finding the right product for you

There are dozens of life insurance products on the market, with differing benefits and definitions of what constitutes a payable claim. Deciding which product will provide the best protection for you and your family can be confusing, but a Suncorp Financial Planner or Suncorp Authorised Representative can help.

Structuring your policies

Packaged products

Some companies will package several insurance products into one. Packages could include combinations such as Life cover, TPD and Trauma.

There are advantages and disadvantages in packaged structures. For example, premiums might be cheaper, but you may only be able to claim for one benefit.

Some products also have a 'buy back' feature. This allows you, after making a claim, to 'buy back' those benefits you didn't claim on. So if you suffered an illness or injury and claimed on your Trauma insurance, you could 'buy back' your Term Life cover over time.

Save money on your policy

Paying your premiums half-yearly or annually, rather than monthly, can save you money.

Life Insurance and TPD can be taken out through superannuation. Is this a good option for you?

There are pros and cons with both strategies. If a policy is owned through superannuation, your premiums can be paid out of your pre-tax salary and are effectively cheaper, but benefits may be taxable when your claim is paid. There can also be more restrictions around who can receive the benefits.

Ownership structures

Alternatives to superannuation ownership include:

- self-ownership – you own the policy on your own life
- cross-ownership – you and your spouse own each other's policy
- business ownership – used if you are a business owner and your policy is for business purposes.

Why choose a Suncorp Financial Planner or Suncorp Authorised Representative?

Suncorp Financial Planners and Suncorp Authorised Representatives have specific industry qualifications and are experienced in helping clients meet their financial goals. They will take the time to listen, explain things clearly and keep you informed. They are committed to understanding your needs and identifying the best ways to achieve your goals.

Suncorp is a principal member of the Financial Planning Association (FPA). The FPA is the peak industry body representing the Financial Planning industry in Australia. Our Financial Planners and Authorised Representatives are committed to the FPA's rules of conduct, ethical and professional standards and are required to undertake ongoing industry training every year.

How to contact us:

Call us on 13 11 55

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www suncorp.com.au

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