



## EOFY 2020 – TIPS FOR INSURANCE

A significant number of Australians remain either uninsured, or under insured. This can have dire consequences for families in the unfortunate event of a family member dying, having a serious injury or illness, or some other unforeseen event occurring.

While it is common to do end-of-year pre-tax planning or review our superannuation and other financial affairs, the end of the financial year is also a good time to have our insurances reviewed.

Reviewing insurance is not an easy task, but we are here to assist you. If you have questions about any of the issues mentioned in this email, please contact us.

Things to consider:

1. **Type and scope of current policies** – is the insurance you hold still suitable to your circumstances?

As life changes and our family expands, we take on more debt, buy a new home - or reduce debt by paying off loans - our needs for insurance change. The types of policies we have, the current levels of insurance, the premiums we are paying, and policy terms and conditions, should all be reviewed time-to-time.

Now is a good time to have a personal insurance 'audit' carried out to ensure that the cover you have is appropriate for your family's circumstances.

2. **Insurance ownership** – many people have their insurances attached to their superannuation. This may be appropriate, however, there are times when holding insurance through super may not be the best option.

For example, if you were to pass away and your insurance was paid to your parents, or other extended family members, imagine them having to pay 30% tax on the insurance benefit they receive! With proper structuring, this can be avoided.

By reviewing the way in which your policies are structured, we can ensure that in the event of a claim arising, the tax consequences are minimised.

3. Do you hold **insurance through your super**? If so, recent changes to legislation may result your insurance cover being cancelled if certain circumstances arise and you don't take certain steps.

In generally terms, if your super account is inactive (i.e. a contribution or rollover is not made within a period of 16 months), or if your account balance falls below \$6,000, your insurance will be cancelled.

However, you may retain your insurance by either making a contribution to your super fund, or by making an election to retain your insurance.

4. **Nominated beneficiaries** – many insurance policies (other than those held through super) enable you to directly nominate a beneficiary to receive the benefits in the

event of a claim arising. Nominating appropriate beneficiaries can be extremely useful as the insurance proceeds are paid directly to that person and do not form a part of your estate, to be dealt with under your will. However, death benefit nominations need to be reviewed from time-to-time to ensure they remain appropriate. If you don't have a death benefit nomination in place, it is something worth considering.

5. **Insurance bonds** – with increasing restrictions affecting the amount that may be contributed to super, insurance bonds provide a great opportunity to save in a concessional tax environment, without many of the restrictions applied to super.

Insurance bonds have been available for decades, however, there has been a resurgence of interest as a result of the government changes to super rules.

Modern bonds offer a wide range of investment options that allow you to invest in a manner that suits your personal investment goals and objectives.

If you would like to see how investing in insurance bonds might suit your needs, please talk to us.

Ensuring that you have a properly structured, affordable, and adequate insurance portfolio in place will ensure that in the event of death, disablement, temporary incapacity, or being diagnosed with a critical illness, your family is being provided for financially.

Should you have questions about any of the issues raised, or if you would like us to review any aspect of your insurances, or simply check that everything is on track, please don't hesitate to contact Gant Financial Management on 08 8363 0666 or email us [admin@gantfm.com.au](mailto:admin@gantfm.com.au) to arrange an appointment.

Best regards,

Best regards,

The teams at Gant Financial Management and Centrepoint Alliance

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