

## MEMBER ENGAGEMENT

### Member blog – Life insurance

#### TITLE:

**Life Insurance through super: what you need to know**

#### COPY:

There can be a lot to consider when it comes to life insurance, from how you access cover, to thinking about the type and level of insurance that's right for you.

However, if you have the right life insurance in place for you, it can provide financial support if you become sick or injured and unable to work; or help to take care of your loved ones if you're no longer around. Even if you're young and think you don't need life insurance yet, it can help protect the most valuable thing you have - yourself, and your ability to work.

An easy way to access life insurance is through your super fund, and depending on your age and account balance, cover may have automatically been provided when you started working or joined your super fund.

#### **What types of cover are available through your super?**

Let's take a step back and understand what it means to have life insurance cover. Simply put, you pay premiums (in other words, fees) to an insurer, who in return, if your claim is approved, will pay a monetary benefit to you or your loved ones in the event you pass away or aren't able to work.

Depending on your super fund, there are a few different types of cover that may be available:

- **Death cover** provides a one-time payment to your nominated beneficiary (the person(s) you nominated to receive your life insurance payment if you were to pass away), to help ensure your loved ones are looked after.
- If you become terminally ill, you may be able to apply for a **terminal illness** benefit. A terminal illness benefit is a one-time payment.

But what if you're unable to work due to illness or injury? Well, there are other types of cover that can help provide financial support:

- **Income Protection (IP) cover** replaces part of your monthly income if you're temporarily unable to work due to sickness or injury.
- **Total & Permanent Disability (TPD) cover** provides a single payment in the event you become permanently disabled.

To be paid a benefit, you must meet the conditions of the policy.

#### **Am I automatically covered from the day I joined my super fund?**

Depending on your super fund, your age and your account balance, you may have been automatically provided with a level of death cover, total and permanent disablement (TPD) cover and income protection (IP) when you joined the fund or started your first job.

It's worth contacting your super fund to discuss if you have cover, what it is and your insurance options.

**What are some benefits of life insurance through super? (Or: Is life insurance through super a good option?)**

- **Cheaper premiums:** Because your super fund has arranged cover for a large group of people, it generally means they might be able to offer lower premiums for you and the other members of the fund than you might pay if you applied for the cover yourself. Although this will depend on your fund and a range of factors, including your life situation.
- **No health checks:** When you join a super fund, you may have automatically been accepted for cover without requiring a health check. In some cases, limitations may apply to automatic covers, so it's always a good idea to check with your superfund. On the other hand, if you were to apply for life insurance yourself (not through your super fund), you may need to provide personal information about your health, lifestyle and occupation for your insurer to assess you individually and get a better picture about who you are.
- **Convenient way to pay:** With insurance through super, you pay for premiums directly from your super account, helping remove the impact on your monthly cash flow.

**OK, so what else do I need to consider?**

There are some things you should think about before deciding whether insurance through super is right for you. For instance, the types of insurance and levels of cover available may be limited, and certain exclusions may apply. Also, because automatic cover you access through your super isn't tailored to your circumstances it's worthwhile thinking about what you need.

And with premiums being paid from your super, you should consider how that will affect your overall account balance, and how much it will leave for you in retirement.

**How do I know what cover is right for me?**

If you're unsure about what insurance you have through super, get in touch with your super fund. Most funds offer members support online or over the phone so it's easy to get started.

There may be options to adjust your insurance, such as increasing or decreasing your level of cover, or applying for different features or benefits. You may even have an opportunity to speak to a financial adviser who can help you decide what's right for you.

There are many resources available to help you make an informed decision about your life insurance. A handy place to start could be [ASIC's MoneySmart website](#), which provides information on a range of financial topics.

You can also learn more about the types of products available through your super here.

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