

Why Risk Insurance?

Risk is the chance of loss which has come from an uncontrollable event – illness, or injury. Insurance does not remove the risk, but works to alleviate the financial and emotional consequences from this loss.

Insurance protects the things that matter most to you.

Your family

Each person's circumstances are different. Insurance that is suitable for a single male aged 25 will not be relevant to that of a working male aged 40 with a wife and children. As you get older your risks may increase and your reasons for obtaining insurance cover are different.

One of your most important financial assets is your income. When this has been compromised due to illness or injury, the consequences financially can be difficult to recover from. Not to mention the additional stresses incurred during a time of what should be recovery.

The right insurance cover will replace income lost (lump sum or income stream), as well as assisting with paying medical bills or other immediate expenses that may arise. At a time when finances are the last thing people want to think about, insurance helps them get back onto their feet.

Alternative

To comprehend fully the true value of insurance. Let's consider the alternatives.

"Saving for a rainy day"

This is a lump sum of money put aside to cover costs of your mortgage, everyday bills and food on the table should something happen.

The negative to this is that you would need to build up a substantial amount of money and which could take a long time to achieve. Especially considering some insurance claims can last until a person is age 65. Do you have the capacity to ensure you have enough money put aside to pay off your home, Doctors bills, any refurbishments to your home should you end up in a wheelchair?

This money would need to be easily accessible, such as a bank account, the return achieved on this is negligible given the current interest rates. This also takes a massive amount of willpower and sacrifice. Most importantly, should something happen, one year of disability has the potential to wipeout ten years' worth of savings. What would this mean for your future?

Where to from here

In May 2009, the average loan size on a home owner was over \$260,000. As you may be aware, it may take up to 30 years to clear the home loan. The early years of your mortgage can be the most stressful as most families have other financial burdens of children and school fees. Therefore if anything were to happen within the 30 years, this could be a huge burden on your family. This will make it difficult to make mortgage payments, resulting in the loss of the family home.

IFSA and Rice Warner Actuaries suggested that full time working couples in their mid-thirties with young children need life insurance cover ranging from 10 to 13 times their taxable income. However, research indicates that many couples insurances are well below this suggested rate.

Don't forget, those that are not the primary "bread winners" should be insured. It is suggested that the childcare and home help provided by a "stay at home" parent can be worth upwards of \$75,000 a year. This emphasises the need to ensure that the whole family is protected and looked after.

What are the options?

Need	Suitable Insurance Cover?
How could I pay the bills and care for my family if I was injured and had to stop working?	Income Protection: Can provide you with up to 75% of your monthly income if you were to become disabled and unable to work
Who would take care of my family financially if I wasn't around?	Life Insurance: Can provide your family with a lump sum payment to help them continue to maintain their existing lifestyle in the event of your death.
How could I take care of myself and my family if I was injured and unable to work again?	Total and Permanent Disability Insurance: Can pay you a lump sum if you suffer a total and permanent disability preventing you from working ever again.
If I were to fall ill, how could I focus on getting better, and not worry about my finances?	Trauma Insurance: Helps reduce your financial issues with a lump sum payment in the event of a trauma event i.e. cancer, heart attack.

Depending on your individual circumstances and financial situation, a package can be tailored to meet your lifestyle goals and objectives to ensure that you and your family are taken care of in the event of any unfortunate health events.

You and your family are the most important assets, it is important to ensure that these assets are insured to enable you to have greater chance of financial recovery should you fall ill or become seriously injured, or should you prematurely pass away.

Burrell Stockbroking can assist you with the right mix of insurances – which policy you need and which you do not need. Superannuation and insurance should play complementary roles in your financial plan. Insurance pay outs have some unique tax and estate planning features as well as the ability to take advantage of tax deductions that may be applicable to certain insurance premiums. Over time the process to obtaining insurance cover has been simplified and shortened. Vanished are the days of spending hours filling out forms and reading lengthy policy documents. The underwriting process and claims time has also been shortened considerably, as well as making it easier for you as the client to gain access to a wider variety of choices.

Should you wish to discuss your existing insurance needs, or would like a review of your existing insurance, please do not hesitate to contact your Burrell Wealth Management Advisor.