



# Choosing the right life insurance cover



## Covering life's stages

At different stages of life you may want to adjust your personal insurance needs to protect your lifestyle and your financial security.

Life insurance is more than just a lump sum payment to your family upon your death. Under the umbrella of life insurance, there are a variety of types of insurance policies designed to protect you and your family regardless of your stage in life.

Some financial institutions offer an insurance package that may include life insurance, income protection, total and permanent disability insurance, trauma insurance and business insurance. Packages are tailored to suit various ages and financial needs.

Each type of policy covers different risks. Below are some examples of typical life insurance policies and their purpose. Make sure you always check the detail of your policy to find out what you are covered for and discuss it with your financial adviser.

## **Life insurance**

Life insurance helps protect you and your family against the financial consequences of death or terminal illness, with a tax-free lump sum.

## **Income protection**

Income protection helps protect you against the financial consequences of a temporary or permanent loss of income due to illness or injury, with regular payments of up to 75% of your current income.

## **Trauma insurance**

Trauma insurance helps protect you against the financial consequences of a major illness, with a lump sum to assist with major expenses and maintaining your family's lifestyle while you recover.

## **Total and Permanent Disability insurance**

Total and Permanent Disability insurance helps protect you against the financial consequences of an accident that leaves you disabled and unable to ever work again.

## **Business insurance**

Business insurance helps protect your business against the financial consequences of a business owner or key employee becoming injured or dying. It provides money to cover lost revenue, and business expenses, and allows for a smooth change in business ownership.

Another way to think about what type of life insurance may be appropriate for you is to think about the life stage you are in.

## Young and independent

When you're young, you are more likely to enjoy leisure activities that involve a high level of risk, such as snowboarding or rock climbing. At the same time, at the start of your career you are less likely to have assets to draw on if you are temporarily unable to work because of an illness.

## Young families

This is the time when you and your family may be stretched financially, from school fees to the cost of your first home. Your family may also be relying on a single income. It's important to think about what would happen if the family breadwinner became ill or injured and was unable to work.

## Maturing families

Cost pressures may ease as you get older but won't disappear completely. Also, while you may be approaching your peak earning years, you may still have to fund your children's education. Protecting your health and income may be especially important to you during this life stage.

## Approaching retirement

As you approach retirement, you may have paid off your home loan and built up other assets, such as superannuation. However, you still need a safety net for you and your family. If you or your partner suffers a serious illness or dies, insurance may help you avoid the risk of having to sell your home and other assets.



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