

Life insurance

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Protecting loved ones is a natural instinct, but how can you protect them if you're not around? In the event of your death life insurance helps your family maintain their financial position in the event of your death by providing your beneficiaries with an agreed lump sum.

Protect your family

Life insurance can be critical for a secure financial future. In simple terms, you insure yourself for a particular amount and, in the unfortunate event that you die, the insurer pays that amount.

The lump sum payment can be used to help with the repayment of debts, the covering of future needs (for example, the cost of children's education or long-term care), as well as providing funds for investment to generate an income or to keep your business afloat.

We don't like to think about 'worst case scenarios' but taking some time to consider the risks and having a contingency plan is like carrying an umbrella – it can't stop the rain but can provide much needed financial protection during life's storms.

Factors to consider:

- You should make sure you have an adequate level of cover for your needs. Under-insurance can present a serious problem.
- Changes in your personal circumstances (ie taking on additional debt) often necessitate the need for higher insurance levels.
- Death benefits received via a superannuation policy may be taxed.

Nomination of beneficiaries

Many, but not all, life insurance contracts allow a policy owner to nominate a beneficiary, or beneficiaries, to receive any life insurance policy proceeds being payable to the policy owner. Such a nomination cannot be ignored or overturned by a life insurance company and, as such, binds the life insurance company to pay the nominated beneficiary, or beneficiaries.

Ensure you nominate your beneficiary and make changes as your circumstances change.

Life insurance isn't complicated, and needn't be expensive. Even if you don't have dependants, life insurance can provide other benefits such as covering funeral expenses, tidying up your affairs, or providing someone you love with an inheritance.

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