



## INSURANCE STRATEGIES

### INSURANCE AS PART OF YOUR SUPERANNUATION

You can purchase life, income or total disablement insurance directly from an insurer or via an insurance broker or financial adviser. You can also get insurance indirectly through your superannuation fund.

There are benefits of having these life insurance products in your superannuation, rather than outside your superannuation fund.

Some advantages include:

- You can be automatically accepted without completing a medical check
- Cover can be much cheaper due to the bulk discount available to superannuation funds
- Taxation concessions available for contributions to a superannuation fund.

However, there are also some disadvantages of having life insurance products in your superannuation.

Some disadvantages include:

- Limitations on the level of cover
- Limitations on benefit periods for income protection insurance
- In the event of death, delays in payment of benefits, when the money is most needed.

If you are thinking of switching superannuation funds, be careful because the insurance cover from your old superannuation fund will probably cease. You should ensure you are eligible for insurance at the level of cover required in your new fund before finalising your choice to switch superannuation funds.

Before moving to a new superannuation fund, you should consider:

- Premiums can differ greatly between superannuation funds for the same level of cover: Before you change funds check to see if your new fund offers insurance cover and make sure you compare what you'll be paying for that cover.
- Be aware that if you decide to purchase insurance outside the superannuation system you could also end up paying more. Because of the bulk discount they receive, cover through a superannuation fund is often cheaper than purchasing insurance outside the superannuation system.
- Be aware that you could be uninsured for a time. If you leave one fund and your cover ceases in your old fund, you may be uninsured for a period — particularly if your new fund waits until contributions are received or until a medical check has been completed before cover commences.
- Be aware you could be overinsured. If you have more than one superannuation fund you should check to make sure that you are not paying for more insurance cover than you need.
- Many employer or industry superannuation funds have an option for you to continue your insurance when you leave the fund — this is known as a 'continuation option'. This option allows you to take out an individual policy on your own life within a specified timeframe, usually 30 days, after leaving the superannuation fund.

For more information about superannuation see Smarter Super Make the most of your retirement.

## TIP

While some superannuation funds may make available some life insurance, you should make sure that the level of cover meets your needs. When determining the type and level of appropriate cover, it is recommended that you consult your financial adviser who can provide advice based on your personal circumstances and financial situation.