
YOUR GUIDE TO...

Protecting what you have today

When you think of life insurance, you probably picture a family with kids or an older couple approaching retirement. While they may have more financial responsibilities at those stages of life, it doesn't mean younger people can't also benefit from having the right protection in place.

While you're young, you're working hard to start a career and gain financial independence so you can create the lifestyle you want.

Life insurance can help safeguard what you've built, protecting you and your ability to earn an income if the unexpected happens.



GETTING STARTED

It's a good idea to start by finding out if you have any existing cover.

In the past, many super funds automatically provided a level of cover to their members, particularly if they joined the fund through their employer. Recent legislative changes have altered the way insurance is provided through super, so check with your fund to see whether you have any cover in place.

So what is life insurance?

Designed to protect you from different unexpected events, life insurance is a range of products including:



Income Protection

Income Protection replaces some of your income if you're injured or suffer an illness, and need to take time off work to recover. For example, if you were unable to work for an extended period of time because of a weekend sports injury, Income Protection can pay you a monthly amount (known as a benefit payment) to help you cover some of your ongoing expenses.



Life insurance

When you pass away, Life insurance provides a lump sum payment to financially support your partner or family. The lump sum may also be paid to you if you're diagnosed with a terminal illness. It can be used however you or your loved ones wish: for bills, mortgage or rent repayments, or children's school fees, for example.



Total and Permanent Disability (TPD) insurance

This type of cover also pays a benefit if you're injured or become ill, but it's for serious cases where you're permanently disabled and can't ever get back to work. If you lost a limb in a motorcycle accident for example and were unable to work, you could receive a lump sum (one-off) payment, financially supporting you with ongoing medical care or day-to-day expenses so you can focus on your health.



Trauma insurance

If you become critically ill with a condition like cancer, or if you are severely injured and require extensive medical treatment to recover, trauma insurance pays you a lump sum so you can look after your medical bills and other expenses. With your finances one less thing to worry about, you can concentrate on recovering and spending time with your loved ones.

Trauma insurance isn't available through your super, however you can get trauma cover through your adviser or direct from an insurer.



Where can I go for more help?

If you're looking for more information, there are lots of tools and resources available, including online calculators that can help you decide what level of cover might be suitable for you. ASIC's MoneySmart website is a good place to start: moneysmart.gov.au

You can also get in touch with your super fund to understand what cover you have and to help you decide whether it's right for you. Or if you have a financial adviser you can speak to them if you have any further questions.