

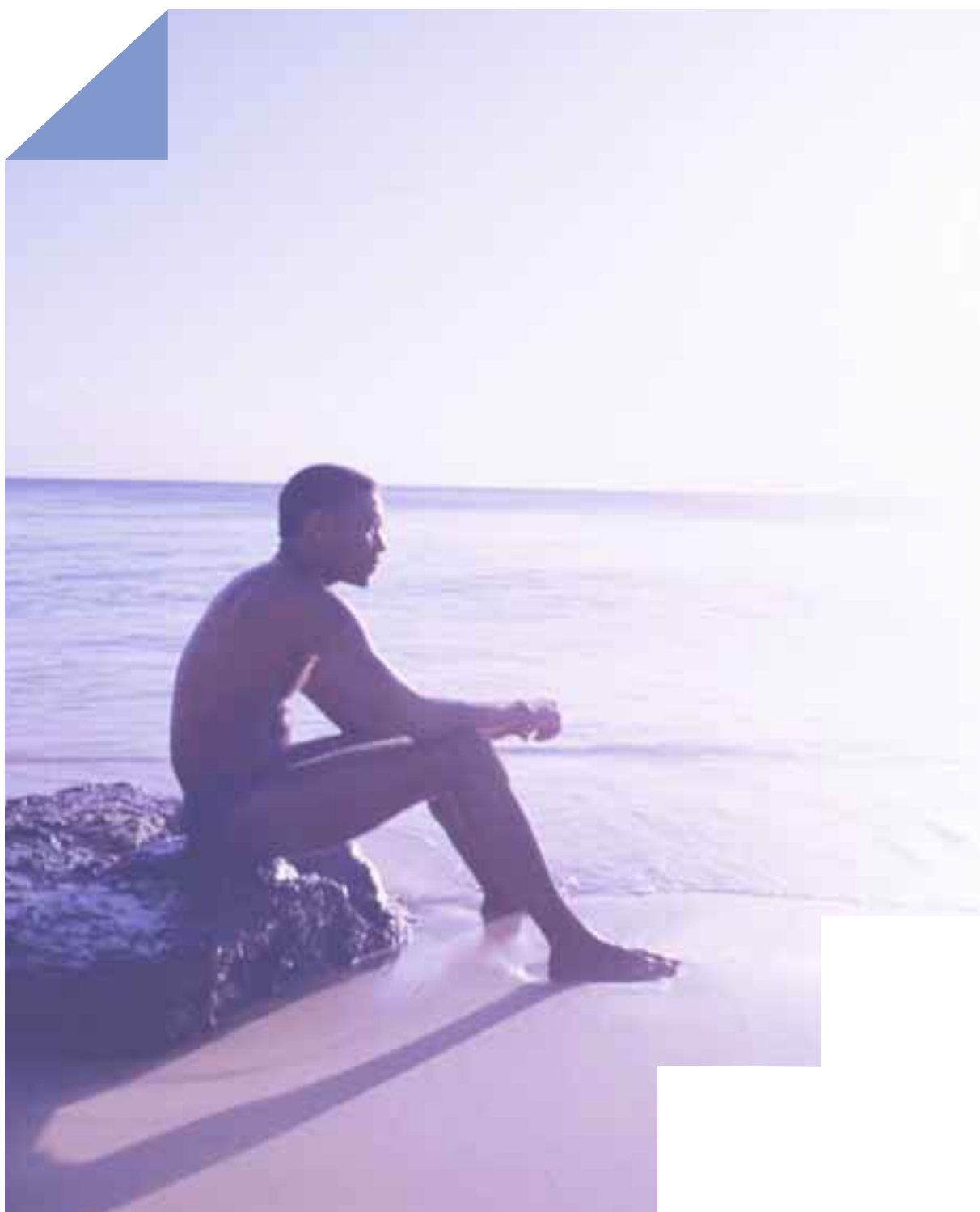


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Because life changes

Protecting what's important to you

A guide to wealth protection

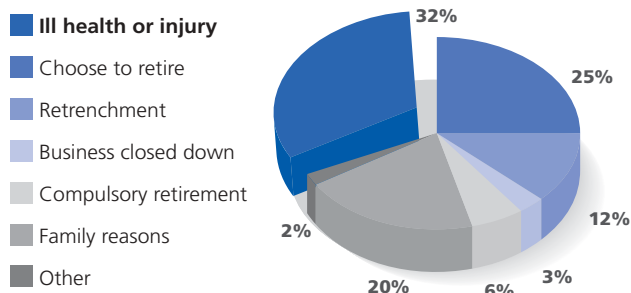


Reasons for retirement

32% of Australians are forced into retirement due to ill health or injury.

If you were forced into retirement now, would you have enough capital to live comfortably. Don't forget you probably have extra medical expenses.

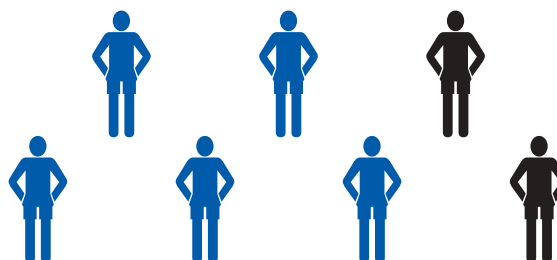
Australian Institute of Health and Welfare, Australia's Health 2002



Did you know?

One in 3 men, and one in 4 women will suffer from cancer in their lifetime.

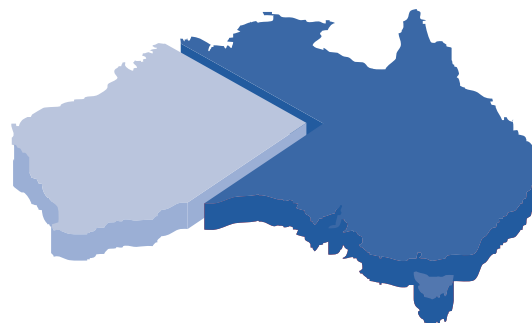
Source: Cancer in Australia 1998, Australian Institute of Health and Welfare



Odds are it could happen to you

Every working Australian has a one in three chance of becoming disabled for more than 3 months before turning 65.

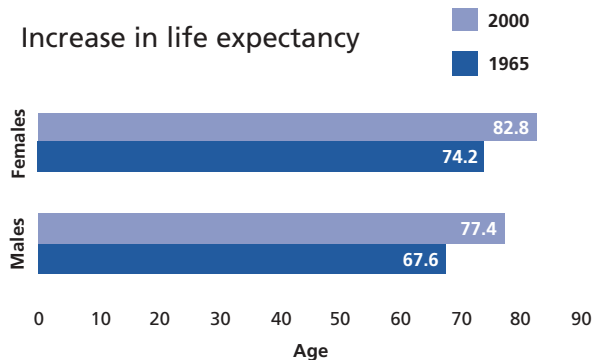
Calculations based on data from the Institute of Actuaries of Australia (2000) Interim report of the disability committee. IA Aust: Sydney



We are living longer

People that may have suffered a specific illness or condition many years ago may not have survived. The good news is that advances in medicine are occurring continually and today, with the help of modern technology we have the ability to treat many of these illnesses and conditions so that you can continue to lead your life.

Report of the New South Wales Chief Health Officer 2002



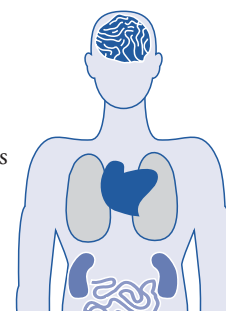
Causes of death in Australia

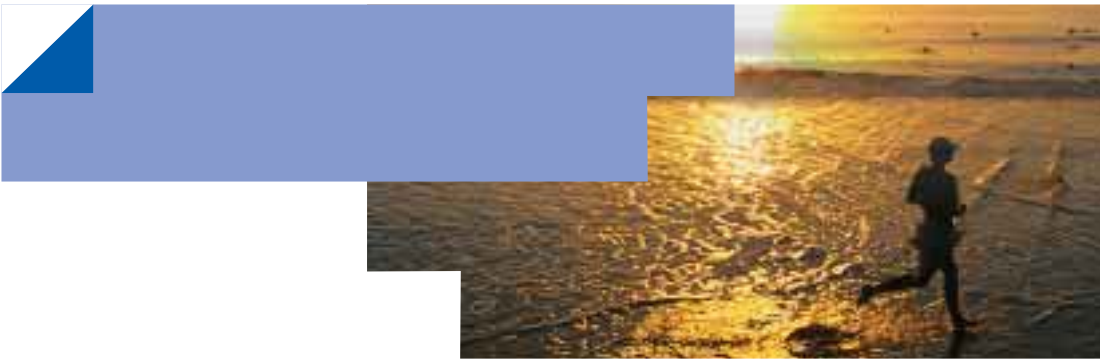
Cardiovascular disease 40% Cancer 27% All other diseases 17%
Respiratory system 10% Accidents 6%

80% of the Australian Population have at least one of the cardiovascular risk factors

- Tobacco smoking
- High blood pressure
- Physical inactivity
- Overweight

Report of the New South Wales Chief Health Officer 2002





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A helping hand when you need it most

-2004.ZU28470_HH

Investing

In the next 3 years, my short term goals include:

1. \$
2. \$
3. \$

In the next 10 years, my medium term goals include:

1. \$
2. \$
3. \$

I intend to retire in:

With an annual retirement income generated from my investments of: \$

My priorities

The three things that are most important to me are:

1.
2.
3.

Income Replacement Insurance

Current Salary \$

75% of current Salary \$

Minimum monthly income needed: \$

Waiting period (How long could you self-fund?)

Benefit period (When do you intend to retire?)

Life Insurance

Total debts: \$

Investment needed to provide income: +\$

Existing liquid investments and insurance: (eg: Super, savings) -\$

Total cover needed: \$

Trauma Insurance

Mortgage \$

Other debts \$

Unexpected medical costs, housing alterations, lifestyle changes +\$

Cover needed = \$



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| What is Income Replacement Insurance?

Put simply, if you are unable to work because of sickness or injury, it provides you with a monthly payment to replace your lost income.

Who needs income replacement insurance?

If you stop to think about it, almost everything you have depends on your income or readily available assets. What if sickness or injury prevented you from earning your income? Even when income stops, the bills don't. Consider the following:

- Do you need a regular income to provide for yourself and your family?
- Do you have any mortgages, personal loans or credit card obligations?
- Do you need to fund any investment strategies?

Most Income Replacement policies are on an agreed value basis. This means that the monthly insured benefit is guaranteed, irrespective of whether your income has dropped since the policy was accepted.

However you do have the option of choosing an indemnity contract. For a discounted premium this option means that the monthly benefit is limited to 75% of your recent income at time of claim.

How much income replacement cover do you need?

Income replacement policies will generally cover up to 75% of your pre-tax income if you are sick or injured and are unable to generate your usual income. Payments are made on a proportional basis equivalent to your lost income. Many policies also include comprehensive rehabilitation and other benefits, to help you get better sooner.

For the self-employed there are also business expense benefits available. These policies cover the fixed expenses of running your business. Which means once you are well enough to go back to work, the business you worked so hard to establish is still there to go back to!

What are your choices?

Payment Periods

When deciding how long you may need to receive benefits whilst you are sick or injured there are a number of options:

1, 2 or 5 years, or
Up to a certain age determined by you, ie: 55, 60, 65

Your decision should reflect the length of time you expect your financial commitments to last, but remember, the longer the payment period, the higher the premium.



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Waiting Periods

The waiting period is the time you have to be disabled before payments begin. You can choose for payments to start after:

A nominated number of days between 14 and 90;
One, two, three or six months; or
One or two years.

In deciding the waiting period to select you should consider how long you can maintain your financial needs, and what you have available in the way of accrued sick leave, annual leave and your own savings.

The shorter the waiting period the higher the premium.

Managing Inflation

If you select a payment period longer than two years it is important that your policy is indexed, so that the amount you receive keeps pace with inflation.

What you should look for in a policy

When a policy will pay you

Income replacement policies tend to be divided into two categories based on how they define your eligibility to make a claim. The categories are called 'duties' based or 'income' based definitions.

The majority of income replacement policies focus on your capability to perform the duties of your job when looking at whether they will pay a claim. Moreover, many of these policies use words like 'important duties' without defining what 'important' means or how they will determine a duty's importance. This can lead to situations where, despite a loss of income, a policy holder's entitlement to claim is not clear.

With a loss of income definition it's pretty clear cut. When sickness or injury has the direct consequence of reducing your income, a benefit is payable proportionate to that loss.

Income replacement policies can be complex and policy definitions can vary widely between companies. It is important to use a professional adviser who can offer objective information in comparing products from different companies.

Protect yourself should your circumstances change

Select a policy that is "Guaranteed Renewable". So that if your health suddenly suffers, or you change leisure activities, the insurer cannot refuse to cover you.

The risks are real

- Social Security will pay a maximum disability pension of:
\$446.10 per fortnight for singles*
\$370.40 per fortnight for partnered persons*

Is this enough to pay for expenses occurred as a result of a disability as well as maintain your current lifestyle?

- Workers compensation will only cover you for accidents and injuries that occur during working hours or from an illness that is a direct result of your employment.

Recent Zurich claim statistics show that only 30% of claims are accident based and of that 70% occur outside the workplace. **

- More than 25% of Australians may be disabled for more than 3 months during their working life.#

Tax Implications

Premiums for income replacement insurance are tax deductible for most people. Benefits received are taxable as regular income.

Your financial adviser is able to help you plan all your personal wealth protection needs.



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| What is Life Insurance?

Life insurance pays a lump sum on your death or the diagnosis of a terminal illness.

Obviously, for your family, no amount of money could replace you. However, if you were to die or suffer a terminal illness, the impact would be more than just emotional.

Life insurance benefits can pay off the mortgage and other debts, provide for your children's current and future education needs, and act as a safeguard for your family's financial wellbeing.

How much Life Insurance do you need?

\$

Total debts

\$

Replacement of annual income

\$

You need to work out what size lump sum would be needed at the current interest rates to provide you with a suitable annual income. For example \$1,000,000 invested with a 5% return would allow you \$50,000 per annum:

+\$

Existing liquid investments (excluding family home) & Insurance (eg: super/investments):

-\$

Total cover needed:

= \$

What to look for in an insurance policy

Life insurance policies tend to be fairly similar across the board, but there are certain ancillary features that some companies offer for little or no extra premium that are worth considering.

Total and Permanent Disability (TPD)

TPD is an optional benefit that can be attached to life insurance and sometimes a trauma insurance policy. TPD provides a lump sum if you are totally and permanently disabled and unlikely to ever be able to work again. Unlike income replacement insurance, TPD does not cover temporary disablement, and instead of being paid to you as an income it pays a lump sum. Usually you have to have been permanently disabled for six months before TPD benefits will be paid.

Terminal Illness Benefit

If you are diagnosed with a terminal illness and your life expectancy is less than 12 months, this benefit allows an advance payment on your policy.

Guaranteed Future Insurability

Guaranteed Future Insurability allows you to increase your cover if you have a change in circumstance in the future, such as getting married, having a child or taking out a mortgage, without going through the underwriting process again.

Your adviser is able to help you plan all your personal wealth protection.



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| What is Trauma Insurance?

Trauma insurance pays you a lump sum on the diagnosis or occurrence of one of a list of specified injuries and illnesses such as heart attack, cancer or stroke.

Trauma insurance is about providing you with choice and flexibility. So if you find you want to make permanent or temporary lifestyle changes, such as reducing work hours, spending more time with your family, or just doing more of the things you enjoy, you can.

Who needs trauma insurance?

If you were to suffer a serious illness or injury how would your financial circumstances be affected? Almost all of us know someone who's had a heart attack, stroke or cancer. In fact the statistics are quite frightening. There were 82,185 new cancer cases in 1999. It is expected that 1 in 3 men and 1 in 4 women will be affected by cancer in the first 75 years of their life. The good news is however, that modern medicine is advancing, and the 5-year relative survival rate has increased between 1982 - 1986 and 1992 - 1997 on average from 43.8% to 56.8% for males and from 55.3% to 63.4% for females. This means we are living longer.*

How much do you need?

When considering how much trauma insurance you need, indicators for an

appropriate level of cover include enough funds to: pay off some or all of your debts; provide at least one or two years salary, which would allow recovery time after suffering the trauma; and allow for a buffer for unexpected medical costs or housing alterations – required as a result of a disability.

What to look for in a trauma policy

What conditions are covered?

Trauma insurance policies cover a range of serious illnesses. However, it is estimated that heart attack, cancer, stroke, and bypass surgery account for approximately 86%# of all trauma insurance claims. The quality of the definitions could be more important than the number of conditions covered by a policy.

Buy back

Look for a 'buy back' option. This allows you to purchase an additional amount of life insurance after receiving a trauma claim, without having to provide evidence of the state of your health.

Tax implications

Benefits received are usually tax free if owned by the Life Insured or their spouse. Insurance premiums for trauma insurance are not normally tax deductible.

Your adviser is able to help you plan all your personal wealth protection needs.