

Have You Insured Your Biggest Asset?

Becoming seriously ill is possibly the worst thing that can happen to a working person – and as you would know from your experience it does happen. According to the Australian Bureau of Statistics 2008 yearbook, 7,624 Australians were unable to work ⁽¹⁾ and were reliant on government sickness allowance which today pays just \$205.75 each person a week for a partnered person. These unfortunate people are part of the 69 per cent of Australians who don't have any personal income protection insurance.

With the average Australian mortgage of \$367,000 ⁽⁴⁾, let alone food and car expenses and the costs of raising children, it is easy to see that a prolonged sickness or disability could quickly put most Australian families in a dire financial situation.

What is Income Protection Insurance?

Income protection insurance is a practical and inexpensive way to make sure hard working families are not at risk of quickly sliding into financial strife by providing a monthly benefit of the insured person is injured or sick and can't work. A person's ability to earn a living is often their single greatest asset yet Australians are insuring their cars and houses instead of their incomes.

For a healthy, non-smoking male of 35 working as a Chiropractor and earning a wage of \$100,000 per annum (and with a waiting period of one month), Income Protection insurance costs \$79.40 per month. If he becomes sick the insurer will pay him 75 per cent of his income, or \$6,250.00 per month until he is well enough to return to work – or until age 65 when the contract ceases... (The reason the benefit is not 100 per cent is to ensure there is still an incentive to get well and back into a contributing role in society.)


Income Protection Insurance can often be accessed through a superannuation fund, or via a Life Insurance Advisor. One of the significant benefits of the product is that if it is bought separately to superannuation, it is a tax deductible cost, which can significantly reduce its impact on the household budget.

Regardless of the cost, the key benefit of income protection is the peace of mind that if a family are unlucky enough to have their primary income earner struck down with a prolonged illness then they should be able to maintain their current lifestyle while that family member is on the long road to recovery.

They know that their insurance is standing with them once any sick leave has been exhausted and there no more salary available. A consultation with a Cedar Wealth Life Insurance Advisor can help ensure that your financial and lifestyle goals are properly protected with a risk protection strategy.

Where to from here?

Call us on (08) 9256 3788 to arrange a discussion or email us at info@cwmm.com.au and we'll meet with you to discuss your needs.

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1. *Quote provided by Tower Australia Ltd November 2010. Quotation figures as at 24 November 2010 based the following: Standard Policy, Male, aged 35, non-smoker, Chiropractor - University Qualified , Income Protection, Agreed Value, Benefit Period – to age 65, Waiting period – 4 weeks, Stepped Premium, indexed. No additional extras. This is not a recommendation and the insurance company selected for quotation was done so randomly.*
 2. *It is important for you to note that in preparing this article Cedar Wealth Financial Advisers have not taken into account any particular persons objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. We recommend you obtain financial advice specific to their situation before making any financial investment or insurance decision.*

None of the above has been prepared without considering your personal objectives, financial situation or needs. Therefore, before acting on it, please consider if it is appropriate to your specific circumstances. You should also seek advice from your tax adviser in relation to tax matters and you should seek legal advice from your lawyer in relation to legal matters.