

Protecting your Wealth

Insurance in plain english



What is insurance?

Insurance is a way to protect yourself, your family and your possessions if something goes wrong. It enables you to replace or repair your assets, whether those assets are your belongings or your capacity to earn income.

Everybody's circumstances are different, but insurance is important for everybody. Your need for insurance will change as you move through the different stages of your life.

There are various types of insurance available to provide you and your family with comfort and peace of mind.



Did you know ?

There are various types of insurance.

Where a car or home/contents policy allows you to insure your possessions, personal insurance policies enable you to insure yourself and your ongoing financial wellbeing.

Personal insurance provides protection against sickness, injury and death. Some of the types include:

- Life insurance,
- Total and Permanent Disability (TPD) insurance,
- Trauma insurance, and;
- Income protection (salary continuance).

While insurance doesn't remove the risk of something going wrong, it provides you and your family with the comfort that you are protected, compensated and financially secure if something unexpected happens.

The amount of cover you need is affected by:

- your income,
- your cost of living,
- your assets,
- your liabilities,
- your family status (whether you are married, in a de facto relationship or single, number of dependants).

Think for a moment...

If you are considering insurance to protect you and your family's financial future, talk to us. We'll work with you to find the right insurance and the best level of protection for your needs.

Life Insurance...

Life insurance protects your family by providing a lump sum if you die. Most people think that life insurance is only for the main income earner, but the person who takes care of the home and family is also a large contributor and should also consider insurance.

TPD Insurance...

Total and Permanent Disability (TPD) insurance cover provides a lump sum payment if you suffer a disability before retirement and you're unable to:

- work again, or;
- work in your usual occupation or chosen field of employment.

Trauma Insurance...

Trauma (or critical illness) insurance provides a cash lump sum if you suffer a specified illness or injury. Advances in medical treatments have increased the need for trauma insurance. With an improved chance of survival you are also more likely to have substantial medical bills and a possible rehabilitation period.

Income Protection...

Income protection insurance (also known as salary continuance or income replacement) provides a monthly payment to replace lost income if you are unable to work due to injury or sickness.



Your success is our success...

Can be purchased inside or outside of superannuation. Many super funds provide life insurance. Your employer has an obligation to offer you a super fund that provides a minimum level of death cover. You can choose to maintain this cover, increase it or opt out.

Tax treatment

Outside super

- Premiums are generally not tax deductible.
- The benefit payment is tax free.

Inside super

- Premiums are tax deductible for the super fund.
- The benefit payment may be taxed, depending on who receives it.

Can be purchased as an add on, or as a stand alone policy.

You can buy TPD as an add on to term life insurance, or as a stand alone product.

You can also get TPD as an extra benefit from your super fund or as part of a trauma insurance product.

Tax treatment

Outside super

- Premiums are not tax deductible.
- The benefit payment is tax free if paid to the injured person or their relative.

Inside super

- Premiums are tax deductible for the super fund for an any occupation definition.
- The benefit payment you receive may be taxed.

Stand alone policy or additional options

Trauma insurance is usually purchased as a stand alone policy, but can be purchased with additional options, such as a TPD benefit. Trauma insurance is generally not available through superannuation.

Tax treatment

- Benefits are tax free.
- There is no restriction on how you use the payments.

Level of cover: Generally, the maximum allowable cover is 75 per cent of your gross wage.

Benefit period: The longer the benefit period, the higher the premium.

Can be purchased inside or outside of superannuation. Income protection is available through your super fund or can be purchased as a stand alone policy outside of super.

Tax treatment

- Premiums outside super are generally tax deductible.
- The payments received are considered income and are subject to tax.

Insurance as part of your superannuation...

Life, TPD and income protection insurances are all offered within superannuation. If your insurance is held within superannuation, the cost of the premiums is deducted from your superannuation balance.

It is important to work out the best way to structure your insurance, whether inside or outside superannuation, or a combination of the two.

Benefits to having insurance in your superannuation include:

- automatic acceptance – there's no need to complete medical checks (select funds only),
- potential bulk discounts available through superannuation funds, and;
- tax deductibility – some contributions to superannuation attract a tax deduction, so you may be able to pay your premiums by making tax deductible super contributions.

Disadvantages of having insurance in your superannuation include:

- possible limitations on the level of cover,
- potential delays in the payment of benefits in the event of death, and;
- possible high tax rates – superannuation death benefits paid to a non-dependant may be taxed at up to 31.5 per cent.

Keep your insurance up to date...

Insurance is not static, and your need for cover will change as you move through different stages in your life. As part of Crest's service commitment to you, we will review your needs and objectives regularly and ensure that you are adequately protected in line with any changes in your circumstances.

"Working together for your future"

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