Version 1

Reference Guide
Wealth Protection

What this document is about

This document is an information reference to be used in conjunction with your Statement of Advice, Product Disclosure Statements (PDSs) and research materials provided.

It contains information about our recommendations that you should read and understand. Further and more expansive information on any product recommended is available in the Product Disclosure Statements and research material provided with your Statement of Advice or Record of Advice.

This document does not contain financial advice and does not make recommendations for your specific financial situation and current circumstances. Information provided is general or factual in nature and should be read with consideration of your personal situation, needs and objectives.

Health Super Financial Services

Australian Financial Services Licensee (No. 240019)

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Section 1 - Wealth Protection

1:1 Life / Death Cover

Death cover (also referred to as Life Cover) pays a benefit upon the death of the insured to the owner of the policy.

The benefit is a lump sum payment receivable upon death or, depending on policy wording, the diagnosis of a terminal illness. Death cover is intended to provide protection for your family against financial hardship, and can also be used to assist people who wish to ensure the continuity of their business in the event of their death.

Death cover may provide a benefit to assist with continued living expenses for your family, future education costs for your children, the elimination of current debts and funds to cover final expenses.

This type of cover is also suited to trustees of superannuation funds as it can be utilised to provide benefits on death to members of a superannuation fund.

1:2 Total and Permanent Disablement Cover (TPD)

Total and Permanent Disablement Cover (TPD) pays out a benefit to the policy holder upon the life insured being deemed Totally and Permanently disabled by the insurer.

The standard cover requires the insured to be deemed unable to resume any occupation that they may be qualified for.

Examples of some conditions which may result in a TPD claim include:

- Loss of use of limbs or sight in either eyes, or one limb and sight in one eye.
- Loss of independent existence (based on ability to perform certain number of daily activities independently).
- Cognitive function

TPD cover may be used to pay out any outstanding debts, provide for appropriate medical care and/or for modifications to your principal residence, and provide an ongoing income stream when invested.

1:2:1 Any / Own Occupation Definitions

TPD definitions do vary between companies but the differences between the two types of TPD cover can be broadly described as follows:

Own Occupation - You will be paid if by reason of accident or injury you are unable to work ever again in your own or normal occupation.

Any Occupation - You will be paid if by reason of accident or injury you are unable to work ever again in any occupation for which you are reasonably suited by education, training or experience.

Own Occupation definitions are generally preferable given that an injury such as loss of one hand may disable a surgeon under such a definition, but under an Any Occupation definition may leave him able to perform the duties of a GP and therefore not qualify for the benefit. However the Own Occupation definition is more expensive and may not be available for all occupations. Some companies offer other "home duties" and "modified" definitions of TPD.

1:3 Trauma / Critical Illness Cover

Trauma cover provides a lump sum benefit in the event the life insured suffers a specific life-threatening medical condition or event that seriously compromises current and future quality of life that results in adverse financial consequences. Trauma cover can be used to provide funding for medical treatment, rehabilitation, increased living cost and high interest debt repayments, such credit cards.

Unlike income protection insurance (see below), which is dependent on your inability to work, trauma cover is paid out on the diagnosis of a defined critical illness regardless of your working status. Instead of receiving a monthly income stream, you are paid a lump sum.

1:4 Income Protection / Disability Income Cover

Your ability to continue earning income is one of your most significant financial assets. Income Protection insurance provides you with an ongoing benefit (income stream) in the event that you are unable to work at full capacity due to illness or injury, and effectively replaces a portion of your normal income.

A comprehensive Income Protection policy will provide up to 75% of normal taxable income plus superannuation guarantee, during a period of temporary sickness or illness or in the event of a longer-term absence from work. The benefit is payable for the 'Benefit Period' (which can be up to age 65) after a 'Waiting Period' (generally between 30 days and 2 years) during which time the insured must be unable to work.

The premiums payable for Income Protection policies are tax deductible, which means that the proceeds under the policy will be assessable for income tax purposes.

1:4:1 Standard Income Protection

- Provides a monthly benefit in the event that you are unable to work due to injury or illness of up to 75% of your annual income.
- Benefit is payable for the nominated benefit period, this can be a fixed period, usually two or five years, or be payable up to 70 years of age.

1:4:2 Claims Indexation

- Provides for your monthly benefit to be indexed by CPI each year that the benefit is paid.Indexation is an additional at-cost extra; this option will increase your premium.

1:4:3 Superannuation Cover

- Provides a monthly benefit in the event that you are unable to work due to injury or illness of up to 10% of your pre-disability income so that a level of contribution is made into your nominated superannuation fund.
- Benefit and superannuation contribution are payable for the nominated benefit period (can be up to 65 years of age).
- Superannuation cover is an additional at-cost extra; this option will increase your premium.

1:5 Insurance Fee Payment Options

Health Super Financial Planning charges an insurance implementation fee per client (not per policy) for the process of putting in place the recommended policies. This fee is payable regardless of the success of the insurance application and covers us for the time and effort required to complete the application process.

You have 2 options of paying this implementation fee, they are as follows:

Insurance Payment Option 1 (Default):

- Have the fee paid to Health Super Financial Planning via a upfront commission

Note this option is only available if the recommended policy is accepted by the insurance company and the first years premiums are paid in full.

*It is important to note that in most cases the rebating of the initial commission can only be done on a % basis therefore the actual amount of commission received by Health Super Financial Planning will vary slightly to the quoted fee.

In addition premiums are subject to underwriting approval, inflation and change. Given that the commissions are based on a percentage rate, any increase in the premiums will increase the payments to Health Super Financial Planning (this additional amount is not rebated to you).

Insurance Payment Option 2:

- Pay the fee via an invoice

If you select this option Health Super Financial Planning will rebate 100% of the upfront commission. This in turn will lower the quoted premiums. Please note the ongoing commission (Year 2 commissions) will still be payable to Health Super, these funds are used by Health Super Financial Planning to provide you with ongoing service and review with respect to your insurance requirements.

Should you choose this payment option, a new quote will be provided to you.

No Implementation Option:

- No implementation provided by HSFP

If you select this option Health Super Financial Planning will not implement your insurance on your behalf and you will be responsible for acquiring your own insurance cover and fulfilling the necessary application and underwriting requirements.

Should you select this option there will be no commission rebate provided to you by HSFP and any ongoing advice service for your insurance will be provided at an upfront cost to you at the time of review.

Our fee for service is based on an hourly rate.

Notes on insurance:

- 'Own Implementation' premiums assume zero rebate on full upfront commission model for insurance implemented by a third party.
- Premiums are subject to underwriting and may change.
- Premiums will increase with age.

Due to the HSFP commission structure offered, you may receive a discount on future premiums.

Notes: