Personal insurance concepts

Help protect the primary care-giver

If you are primarily responsible for looking after the home and raising your children, it's important to consider your insurance needs.

Why protect the primary care-giver?

Many people understand the importance of protecting the primary income earner in the family, by ensuring debts and ongoing living expenses are covered by adequate insurance in the event of death, illness or injury.

However, it's just as important to protect you – the primary care-giver in the household.

If something was to happen to you, would your partner be able to take time off work to run the household and look after the children?

Would they be able to afford to pay for help around the house and childcare? What about paying for medical, rehabilitation or home modification expenses?

By taking out suitable insurances, enough money can be made available to help cover these and other expenses and to help ensure the household's cashflow and savings are not adversely affected.

The table opposite summarises the types of insurances available to primary care-givers and potential uses for the cover.

Your Financial Adviser can help you determine which types of insurance you may need and how much cover you require.

Insurance type	Description	Potential uses for insurance
Living Expenses Insurance	Provides a monthly benefit if you become 'substantially disabled'	• Cover living expenses • Pay for childcare and housekeeping • Service debts
Critical Illness Insurance	Provides a lump sum if diagnosed with a range of specified critical or traumatic illnesses	• Pay medical and rehabilitation costs • Cover living expenses • Pay for childcare and housekeeping • Service or pay-off debts
Total and Permanent Disability Insurance	Provides a lump sum if you are totally and permanently disabled. Is often provided with life insurance.	
Life and Terminal Illness Insurance	Provides a lump sum on death or diagnosis of a terminal illness.	• Cover living expenses • Pay for childcare and housekeeping • Service or pay-off debts • Cover funeral and estate costs

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Help protect the primary care-giver

Case study

Angus is married to Kelly, who has been taking time out of the workforce to look after their twin seven-year-old boys.

Kelly is diagnosed with breast cancer and takes two years to make a full recovery.

Fortunately, Kelly had taken out a suitable amount of critical illness insurance and received a lump sum payment that was sufficient to cover:

- all her out-of-pocket medical expenses
- before and after school care for the boys, and
- help around the home with cooking and cleaning.

There was even some money left over to pay for a nice holiday for the family when Kelly was up to it.

Without the insurance, they would have used up all their savings and needed to increase their mortgage substantially to help cover those costs.

Let's now assume that Kelly didn't survive the breast cancer and had also taken out sufficient life insurance to enable Angus to:

- clear their debts
- pay for funeral and estate costs, and
- generate an income to meet a range of expenses until the boys reached 18.

She would still have been eligible for the critical illness payment on diagnosis of the cancer.

Then, upon her death, Angus would have received enough money to ease the financial pressure on the family and enable them to maintain their lifestyle.

Cost-effective life and TPD insurance in super

When taking out life and TPD insurance you may want to arrange the cover in super where the premiums will be deducted from your account balance.

This can make the insurance affordable if you don't have the cashflow to pay for the premiums outside super. However, it will use up super savings that would otherwise be available to fund your living expenses in retirement.

If you want to make contributions to pay for the insurance in super, there are two approaches that can be quite tax-effective if you are a primary care-giver and earn a low (or no) income.

One is to get your spouse to contribute into your super account, where they may be eligible for a tax offset of up to $540.

The other is for your spouse to make pre-tax contributions into their super account, where they could then 'split' some of the contributions into your super account to pay for your insurance premiums.

Your Financial Adviser can help you decide whether you should hold life and TPD insurance in super and how to pay the premiums.

Seek advice

Your Financial Adviser can help you ensure that you and your spouse have the right insurances in place to protect your family's lifestyle.

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