

## Smart Wealth Protection Strategies

### Maintain your family's living standard

If you have a financially dependent family, you should ensure you have enough Life insurance.

By using this strategy, you could:

- provide your family with an ongoing income, and
- enable them to meet their living expenses if you pass away.

#### Case study

Peter wants to make sure his wife (Vanessa) and three young children will be able to maintain their living standard if he dies.

Peter works out his family currently needs around \$34,000 pa (or \$650 per week) to meet their regular bills and expenses, excluding loan repayments.

Commitments	Amount	Frequency	Annual amount
Groceries	\$1,000	Monthly	\$12,000
Education fund (for three children)	\$300	Monthly	\$3,600
Household expenses (eg electricity, gas, phone, insurance and petrol)	\$2,650	Quarterly	\$10,600
Other living expenses (eg clothing and entertainment)	\$150	Weekly	\$7,800
<b>Total</b>			<b>\$34,000</b>

Peter would also like to ensure his family has enough money to meet these financial commitments for the next 18 years, until their youngest child reaches 21.

After assessing their goals and financial situation, their adviser recommends Peter take out an extra \$460,000 in Life cover. This is in addition to the Life, TPD and Critical Illness cover he needs to clear their debts.

Should he die, the additional lump sum payment of \$460,000 can be invested to generate an after-tax income of \$34,000 pa over the 18 year period<sup>1</sup>.

Note: This case study highlights the importance of speaking to a financial adviser to make sure you have enough Life insurance so your family can meet their ongoing living expenses if you pass away.

A financial adviser can also address a range of potential issues and identify other suitable protection strategies – see Tips and traps.

<sup>1</sup> Assumes the lump sum of \$460,000 earns an after-tax return of 6% pa, the income required increases at 3% pa to keep pace with the rising cost of living and the capital is exhausted over the 18 year period.