The benefits of insurance and how much is enough?

Financial security for you and your family

Most superannuation funds, including Equip Super, offer insurance to provide members and their families with financial security. With Equip Super, you have access to death and total and permanent disability (TPD) cover, as well as income protection (IP) cover. Getting insurance via your super fund provides you with a number of key benefits, such as generally lower cost and peace of mind when you need it the most.

You pay lower premiums

The premium rates charged for insurance in super funds may be lower than the premiums you would pay if you were to purchase cover independently from a life insurance company. Here's why:

- Insurance through a super fund often does not have any commission attached to it; and
- Based on their membership base, super funds may be able to negotiate attractive group rates for their members.

You need less health evidence

Typically, super funds are able to provide you with a reasonable level of insurance cover when you first join the fund as an employee, without having to provide any health evidence (as long as you are at work and able to do your normal duties on your first day of employment). This is known as automatic acceptance, but only applies to if your super balance is more than $6,000 and you are aged 25 years or older.

People taking out insurance cover privately will normally be asked to complete a detailed medical statement before being granted insurance cover.

The advantage of automatic acceptance is that if you have an existing medical condition, you may still be able to get some insurance cover and have it continue, even after you leave your employer.

Here's how it works

Premiums are debited from your super account on a regular basis, so you never have to worry about remembering to pay your premiums or to budget for the costs from your pay, but you will need to make sure that you continue to contribute to your super account to keep your insurance – call us to find out more.

A note about your beneficiaries

What is the cap amount?

There are rules about who can be paid a superannuation death benefit. Your benefit can only be paid to dependants as defined in superannuation law. Keep in mind when you nominate your beneficiaries that, depending on who you nominate, your benefit may be taxable upon your death if it is not paid to tax dependants. Tax dependants are different to superannuation law dependants.

For example, if your benefit is paid to your spouse, ex-spouse or dependant children under 18, your benefit will be tax free. However, if it is paid to anyone else, then it may be taxed at up to 17% (including 2% Medicare levy)

How much insurance is enough greatly depends on your individual circumstances and needs

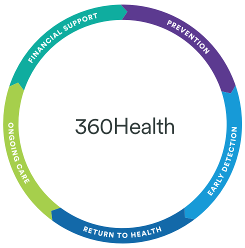
Some key issues to consider are:

- Age: This is a key determinant of the level of cover you need. A young single person might see very little need for death insurance. However, this changes quickly once they get a mortgage and/or start a family. The need could generally stay high for many years, usually until the mortgage is nearly gone and the children are off their hands. At that point the need for insurance may start to reduce.
- Income level: The insurance provided in super funds could be viewed as insuring against the loss of future earnings, by either lump sum insurance or income protection. So the higher your salary, perhaps the greater the need for higher insured amounts. In other words, when someone's salary is higher, the loss of the salary can have a more detrimental impact to one's financial situation and therefore require a higher need for insurance.
- Level of debt and assets: Most people would like to think that their debts were cleared upon their death. The death of a loved one is obviously stressful enough, but this stress will be greatly magnified if the family also have to worry about how to deal with remaining debt. Likewise, if a person has lots of investments that can readily be converted to cash to cover any debts, this may reduce the need. However, the family home does not normally fit into this situation as the family will still need to live somewhere.
- Number and ages of dependants: Feeding, clothing and educating children is very expensive, so these costs should be factored in to any calculation of required insurance.

Insurance calculator

MetLife insurance calculator provides a useful educational tool that helps you figure out how much insurance you may need based on your specific circumstances and needs. You can easily find it by searching for “MetLife insurance calculator” online. Equip Super is not responsible for the information provided by this calculator.

MetLife 360 health



MetLife’s 360Health is made up of a series of comprehensive early intervention and rehabilitation programs and preventative health and wellbeing initiatives. It provides an end-to-end health solution that considers mental, physical, social and financial health as well as work demands, and helps defend you against serious illness. Find out more at **metlife.com.au/360health**

Need help?

If you would like guidance on the amount of insurance that is right for you, we recommend you talk to an Equip Super financial planner, please call our Helpline 1800 682 626. Equip Financial Planning operates on a fee for service.