



Protecting your financial health



Financial Planning

Have you planned for the unexpected?

How would your life change if you became totally disabled due to illness or injury, and were unable to earn a regular income? Would you be able to meet day-to-day expenses, let alone achieve personal goals and aspirations for the future? Most importantly, how would your family cope?



Financial 'peace of mind'

One of the best ways to manage some of life's uncertainties is to incorporate a financial protection element into your financial plan. A financial plan plots your wealth creation and financial security over time.

However, every plan needs a contingency to account for unpredictable events. If you haven't taken steps to protect your wealth, income earning capacity or financial security in general, your plans could be thrown into chaos if, for example, you suffered a total disability as a result of illness or injury, and were no longer able to earn an income.

What insurance options are available?

There are a number of insurance options available, each with a specific purpose and outcome.

To find the right option to suit your needs, you'll need to evaluate your current personal situation including expenses, debts and both your personal and financial goals.

The main financial protection options available are:

- income protection insurance;
- trauma insurance;
- life insurance; and
- business expenses insurance.

Case study

David and Lisa both work hard and over the past 10 years have accumulated valuable assets, together with some debt. They have a number of profitable investments (shares and managed funds), make regular contributions to their super and also have a mortgage on their dream home.

To successfully support their desired lifestyle, both David and Lisa need to maintain their current income levels.

Last year, Lisa was diagnosed with breast cancer and was unable to work for six months while she underwent treatment and recovered from the illness. This meant they were reliant only on David's income.

Fortunately, when developing their financial plan, David and Lisa wisely decided to include income protection and trauma insurance in their plan.

This protected them from financial hardship associated with loss of income through illness, injury or even the death of a partner.

How did financial protection insurance help David and Lisa?

David and Lisa received a lump sum payment from their trauma insurance plan that assisted with Lisa's recovery.

Lisa also received an ongoing income of up to 75 per cent of her average weekly earnings (net of business expenses and before tax) from her income protection plan. Combining both types of insurance helped maintain their current lifestyle and ease the financial burden of Lisa's medical expenses.

What if David and Lisa had neglected to take out financial protection insurance?

- They may have needed to live off one income which would have been divided thinly between Lisa's medical treatment and their daily expenses.
- They may have had to reduce or eliminate super contributions, which could have affected their retirement savings.
- If Lisa's recovery was slow, they may have had to sell off investments and other valuable assets to pay for hospital bills and maintain mortgage repayments.

The following information outlines the ways that insurance can help minimise the financial impact of suddenly suffering a major trauma, being totally disabled and unable to work, or in the event of death. This information is intended as a guide only. For detailed information regarding your personal insurance needs, contact your financial planner.

Situation	The Statistics	Result
A major medical trauma including heart attack, cancer or a stroke...and you lived?.	It is expected that 1 in 3 males and 1 in 4 females in Australia will be diagnosed with cancer before the age of 75 ¹ .	Family/loved ones must cope with the increased financial burden of your medical costs, as well as the reduction in family income for an unknown period of time.
Total disability as a result of sickness or injury prevents you from working.	Based on self-reports, an estimated 1,135,900 people or 6.1 per cent of Australians had a severe or profound core activity restriction, meaning that they sometimes or always need personal assistance or supervision with the basic activities of daily living ² .	Loss of income means it may be difficult to cover outstanding debts and maintain your current lifestyle.
Total disability as a result of sickness or injury which stops you from running your business.	Each year, around 40,000 Australians will suffer a stroke. It is the leading cause of long term disability in adults and places great demands on family members and care givers ³ .	Your business' profitability may suffer, as you may be the key person operating the business which is your main source of income.
Premature death	Of the 128,291 deaths recorded in Australia in 2000, about 23 per cent of male deaths and 14 per cent of female deaths were in people aged 25-64 ⁴ .	Family left to cover any outstanding debts.

1 (AIHW & AACR 2001a), Australian Institute of Health and Welfare 2002. Australia's Health 2002. Canberra: AIHW.

2 & 4 Australian Institute of Health and Welfare 2002. Australia's Health 2002. Canberra: AIHW.

3 www.aigw.gov.au/publications/cvd

Insurance Solution	Description
Trauma	<p>Can help you meet your financial needs by paying you a lump sum in the event that you suffer one of a comprehensive list of medical conditions, including heart attack, stroke and certain cancers.</p> <p>The lump sum benefit will help to give you financial peace of mind. And, if you know that your finances are being looked after, the rehabilitation process becomes a bit easier!</p>
Total and Permanent Disability cover (TDP)	<p>Provides a lump sum payment in the event that you become totally and permanently disabled.</p>
Income Protection	<p>Provides you with cover for up to 75 per cent of your gross income (net of business expenses, but before tax), if you are totally disabled and unable to work due to sickness or injury.</p>
Succession Planning and Key Person	<p>Covers up to 100 per cent of ongoing fixed business expenses if you or a Key Person in your business is totally disabled and unable to work due to serious illness or injury.</p>
Personal Insurance	<p>In the event of death or the diagnosis of a terminal illness, your life insurance policy may pay a lump sum to your loved ones.</p>

Important information

Privacy Act: From time to time we may bring to your attention products and services or other information that may be relevant to you. If, at any time you no longer wish to receive this information, you may opt out by contacting us.

This brochure provides general information only. You need to consider, with your financial planner, your investment objectives, financial situation and particular needs prior to making an investment decision.

Your financial planner:



Financial Planning

AXA Financial Planning Ltd
ABN 21 005 799 977
Australian Financial Services Licensee
Licence No. 234663

www.axa.com.au