

INCOME PROTECTION

What would happen if you had to stop work due to sickness or injury? How would you pay your bills if your income stopped? Being ill or injured is difficult enough, without the financial pressure of not being able to earn an income. You can protect your income and maintain your lifestyle with CommInsure's income protection.

What cover is available outside super?

Income Care

This cover is a valuable form of insurance that provides up to 75 per cent of your income if you're sick or injured and are permanently or temporarily unable to work. Premiums are generally tax deductible. Benefits are normally paid monthly and like your income, are generally subject to tax.

Income Care Plus

This cover offers all the protection of Income Care with an additional 11 benefits such as Crisis benefit, Home Care benefit and Family Support benefit.

Income Care Platinum

This cover has all the features of Income Care Plus (except for Essential Cover) as well as a three-tier definition of Total Disability and a more flexible waiting period.

Business Overheads Cover

This cover is a form of income protection that helps pay for business expenses if a business owner is unable to work due to sickness or injury. The benefit will cover the regular fixed operating expenses of a business if self-employed, or an income generating member of a small business.

What cover is available inside super?

This cover generally offers all the protection of Income Care while aligning the benefits to super legislation. There are some important differences between income protection inside and outside of super you need to be aware of. The differences are highlighted in the benefits table on page 3.

The cover we offer inside super is:

Income Care Super

This is available through Total Care Plan Super.

SMSF Plan

This is customer designed to provide SIS aligned insurance to SMSF's meaning SMSF trustees can have peace of mind that their members are more likely to meet a SIS Act 'condition of release' and receive the benefit. Potentially cost and tax effective – not only does insurance inside super ease pressure

on day to day income, but premiums paid by a SMSF may be tax deductible to the fund.

What cover is available both inside and outside super?

Essential Cover

This is simple, low cost cover which provides up to 75 per cent of your income if you're unable to work due to accident only.

Split IP

As the benefits on IP inside super are restricted by super law, certain benefits aren't available under Total Care Plan Super or the SMSF Plan or they're not as generous as those under Income Care, Income Care Plus and Income Care Platinum.

Our split IP arrangement allows you to structure your IP cover so you enjoy the benefits of having cover both inside and outside super. Under split IP you can access benefits otherwise not available inside super, while still paying part of your premiums from super.

Who needs income protection?

You should consider income protection if you:

- ◆ don't have sufficient savings to cover unexpected expenses, for example: medical bills
- ◆ would need money to live on if you couldn't work again
- ◆ have a family or dependants
- ◆ have a mortgage or other debt
- ◆ have a business or business partners, are self-employed, a company director or key employee



When we pay a benefit

We'll pay the Total Disability Benefit if you can't do any income earning work at all for longer than your nominated waiting period. And if you suffer a serious medical condition, we recognise that you will most likely never return to work and in these circumstances we could pay up to 100 per cent of the pre-disability income.

At the commencement of the policy, for income protection outside of super you can also choose at no additional cost,

whether you would like to receive your benefits for a permanent disablement claim as a monthly benefit or as a lump sum (subject to preservation rules where applicable). The lump sum benefit is tax-free outside of super. If you choose this option, approximately 10 per cent of your premium each year won't be tax deductible.

We'll pay the Partial Disability Benefit if you can only work in a reduced capacity after the waiting period has ended. The benefit is based on the reduction in your income.

Options to consider		
Policy type	Choice of Indemnity, Extended Indemnity, Agreed Value or Guaranteed Agreed Value. [#]	<p>With Indemnity[^] and Extended Indemnity, the monthly benefit will be the lesser of the amount of your cover or 75% of your pre-disability income.</p> <p>With Agreed Value[^], as long as income earned in the 12 months prior to the policy commencement date supports the insured amount, then regardless of any subsequent reduction in your income, the benefit paid will be for the amount you're insured for.</p> <p>With Guaranteed Agreed Value we pay the monthly benefit chosen and don't ask you to justify that amount when you claim.[#]</p> <p>[^] These policy types have modified definitions if held within superannuation.</p> <p>[#] Not available for income protection inside super.</p>
Monthly benefit	How much you're insured for.	<p>Minimum of \$1,500 per month.</p> <p>Maximum of \$30,000 per month.*</p>
Benefit period	The longest period we pay your benefits for.	Choice of 2 years, 5 years or to policy anniversary before age 60, 65 or 70.
Waiting period	How long you need to be disabled for before we start paying you benefits.	<p>Choice of:</p> <ul style="list-style-type: none"> ◆ 14 days, or ◆ 1, 2, 3 or 6 months, or ◆ 1 or 2 years.
Premium rate option	Affects whether your premium will change as you get older.	<p>Stepped Minimum entry age 18 Maximum entry age 64</p> <p>Or</p> <p>Level Minimum entry age 18 Maximum entry age 55</p>
Cover expiry date	Affects how long your policy will last for.	<p>Choice of to policy anniversary before your:</p> <ul style="list-style-type: none"> ◆ 60th birthday ◆ 65th birthday or ◆ 70th birthday.

* Exceptions apply for certain occupations or as a result of the underwriting assessment, please refer to the PDS.

The benefits of income protection

Benefits, features and options	Outside super			Inside super			
	Income Care/Plus /Platinum	Essential Cover	Business Overheads Cover	Income Care Super	Essential Cover Super	Income Protection within SMSF Plan	Essential Cover within SMSF Plan
Total disability benefit	✓	✓		✓	✓	✓	✓
Partial disability benefit*	✓	✓		✓	✓	✓	✓
Recurrent disability benefit	✓	✓		✓	✓	✓	✓
Boosted total disability benefit	✓	✓		✓	✓	✓	✓
Reward cover benefit	✓	✓	✓	✓	✓	✓	✓
Medical professionals benefit	✓	✓					
Rehabilitation benefit	✓	✓					
Unemployment cover benefit	✓	✓					
Death benefit	✓*			✓			
Business overheads cover			✓				
Waiving premiums while paying benefits	✓	✓	✓	✓	✓	✓	✓
Cover while unemployed or on leave	✓	✓	✓**	✓***	✓***	✓***	✓***
Premium waivers for personal circumstances	✓	✓		✓	✓	✓	✓
Waiver of waiting period for specific conditions	✓	✓		✓	✓	✓	✓
Automatic indexation	✓	✓	✓	✓	✓	✓	✓
Guaranteed insurability	✓	✓		✓	✓	✓	✓
Flexibility to reduce waiting period	✓	✓		✓	✓	✓	✓
Extended cover	✓	✓		✓	✓	✓	✓
Continuation option				✓	✓		
Interim accident cover	✓	✓	✓	✓	✓	✓	✓
Optional extra at no additional cost:							
Permanent disablement cover option	✓	✓					
Optional extras at a reduced cost:							
Total and temporary disability cover option	✓	✓					
Optional extras at an additional cost:							
Increasing claim option	✓	✓		✓	✓	✓	✓
Accident option	✓	✓		✓	✓	✓	✓
Super continuance option	✓	✓					

* Only for Income Care Plus and Income Care Platinum

** Cover continues while on leave

***Benefit only payable if in gainful employment before the claim

Split IP – Two policies, one easy package

When you use split IP, both policies must have the same policy structure. For example, they will have the same monthly benefit, waiting period, benefit period, cover expiry date, premium frequency and policy anniversary date.

With split IP, the policy inside super will be either a Total Care Plan Super (Income Care Super) policy or an SMSF Plan policy. The policy outside super will be either an Income Care policy or an Income Care Plus policy. If you require Essential Cover only, then the policy inside super and the policy outside super will be Essential Cover.

Additional benefits under Income Care Plus and Income Care Platinum

- ◆ Rehabilitation expenses benefit
- ◆ Accommodation benefit
- ◆ Family support benefit
- ◆ Home care benefit
- ◆ Bed confinement benefit
- ◆ Transportation benefit
- ◆ Overseas assist benefit
- ◆ Specific injuries benefit
- ◆ Crisis benefit
- ◆ Death benefit
- ◆ Domestic help benefit
- ◆ Three-tier Total Disability definition (IC Platinum only).

Surely it won't happen to me?

- ◆ Let's hope not, but did you know that in 2011–12, over 454,000 people were severely injured enough to be admitted to hospital?¹
- ◆ In 2016, it is estimated that there will be over 130,000 new cases of cancer being diagnosed.²

Take Joanne for example, married with two children. Joanne and her husband have a significant mortgage and other expenses to pay. Joanne's financial adviser recommended that she take out Income Care Platinum cover as part of her financial plan. When Joanne's adviser explained that her premiums were tax deductible, she decided to take out the recommended insurance. Two years later, Joanne was diagnosed with breast cancer, which put her out of work for 12 months. But thanks to her monthly Income Care Platinum payments, she was able to continue paying her mortgage, as well as covering her car loan repayments, her children's school fees and the cost of a house cleaner.

Ken, a self-employed mechanic, took an agreed-value Income Care Policy with a three month waiting period at a level premium rate. Unfortunately, Ken was diagnosed with primary pulmonary hypertension which is a serious medical condition which made Ken unable to engage in his regular occupation given the severity of his condition. As Ken was permanently disabled a tax-free lump sum permanent disablement benefit was also paid.

David, a Specialist Surgeon, applied for split IP which is partially held inside super and outside super. Luckily David did so, as three years after applying for cover he was involved in an accident which left him unable to perform his duties for 12 months. As David is a medical professional, not all benefits are available inside of super, which is a good thing that he applied for split IP giving him maximum coverage with the IP outside of super paying him out for the additional benefits.

1 <https://www.aihw.gov.au/reports-statistics/health-conditions-disability-deaths/injury/overview>, viewed 2017.

2 <https://canceraustralia.gov.au/affected-cancer/what-cancer/cancer-australia-statistics>, viewed 2016.

Need more information?

- ◆ Your financial adviser can show you whether our income protection is right for you, how much cover you need and provide you with a Commlnsure Protection Combined Product Disclosure Statement (PDS) and Policy.
- ◆ Call **13 1056** from 8am to 8pm (Sydney time), Monday to Friday.

Things you should know:

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