**Go above and beyond for your client.**

Tools you can customise by OnePath Life Insurance

**CATEGORY – Understanding premiums**

TOPIC – Ways to buy and own life insurance

**SOCIAL MEDIA**

Use or customise the below post most likely to resonate with your clients via social media such as LinkedIn or Twitter. Your posts can link directly to the articles on our website, or you can customise a link to your own white-labelled versions of the articles.

***Tip:*  Spread the word with #clarity**

#clarity is a hashtag we’ve added to the material to promote life insurance education. We encourage you to get on board and help grow engagement and confidence in the life insurance industry by using it when you post on social media.

**SOCIAL MEDIA POST**

There are 3 ways to buy life insurance, and it’s important you understand the pros and cons of each before you make a decision about how you structure your cover. Read more #clarity

<Link to the article below either on your website or within the social platform>

**FLYER/NEWSLETTER/WEBSITE ARTICLE**

This article has been white-labelled to allow you to use the content (without having to seek our permission) as a customer flyer, newsletter or on your website.

***Tip*: Complement your advice**

You could also use the articles to complement your advice, sending specific articles to clients who have expressed concerns about their insurance or who have yet to take up insurance you have recommended.

**ARTICLE**

**Ways to buy and own life insurance**

Insurance policies can be bought in one of 3 ways:

1. Through a financial adviser
2. Direct from an insurance company, or
3. Held inside your superannuation, which is the case for most Australians

No matter where you purchase it from, the core idea is the same: if something happens to you that is covered in your policy - you get paid an amount to support you through the difficult changes.

## **Some important differences you need to be aware of**

1. **Insurance through an adviser is flexible and tailored to you**

##### When you buy a policy through a financial adviser you’re buying the policy as an individual.

This can enable the product to be tailored to your personal needs and circumstances through both the financial advice process (which includes a detailed needs analysis), as well as an insurance process called underwriting. Combined, this ensures the amount you pay and the cover you have is just right for you.

Another benefit of buying through an adviser is they can help you access insurance policies that you can pay for through your super.

1. **Insurance bought directly from an insurance company has some limited flexibility**

##### Buying insurance directly from an insurance company (generally online) has a degree of flexibility to respond to your needs.

This can be effective if you have a clear understanding of your financial position, and a relatively simple insurance needs.

**Direct insurance can sometimes be more cost-effective than insurance through an adviser (not always), but is generally more expensive than Group Insurance.**

1. **Group Insurance through a super fund is standardised, which can sometimes be great for a basic level of cover**

##### Superannuation funds buy standardised insurance policies in bulk from insurers, and then offer them to their members to ensure a level of protection for their financial future.

This means that it is often a cheaper way to access a standard level of cover, and if you fit the fund’s criteria you’re guaranteed to get cover – up to a certain limit – without the medical checks which are usually required when applying for insurance outside super.

**Group Insurance through super** can be a cost-effective and tax-effective way to fund your premiums and access basic levels of cover that can, in some cases, be easily upgraded. However, there are some important limitations to consider:

**It’s a minimal level of cover**

* The amount you’re covered for inside super may not be enough to provide the protection you need.
* You can often top up your level of cover inside super, but there are limits on how much insurance you can get without a medical assessment.

**It may take longer for your claim to be paid**

* When you claim on your insurance through super, the benefit is paid to the super fund first – in some cases slowing down the payment to you or your beneficiaries.

**Income protection benefit payments may stop after two years**

* Benefit payments on income protection claims outside super often pay you up to the age of 65
* Inside super, this benefit typically runs out after two years.

**Not all cover types are available through super**

* Insurance such as trauma cover for you or your children, or own occupation TPD are not available under superannuation. This could potentially leave a gap in situations where a critical illness or injury occurs and immediate financial relief is needed.

**Your retirement balance can be impacted**

* If you pay insurance premiums from your super contributions, that means there is a less money available to invest. Over a long period of time this could mean having less for retirement – especially when you consider the effect of compounding over time.

**Your life insurance benefit payments might be taxed up to 32%**

* Generally, life cover payments for an insurance policy outside super are tax-free, regardless of who receives it.
* In most circumstances, only dependants defined under the *Superannuation Industry (Supervision) Act 1993* – which could be a spouse, a child under 18, or anyone shown to be financially dependent on the deceased – can receive the benefit tax-free.
* It’s important to note that, generally, if the lump sum benefit is paid to anyone else, including an adult or a non-dependent child, it will be taxed up to 32%.

**Want to know more?**

If you’d like to discuss any of the content in this article and how it may apply to you, please call me on XXXXXXXXXX.