



EMPIRE SMSF ADVISERS
Superannuation & Investment Specialists

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It is up to you to protect the ones you love most

Did you know that 1 in 3 Australians will be off work for more than 3 months during their working life due to illness or injury? (Institute of actuaries Australia - Report of the disability Committee). What would happen to your family and your lifestyle if you could not work for 3 months? It is crucial to be proactive in protecting your livelihood and ensuring your family is looked after.



**Take the steps now
to ensure your
family is protected**

For many Australians, their families come first. The reason that we go to work everyday is to put a roof over our heads and to provide for our families. Even if you do not have kids, you work everyday to support your own lifestyle and put food on your table.

For the majority of working Australians out there, they are just getting by and live from pay cheque to pay cheque, what would happen if the pay cheques stopped coming in for an extended period? For those who are doing well and don't struggle financially, what would happen if you were to die, how would your family cope without your income?

I know the questions above can seem like scare tactics, but the fact of the matter is that it is the potential reality for anyone's situation. If you do not ask the questions and seek the answers, how will you know the affect?

The simplest way to prevent a loss of lifestyle or placing a burden on your loved ones is through personal insurance. A huge role in financial advisory is limiting liabilities and having a contingency plan, do you have a contingency plan? What if something does happen? It very well might not, but it very well might.

Everybody's circumstances are different, but insurance is important for everybody. Your need for insurance will change as you move through the different stages of your life. There are many different types of insurance, Empire SMSF Advisers can help you find the right level of protection for your needs.

What types of insurance are there?

There are many types of insurance. Car or home/contents insurance allows you to insure your belongs. Personal insurance policies enable you to insure yourself and your family's ongoing well-being.

Personal insurance provides protection against sickness, injury and death and includes:

- Life insurance
- Total and Permanent Disability (TPD) insurance
- Trauma insurance, and
- Income protection.

The amount of insurance you need is affected by:

- How much you earn
- Your cost of living
- Your assets
- Your liabilities
- Your relationship status (whether you are married, in a de facto relationship or single) and,
- How man dependants you have.

Life Insurance

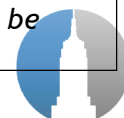
Life insurance protects your family by paying a lump sum if you die. Most people think that life insurance is only for the main income earner, but the person who takes care of the family is also a large contributor to the home and can be insured.

Life Insurance	
Can be purchased inside or outside of superannuation	<i>Many superfunds provide life insurance. Your employer has an obligation to offer you a super fund that provides a minimum level of cover. You can choose to maintain this cover, increase it or opt out.</i>
Tax Treatment	<p>Outside super</p> <ul style="list-style-type: none"> • Premiums are generally not tax deductible • The benefit payment is tax free <p>Inside super</p> <ul style="list-style-type: none"> • Premiums are tax deductible for the fund • The benefit may be taxed, depending on who receives it

Total & Permanent Disability

TPD cover provides a lump sum payment if you suffer a disability before retirement and can't work again, or cant work in your usual occupation or chosen field of employment.

TPD Insurance	
Can be purchased as an add on, or as a stand alone policy	<i>You can buy TPD as an add on to term life insurance, or as a stand alone product. You can also get TPD as an extra from your super fund or as part of trauma insurance.</i>
Tax Treatment	<p>Outside super</p> <ul style="list-style-type: none"> • Premiums are not tax deductible • The benefit payment is tax free if payed to the injured person or their relative <p>Inside super</p> <ul style="list-style-type: none"> • All or part of the premiums may be tax deductible for the fund • The benefit payment you receive may be taxed



Trauma Insurance

Trauma (or critical illness) insurance provides a cash lump sum if you suffer specified illness or injury. Advances in medical treatment have increased the need for trauma insurance. The improved chance of survival means that although you are more likely to survive, you are also more likely to have substantial medical bills to pay.

Trauma insurance	
Stand alone policy or additional options	<p><i>Trauma insurance is usually purchased as a stand alone policy, but can be purchased with additional options, such as a TPD benefit.</i></p> <p><i>Trauma insurance is generally not available through superannuation.</i></p>
Cost	<p><i>Trauma cover is relatively more expensive than other forms of life insurance because of the greater probability of a trauma event occurring.</i></p>
Tax Treatment	<ul style="list-style-type: none"> <i>Benefits are tax free</i> <i>There is no restriction on how you use the payments.</i>

Income Protection

Income protection insurance (also known as salary continuance or income replacement) provides a monthly payment to replace lost income if you are unable to work due to injury or sickness.

Income protection	
Level of cover	<p><i>The maximum allowable cover is generally 75 percent of your gross wage.</i></p>
Benefit period	<p><i>You are able to select your benefit period depending on your occupation. It can generally be 1, 3 or 5 years, or until age 60 or 65. The longer the benefit period the higher the premium.</i></p>
Can be purchased inside or outside of superannuation	<p><i>Income protection is available through your super fund or can be purchased as a stand alone policy outside of super.</i></p>
Tax Treatment	<ul style="list-style-type: none"> <i>Premiums are generally tax deductible</i> <i>The payments received are considered income and are subject to tax</i>

Insurance as part of your superannuation

Life, TPD and income protection insurances are all offered within superannuation. If your insurance is held within superannuation, the cost of the premium is withdrawn from your superannuation balance. This can help to ensure you have adequate personal insurance cover without the premiums coming out of your take home pay and adding to your day-to-day cost of living.

It is important to work out the best way structure your insurance, whether inside or outside superannuation, or a combination of the two.

At Empire SMSF Advisers we can advise you of the best way to structure your insurance so you benefit as best you can. Please see our personal insurance and asset protection service package detailed on our website.

Benefits of having insurance in your super may include:

- Automatic acceptance up to a specific amount for life cover - there's no need to complete medical checks
- Cheaper cover - from the bulk discount available to superannuation funds, and
- Tax deductibility - some contributions to superannuation attract a tax deduction, so you may be able to pay your premiums by making tax deductible super contributions.

Disadvantages of having insurance in your superannuation include:

- Limitations on the level of cover
- Potential delays in the payment of benefits in event of death, and
- High tax rates - superannuation tax benefits paid to a non-dependant may be taxed at up to 31.5 per cent.

Keep your insurance up to date

Insurance is not static, and your need for cover will change as you move through different stages in your life. As part of the financial advice process, we regularly review your insurances to make sure you are adequately protected if your circumstances change.

What are you waiting for?

Book an appointment via our website for your free one on one consultation to see how we can help you get started. Or why not give us a call and have a chat.

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What you need to know

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