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| [HEADING]  5 myths about life insurance and your super |

# [SUBHEADING]

# Want to sort the facts from the fallacies about life insurance in super? We bust five common myths.

[BODY COPY]

Taking out insurance through super is a simple, affordable way to take care of your loved ones – and protect the wealth you’ve worked so hard to build.

There are three sorts of life cover available through your superannuation:

* **Life insurance**, which pays out an amount to support your partner, children or other financial dependants if the worst happens and you’re no longer there to provide for them. You can also claim if you become terminally ill.
* **Total and Permanent Disablement**, which can provide valuable income if accident or illness means you’re no longer able to work.
* **Income Protection insurance**, which may provide a regular income for you if a temporary illness or injury means you’re unable to work for some time.

Most of us have some kind of insurance cover through our super fund, but because the premiums are usually paid for automatically out of our super account, we don’t engage with it. This has led to some misinformation and outright myths. So let’s clear them up now.

### **Myth #1: It’s hard to claim on insurance in super**

### A lot of people fear that when it comes to claim time, life insurance companies won’t pay up – or will make it hard to claim. But statistics say otherwise.

### Recent research from the Australian Prudential Regulation Authority (APRA) revealed that Australian insurers paid a whopping 98% of all life insurance claims made through super in 2021 and 96% of income protection (IP) claims.[[1]](#footnote-1) In the same year, they paid 86% of total and permanent disablement (TPD) claims made through super.

So why were a small percentage of claims not paid out? In most cases, it was because the claim didn’t meet the insurance contract or was for a condition that was excluded from a person’s insurance policy. So it’s crucial that when you take out insurance, you understand what your policy covers – and what it doesn’t. To find this out, check the Product Disclosure Statement (PDS).

**Tip:** Need to make a claim on the insurance you have through super? Contact your super fund and they’ll let you know the next steps.

### **Myth #2: You can only get a limited cover through your super**

Your fund will set you up with a default amount of cover for your insurance, but that doesn’t mean you can’t change it.

For example, if you need more cover, you may be able to increase the amount of life cover you have. You can also dial it back if your situation changes – say, when your kids leave home or your relationship changes. But remember, if you want to increase the amount of cover your insurer may need you to have medical checks.

If you have IP insurance, you may be able to change how long the payment period goes for, or the waiting period before your cover kicks in.

But note that if you do make a change, that could affect the cost of your premiums.

And, of course, if you want to you can take out additional life cover outside of your super.

### **Myth #3: Once you have a policy through your super, you can’t cancel it**

Insurance through super is flexible. You can cancel your policy simply by contacting your fund. But keep in mind that if you want to reinstate your insurance later, you might need to have a medical check and answer some personal questions about your health and medical history.

### **Myth #4: If you change to a new super fund, you lose the insurance you had through your old fund**

It’s true that if you change to a new super fund, you lose your existing insurance cover. That can be a real drawback if you have a pre-existing medical condition as it may be excluded from cover during a waiting period in your new fund. A way around this is to keep open your previous superannuation account with the insurance. This can be a great option for people who work in high-risk jobs whose original super fund offered them a higher level of cover.

If you choose to keep an extra super account open, you’ll need to make sure its balance stays at $6,000 or more, or tell the fund you want payments for insurance premiums to continue even if the balance falls below $6,000. You should also make a super contribution at least once every 16 months so the account doesn’t become inactive.

### **Myth #5: Insurance through super isn’t worth the cost**

This myth really needs busting. Insurance premiums through super can be very good value. Premiums are generally cheaper than what you’d pay for direct insurance or for cover through an insurance broker. That’s because the super fund can buy the insurance policies in bulk. What’s more, super’s tax benefits can make your premiums more tax effective.

[CALL OUT BOX]

**Find out more**

Have a question, or need more information about providing for your loved ones and protecting your lifestyle? We’d love to help. Call us on <<phone number>>, email us on <<email address>> or contact us through <<website address>>.

[CALL OUT QUOTE]

*“Australian insurers paid a whopping 98% of all life insurance claims made through super in 2021 and 96% of income protection claims.”*

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| Section | Content |
| Subject line | 5 myths about life insurance and your super |
| Pre-header text | Fallacies you need to know about claiming, cancelling and changing your insurance |
| Header image copy |  |
| Headline | How to tell fact from fiction to protect the ones you love with life insurance |
| Salutation | Dear <name> |
| Introduction | Taking out insurance through your superannuation fund is a simple, affordable way to take care of your loved ones – and protect the wealth you’ve worked so hard to build. But most of us have it without knowing many or any details – leading to misinformation. |
| Body | Some of the myths and facts include: **Myth #1: It’s hard to claim on insurance in super**The latest research shows that Australian insurers paid 98% of all life insurance claims made through super in 2021, 96% of income protection (IP) claims[[2]](#footnote-2) and 86% of total and permanent disablement (TPD) claims.**Myth #2: You can only get a limited cover through your super** Most people have a default level of cover. If you need more, you may be able to increase the life cover you have and you can also dial it back if your situation changes. **Myth #3: Once you have a policy through your super, you can’t cancel it** You can cancel your policy simply by contacting your fund. **Myth #4: If you change to a new super fund, you lose the insurance you had through your old fund** You will lose your insurance cover if you change to a new super fund. Speak to your fund for ways around this. **Myth #5: Insurance through super isn’t worth the cost** Premiums are generally cheaper than what you’d pay for direct insurance or for cover through an insurance broker and the tax benefits can make your premiums more tax effective. |
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| CTA | To learn more, read our full article <here>. |

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1. APRA, [*Life Insurance Claims and Disputes Statistics December 2021*](https://www.apra.gov.au/sites/default/files/2022-04/Life%20Insurance%20Claims%20and%20Disputes%20Statistics%20December%202021.pdf), issued 19 April 2022, accessed 8 September 2022. [↑](#footnote-ref-1)
2. APRA, [*Life Insurance Claims and Disputes Statistics December 2021*](https://www.apra.gov.au/sites/default/files/2022-04/Life%20Insurance%20Claims%20and%20Disputes%20Statistics%20December%202021.pdf), issued 19 April 2022, accessed 8 September 2022. [↑](#footnote-ref-2)
3. APRA, [*Life Insurance Claims and Disputes Statistics December 2021*](https://www.apra.gov.au/sites/default/files/2022-04/Life%20Insurance%20Claims%20and%20Disputes%20Statistics%20December%202021.pdf), issued 19 April 2022, accessed 8 September 2022. [↑](#footnote-ref-3)