

# Life insurance

## Providing for your family

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Do you have a partner and/or dependants?

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Would they be able to sustain their lifestyle without you?

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Do you have any other financial commitments that rely on your income?

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## What is life insurance?

When you've made major financial commitments, like having children or taking out a mortgage, you're relying on your ability to keep supporting them for many years. But if you take yourself out of the picture, those commitments can become a major burden for your family.

Life insurance provides for the insured benefit amount to be paid to your dependants if you die or are diagnosed as terminally ill.

## What this means for you

The money provided by life insurance can play an important role in eliminating your debts and other financial obligations. If you have a family, it can also be used to provide an ongoing source of income for their future needs — helping them maintain their current lifestyle.

Some of the outcomes that life insurance is often used to achieve include:

- Paying your medical bills and funeral expenses
- Eliminating your mortgage and other debts (including business debt if you're self-employed)
- Providing for household bills and everyday living expenses
- Providing for the future education costs for your children
- Adding cash to your estate so it can be divided equitably without the need to sell assets.

Insurance policies will often vary in their features and benefits, so you should work with your financial adviser to choose a policy that suits your needs and your budget.

### **Case study**

Jason's job required a regular amount of travel, both locally and nationally, but he didn't mind — he enjoyed his work, and Lucy was happy to stay at home with their five year old daughter.

After returning home from an overseas sales conference, Jason was at the airport flagging a taxi when he went into cardiac arrest. Despite the paramedics' best efforts, Jason was pronounced dead on arrival at the hospital.

If Jason didn't have a life insurance policy, Lucy would face the prospect of having to immediately return to work full-time

to support their daughter. Having been out of the workforce for six years, it would also be difficult for Lucy to earn an equivalent amount of money as her husband did before he died — which may mean she would have to sell the family home or significantly adjust their lifestyle.

However, Jason did have life insurance, and as result Lucy received a lump sum amount of \$800,000. This money enabled her to pay for the funeral and eliminate the mortgage. It also meant Lucy could create an ongoing income to help cover future expenses, and set up a trust fund for her daughter.

### **What are the chances?**

Six in ten people with dependants don't have enough insurance cover to look after their family for more than one year if they were to die.<sup>1</sup>

To ensure you and your family's financial future are protected, it is important to speak to a financial adviser now.

**Contact Financial Solutions Victoria Pty Ltd for further information on 03 51532507 or visit [www.finsolvic.com.au](http://www.finsolvic.com.au)**

<sup>1</sup>\_IFSA-Rice Walker Fast Facts: A nation exposed! Underinsurance key facts, August 2005