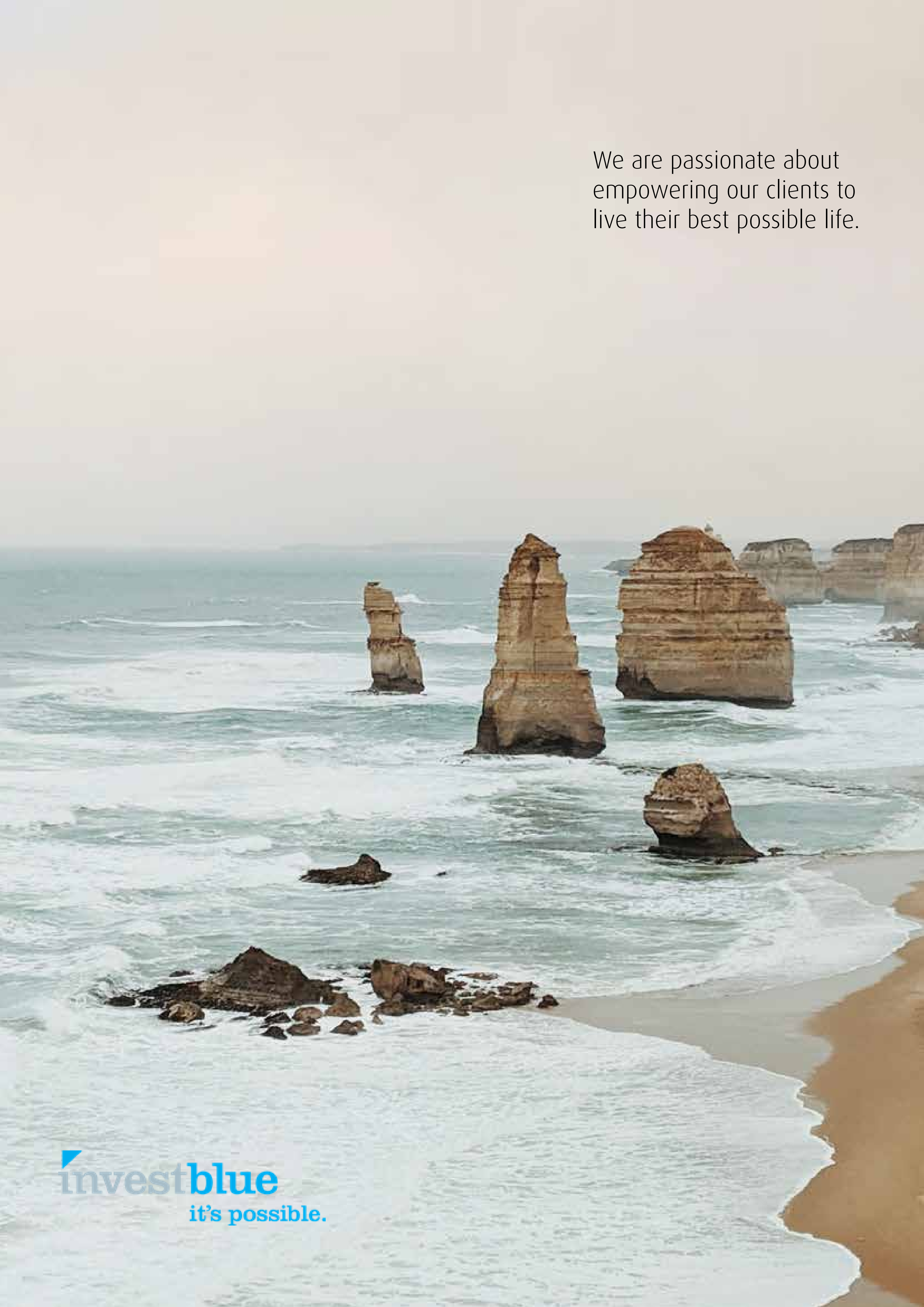
investblue
it's possible.

wealth protection

We are passionate about empowering our clients to live their best possible life.



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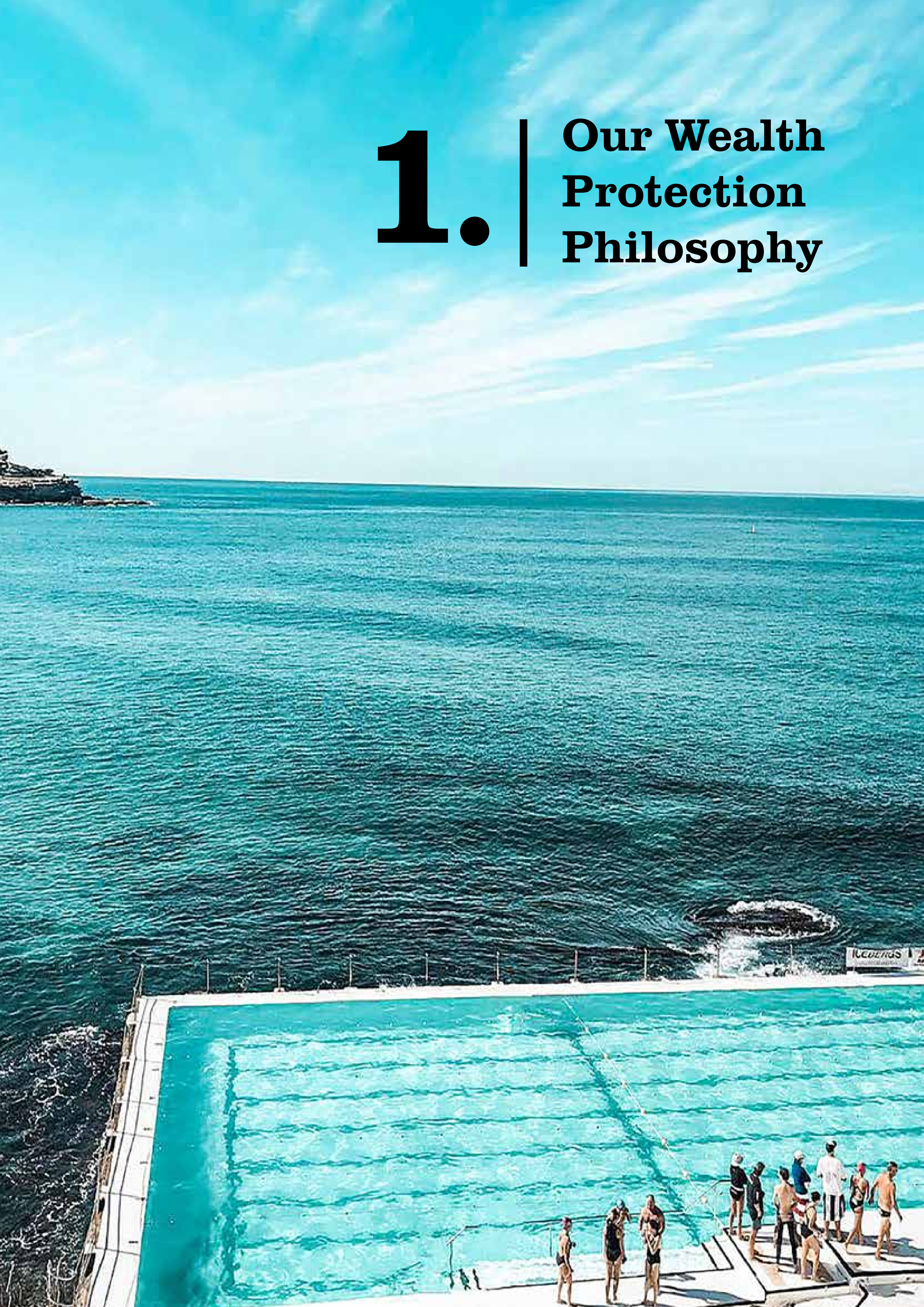


Our Wealth Protection Philosophy

At Invest Blue we assist in the management of our client's wealth protection planning to ensure that you maximise the opportunity to live your best possible life. We all have an idea of what we want to achieve, but sometimes don't have the time, understanding or the confidence to make it all happen.

Working with an Invest Blue Financial Planner is the perfect partnership to ensure that you have the understanding, time and confidence to protect your wealth and potential achievement of your short, medium- & long-term dreams and goals. We focus on three key areas in developing your financial plan, built around your goals, objectives and vision of your best possible life.

Strategy: After taking time to understand and define your best possible life, we determine the right strategy for you to maximise your chance of achieving your goals.

Structure: We work with you to structure your affairs in the most effective way to meet your goals. This includes consideration of different tax environments to place cover, linked cover, or the owner of an insured's policy.

Product: Where we identify that a product is required, we investigate the right products for you based on your strategy and personal health to maximise your chance of the right level of cover for an acceptable level of cost and tradeoffs (eg loadings or exclusions).

Our Wealth Protection approach is focused on selecting the most appropriate cover for the protection of your goals, based on your personal needs. We believe that putting in place a plan to live your best possible life is not a 'set and forget' action, but something that needs to be nurtured, monitored and regularly reviewed.

Our Approach to wealth protection

Our approach involves identifying key risks and implementing an appropriate cost-effective and tax-efficient solution to meet these contingencies.

Our wealth protection plans, solutions and strategies are not "one size fits all", but rather are unique, and based on your personal circumstances, which ensures greater suitability between you and the plan recommended. We take a consultative and strategic approach to recommending protection that considers your situation, the things that matter most to you, your needs and most importantly your objectives.

Working with an Invest Blue Financial Planner is the perfect partnership to ensure that you have in place a plan that helps protect you and your family, which the goal of maximising your likelihood of achieving your short, medium & long term goals and objectives. We focus on three key areas when developing your financial plan, built around your goals, objectives and vision of your best possible life: strategy, structure and product. Let us explore these areas a little further now.

Strategy

What is the right strategy for you to maximise your chance of achieving your goals?
Once we understand clearly your goals and vision for your best possible life, we will work with you to define a strategy that holistically maximises your chance of achieving this. Our preference is to provide a solution focusing on all aspects of your financial situation so that we can have confidence we can assist you live your best possible life.

As part of this process we consider strategies to maximise outcomes in relation to your personal needs from the following key advice areas, asking a range of questions:

Budgeting and Cashflow Management: How do we maximise your free cashflow to be able to direct to your short, medium- and long-term savings goals?

Debt Management: How do we help you manage your debt in the most effective way possible to meet your debt, wealth creation and other objectives?

Wealth Protection: What is the right amount of wealth protection (either through insurance, self-insurance or savings) to ensure the achievement of your goals and objectives aren't jeopardised in the event of the unforeseen?

Wealth Management (pre-retirement): How do we build and protect your wealth in the most tax effective manner during your working life to ensure it grows over time to be able to meet your needs now and in the future?

Retirement Planning: What is the best strategy to ensure you have sufficient funds to maximise the chance of you achieving your retirement and estate planning objectives?

Maximisation of Government Benefits: What is the most effective strategy to ensure you maximise your entitlement to any government support payments, in order to help you achieve your goals? Estate Planning: How do we ensure your assets go to the right people at the right time?

Structure

How do we work with you to structure your wealth in the most effective way to meet your goals? Once we've defined your goals and best possible life, and determined strategies designed to help you achieve these, we consider structural elements to enhance your strategy.
This includes consideration of:

The different tax environments and ownership structures to hold your insurance, including the benefits of inside superannuation vs holding your protection outside of the superannuation environment.

Your cash flow needs and the demands upon it, including your goals, living expenses and the amount that may be freed up to direct to a personal protection plan.

Your estate planning needs and the best way to structure how your insurance cover would be from you to your dependents and beneficiaries.

Product

After defining your strategy and appropriate structure, the next step is to determine the right insurance solution and products, where necessary, to provide practical solutions to support these requirements.

Where we identify that a product solution is required, what are the right products for you to maximise your chance of achieving your goals across all areas of your situation, including consideration of lending products, wealth protection products and investment products to meet your needs?

Our Wealth Protection approach is focused on determining the right insurance solution for you and your needs. The remainder of this e-book is designed to outline our philosophy and approach to managing your insurance needs. For information on our approach to other elements mentioned, please see the relevant philosophy documents for those services here:

- **Our philosophy on debt and lending**
- **Our philosophy on wealth management**
- **Our philosophy on Self-Managed Super Funds**
- **The facilitation of the above financial planning process is conducted via our Invest Blue Advice Process.**
- **Selecting a product for your Wealth Protection strategy**

Once we have determined the right strategy and structure to meet your Wealth Protection needs, via our Wealth Protection approach, we will work with you to select the most appropriate insurance arrangements that supports you to improve your chance of achieving your goals and objectives.

2. What types of cover exist?

Types of cover

Life:

provides a lump sum payment in the event of the insured person's death

Total & Permanent Disability (TPD):

provides financial assistance in the event that the insured person becomes permanently disabled and is unable to work in a normal capacity again for a prolonged period

Critical Illness or Trauma:

provides cover if the insured person is diagnosed with a specified illness or injury that will have a significant impact on their life (i.e. cancer, heart attack).

Income Protection or Temporary Salary Continuance:

provides cover should the insured be unable to work for a certain amount of time due to illness or injury.

Business Expenses:

provides cover for business owners should they find themselves unable to work in their business due to injury or illness so that the business operating expenses can be covered.

Types of Insurance Explained

What is Life Insurance?

Life insurance, also known as term life insurance or death insurance, provides a cash lump sum in the event of your death. Most policies will also pay on the diagnosis of a terminal illness with less than 12 months to live.

Life cover normally applies immediately for any cause of death, whether accident or illness, with the exception of suicide occurring within the first 13 months.

For those not eligible for full life cover there are limited Accidental Death or Accident Only Life insurance policies available which only cover death resulting from an accident. However, according to a 2016 report from AIHW accidents account for only around 8% of total deaths.

What is Total and Permanent Disability (TPD) Insurance?

Total and Permanent Disability or TPD insurance provides a cash lump sum if you suffer a permanent disability arising from illness or injury and this prevents you from ever working again. Usually you will need to have not worked for a period of three or six months before you can make a claim.

TPD cover is usually purchased as an optional extra on a Life insurance policy. The Life and TPD insurance covers are "linked" which means that you are paid a cash lump sum only on the first of death or TPD to occur. For this reason, the amount of TPD cover is normally limited to the amount of life cover purchased, however standalone TPD insurance cover can be purchased separately if life cover is not required.

TPD policies will generally insure either 'any occupation' or just your 'own occupation'. What does this mean? Say, for example, you are a professional musician who has lost one of your hands:

- **Own occupation: You could claim against TPD Insurance because the injury prevents you from carrying out the duties of your own occupation, ie you can no longer play an instrument.**
- **Any occupation: You, the musician, could reasonably carry out another line of work that doesn't require both hands. Therefore, you would not be able to claim against your TPD Insurance.**

The cost of TPD insurance cover will be higher if you work in an occupation which requires manual work or involves other risks, such as working at heights or underground. Commonly claimed TPD conditions reported by insurance companies are permanent back injuries and mental illnesses.

What is Trauma insurance (or Critical Illness insurance)?

Trauma insurance cover (also known as Critical Illness insurance cover) provides a cash lump sum on the diagnosis of a medical condition. The number of conditions covered (benefits) varies widely, cheaper policies often offering fewer benefits.

The most common claims under trauma insurance policies are for:
cancer, heart attack, coronary bypass and stroke, although many other conditions can be covered. You do not have to pass away to be eligble.

Unlike life insurance, a trauma insurance benefit is paid when there is a confirmed diagnosis – not when you die of the condition. With the latest statistics from the Cancer Council Australia showing that 68% of cancer patients survive for more than 5 years, trauma cover provides you and your family with a lump cash sum to use at the onset of a disease, when funds are needed the most.

How does Reinstatement work?

The reinstatement option is available in both stand alone and combined policies. If a full trauma claim is paid, you can re-purchase your trauma cover, giving you your full level of trauma cover back.The option will need to be purchased at the time of your policy application.

When can the reinstatement option be used?

You can generally use the reinstatement option 12 months after your trauma claim was made, however select insurers may offer this 6 months after your claim. If you do decide to use it, in most cases it will need to be used within 30 days of the anniversary of your claim.

What does Trauma Reinstatement Cover?

Reinstated trauma will provide cover for all critical illnesses covered in the policy except for the critical illness and the related category that resulted in the previous claim being made. For e.g. if you received a pay out for prostate cancer, the reinstated cover will generally not cover you for any cancer or any related conditions as the entire category will be excluded from the reinstated cover.

What is Income Protection insurance?

Income Protection insurance provides a replacement income stream should you become unable to work due to an injury or sickness. Benefits are paid monthly, not as a lump sum. For newer policies being applied for, the amount of cover is restricted normally to between 60-90% of your gross salary for the first 6 months of claim, with a reduced level for time following this.
Income Protection Insurance Premiums are generally tax deductible. You should speak with your tax adviser to find out if you are eligible to claim a deduction.

Income protection insurance premiums vary depending on your occupation and the cover you select. You will need to choose when the income protection payments from the insurer will start (the "waiting period" or "excess period") and how long the benefit will be paid for (the "benefit period").
Income Protection insurance premiums are more expensive the shorter the waiting period and the longer the benefit period. You can save up to 40% on your premium just by extending your waiting period

Income protection insurance waiting periods are:

Typically 30 days , 90 days or 2 years. However it may take up to 30 days after the end of the waiting period to receive the first monthly payment depending on the insurer's payment cycle. Waiting periods of up to 2 years are also available to supplement super fund policies (which typically end after 2 years of payments).
An example of how a waiting period works is shown below:

Date of claim	**1 April**
Waiting period	**30 days**
Waiting period expires	**30 April**
First payment due	**31 May for the period 1 May to 30 May**

Income protection insurance benefit periods are typically 2 years, 5 years or to age 65, with some insurers also offering to age 70. The benefit period is different to the expiry age of the policy which is when the policy can no longer be renewed. Income protection payments will stop after the benefit period ends, even if you continue to be unable to work due to injury or illness. Therefore, the longer the benefit period the better. Policies with a 6 month or 12-month benefit period may provide some short term bill paying relief but are not considered true income protection insurance policies because they do not protect against long term loss of income.

Adding a claims indexation option or claims escalation option will ensure that income protection benefits paid while on claim are escalated in line with inflation to maintain their value in real terms.

How does the Income Protection Tax Deduction work?

Income Protection premiums are tax deductible to individuals according to the Australian Taxation Office where the premium is an expense incurred to protect against the loss of income.

When is an Income Protection Premium not tax deductible?

You cannot, however, claim a personal tax deduction if you have income protection through a superannuation fund, including a SMSF. In this case it is the fund who owns the policy and pays the premium, not you. The fund will claim the premium as an expense and this will reduce the tax payable by the fund.

You can also not claim a tax deduction for any part of your income protection premium which relates to lump sum or capital payments, such as the Lump Sum TPD option, Trauma/Critical Illness benefit or Specified Injury benefit, or other benefits deemed not to be replacing income.

Features and benefits

Insurance Structure (Ownership)

When it comes to arranging insurance, it's important to decide what type of insurance you'll need for your particular life circumstances and ensure you have sufficient cover. It's also important to be smart about the structure of your insurance so that the dollars you pay for premiums work harder for you. This includes decisions on whether to hold these inside or outside super.
While all insurances can be held outside superannuation, only three can be held inside super. These include:

- **Income Protection**
- **Life Insurance**
- **TPD (Total Permanent Disablement Cover)**

Deciding whether to have your insurance within your superannuation or outside can be a complex decision. To help you with your decision-making we have listed the pros and cons of each.

Holding personal insurance inside your super
Only income protection, total and permanent disablement (TPD) and life insurance are available through most super funds. It's essential to ensure that these types of personal insurance are both sufficient for your needs and cover you for any unique risks you may have.

Advantages

• Life and TPD insurance are generally not tax deductible if held outside of superannuation. Within super these types of cover can be deductible to the super fund and your premiums may be in part or fully paid with pre-tax dollar.
• Many industry and employer super funds have group insurance policies available which can be cost-effective.
• It is easy to manage because premiums are automatically deducted from your super balance.
• Some super funds have automatic acceptance up to certain amounts, with no need for a medical history check.

Disadvantages

• Reduces your super balance – as premiums are paid from your superannuation savings, your superannuation balance will reduce by the premium paid each year, reducing the money available for your retirement.
• It's not always portable – if you have insurance inside your super and change employers, or start your own practice, your cover may not always move with you or remain with the same amount or conditions. If this is the case, you could have to apply for new insurance. Applying for new cover means a new insurer may look at your health history and you may not be covered, or it may cost you more.
• Death benefits may be taxed, depending on to whom the benefit is paid.
• You may pay tax on a TPD claim payment when your insurance is held through your super.
• Limited cover – the types of insurance, and level of cover, are limited so they may not be tailored to your needs as a doctor.

• If you cannot work in your specialty because of illness or injury, but are able to work in another specialty, you may find that you are not covered.
• Slower to pay out on claims – there can be delays in receiving benefits for death cover as the insurer pays the benefit to the fund first, who then distributes it to beneficiaries.
• If you do not make a binding beneficiary nomination or your fund does not offer binding nominations, the super trustee will decide who gets your benefits when you die, although your nomination will be taken into consideration.
• Life insurance cover through your super ends when you reach a certain age (usually 65 or 70), while policies outside of super may cover you for longer.
• Trauma and Business Expense cover is not available through super.

Insuring outside of your super
All insurances are available outside super including Income Protection, Life, TPD, Trauma and Business Expense cover.

Advantages

• Portability – you can continue to keep your cover without having to apply for new cover when you change employers or start your own practice. If you are planning to change jobs, take parental leave, start your own practice or considering working overseas, insurance outside your super may be a better option.
• Income protection is generally tax deductible.
• You get relatively immediate access because any benefits are paid directly to the policy owner.
• Life and TPD insurance benefits are not taxed.
• You can insure for your area of specialty as a doctor so that you won't be forced to take on other jobs in the event that you can't work in your chosen specialty.

Disadvantages

• Premiums are paid with post-tax dollars for Life & TPD insurance.
• There may not be automatic cover without the need for medicals.

Premium Types

Stepped premiums - Stepped premiums generally start out cheaper, and becomes more expensive as you age. Its initial low cost is its main advantage, but they have a drawback too. Since the premiums increase with your age, it ends up costing quite a bit to insure yourself as you get older.

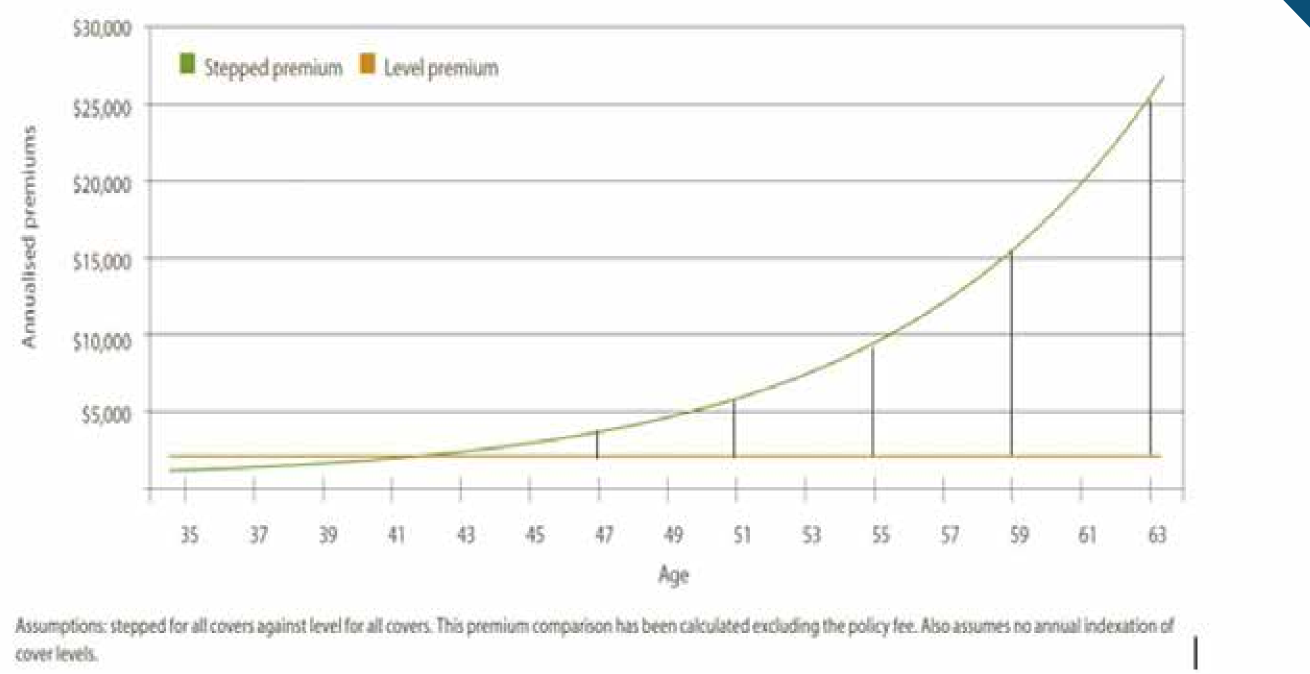
pros	
Cheaper when you first get insured.	You'll pay more in premiums over the life of your policy.
A suitable option for those who may not want life insurance long term.	Can become too expensive to maintain when you're older, which is generally when you need it most.

Level Premiums - Level premiums are more expensive when you first take out your policy. However, they do not increase as you age. It may increase as your lifestyle factors change, and certainly does in small increments in line with inflation (CPI). This makes them more expensive initially, but far cheaper in the long term. It does increase a little with inflation, and often reverts to a stepped premium structure once you reach a certain age (usually 65).
Note: Your policy can't be altered without resetting that premium though. That means, if you circumstance change, your premium will go up permanently.

pros	
You'll save money long term.	More expensive to pay for initially.
Ideal for anyone who wants long term reassurance. You can roughly budget for premiums, because they remain more constant over the years.	You'll end up on a stepped premium eventually, which could one day start to erode the savings you made.

What about Hybrid premiums?
Hybrid premiums are a combination of level and stepped. They start off more expensive than your typical stepped premium, but cheaper than your level ones. It then increases like a stepped premium for a set period and will then lock into a rate once you reach a certain age.
These hybrid products are not always available with every insurer. However, they could be something to consider if you are wanting a combination of the two premium types.

How do I choose between these options?
It often comes down to one question: how long will you hold the life insurance policy for? If you plan on having it for decades, the answer might be a level premium. A level life insurance premium will inevitably save money over the long term.
A graphical example below is an illustration of stepped v level premiums, showing the difference between the two when you look at increases due to age. Other types of premium increases aren't shown on this graph.



For illustrative purposes only.
This graph illustrates age-based premium increases for stepped against level for all covers. This premium comparison has been calculated, assuming all other factors affecting the premiums are excluded. Both stepped and level premiums can increase due to factors other than age. Premium rates and premium factors are not guaranteed or fixed, and insurers have increased premium rates in the past and may increase in the future.

Linked and Stand Alone Insurance

When you purchase insurance, you can choose to either purchase stand-alone insurance, or you can opt for linked insurance, which means all of your protection is on one policy and you only pay one premium per month/year.

Bear in mind that if you select a linked benefit, then a claim on your TPD or trauma insurance is going to reduce the amount of life insurance you have in place. For example:
I have $1,000,000 life insurance, $500,000 TPD and $250,000 trauma cover. I claim on my trauma insurance, thereby reducing my life insurance to $750,000 and my TPD insurance to $250,000.

If you don't want this to happen, but still want a cost effective policy, for just a few dollars a month you can include life and TPD buy-back on your policy. This increases your life cover back to its original sum insured after a claim on your trauma or TPD. This will not reinstate the cover you have just claimed on though.

What type of cover can you link?

Life & TPD

You could choose to take out life insurance and TPD insurance, providing financial protection upon your death or diagnosis of a terminal illness and for total and permanent disability.

TPD Insurance and Trauma (Critical Illness Insurance)

If you already hold life cover and want to add TPD and Critical Illness insurance, you may decide to leave your life insurance cover as a standalone policy and combine just your Trauma Cover and Critical Illness Cover.

Life and Trauma and TPD Insurance

This policy provides protection against death and terminal illness, critical illness and total and permanent disability.

Income Protection

While you cannot combine income protection in the same way as other types of lump sum cover (Life, TPD or Trauma Insurance) most insurers will offer a multi-policy discount of 5-10% when you take out an income protection policy along with a lump sum policy.

Insurance Buy Back

When establishing TPD, trauma or life insurance, you will need to decide whether to take out cover as linked policies, or as stand-alone policies.

If you choose a stand-alone policy, when you claim on one type of insurance, the other insurances are not affected. The benefit of stand-alone cover is its ability to claim on covers without affecting the rest of your cover. However, this makes stand-alone premiums higher.

With linked cover, a claim on one insurance will usually reduce the rest of your insurance cover that carries forward. For example: suppose you have $500,000 in life insurance cover and $300,000 in TPD insurance, and you make a claim on the TPD Insurance. After the claim, your life insurance will be reduced to $200,000 to reflect the claim that has been made.

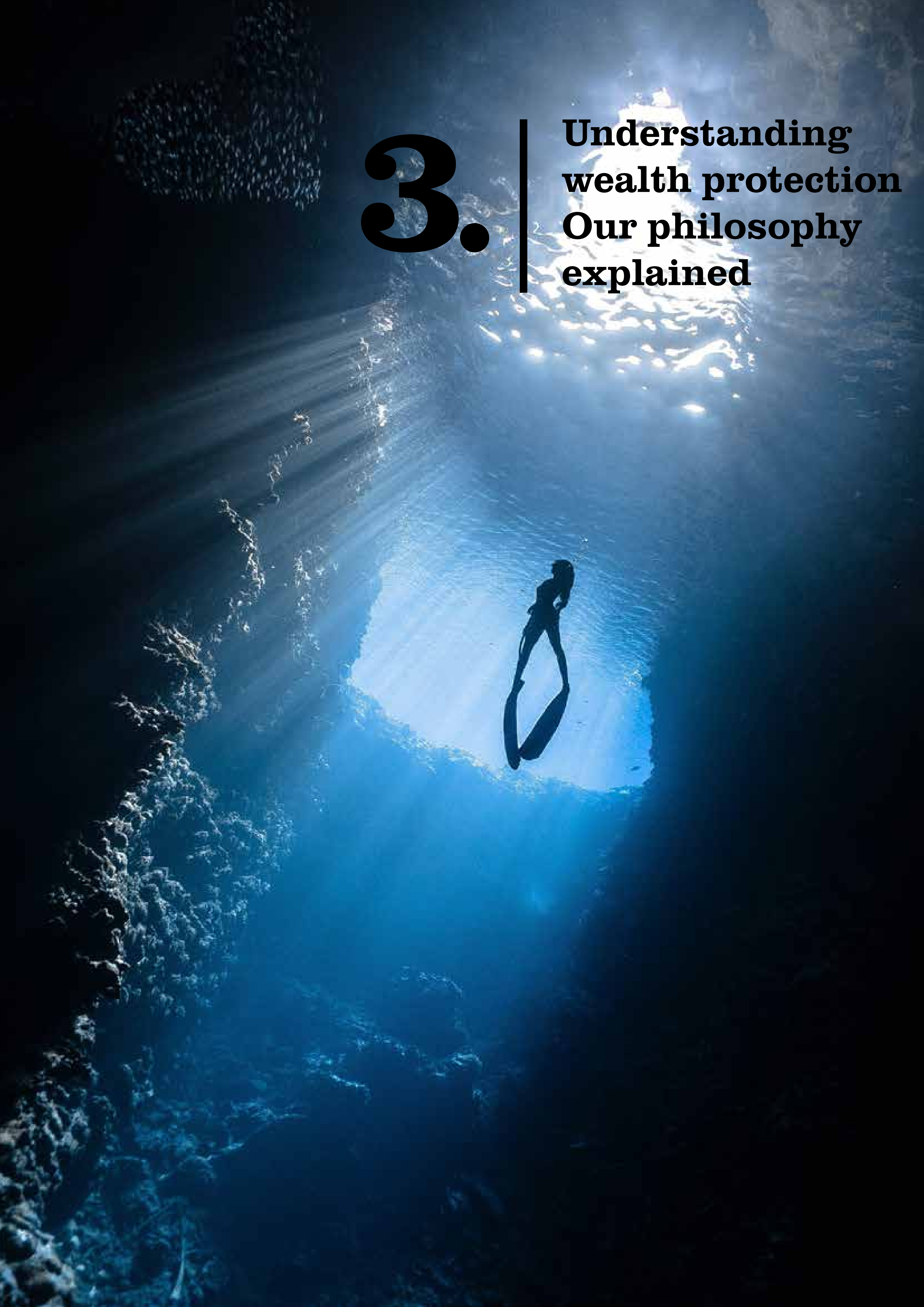
TPD Buy Back

In the above example you may be able to buy back the TPD insurance at a later date. This means that after 12 months, you can reinstate the life insurance back up to the original $500,000 of cover, in essence buying back your cover to the original amount. A buy back for TPD insurance is included as standard by some companies, and other will offer it as an addition that will increase the premium.

Trauma Buy Back

A trauma buy back works in the same way as a TPD buy back. After a claim you can reinstate your life insurance back to the original cover amount. Generally this is 12 months after the original claim.

3. Understanding wealth protection Our philosophy explained



Belief 1: Defining your best possible life

We believe that understanding your vision for your best possible life with a clear definition of your goals and tolerance to risk is the first step in building your wealth protection strategy.

As a client of Invest Blue, we will always start with getting to know you well before we recommend a Wealth Protection Strategy. This important foundation helps us both to clarify what is most important to you, your dreams and goals, your current situation and what your best possible life might look like. We will undertake a fact-finding process to understand and analyse your current financial and personal needs.

From there, we need to take you on a journey to understand your options and be aware of the trade-offs each choice inherently holds. To do this we will explain your options, outline our beliefs about Wealth Protection, discuss your preferences, and then make recommendations that we believe best suit your needs.

wealth protection journey

Role of your adviser

The role of the adviser in this step is to work with you to define your vision for your best possible life, based on your goals and objectives as well as affordability, working with you to understand the trade-offs required to help you prioritise what's important to you.

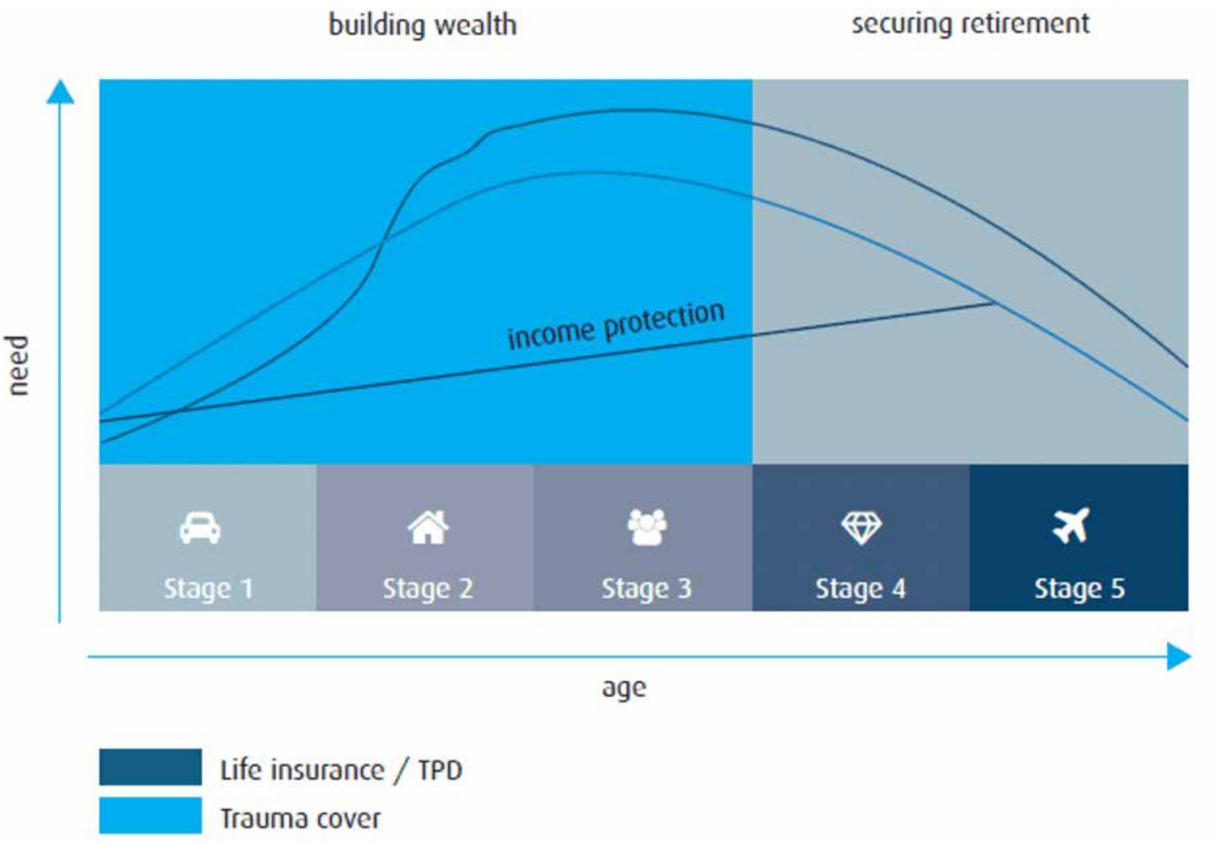
Additionally, your adviser will provide and guide you through series of questions and trade-off discussions to understand your tolerance to risk, and help you set your risk and return objectives.

Belief 2: Your life stage influences the level of need

Your needs for insurance cover will change throughout your lifetime. As your financial obligations increase, so do your protection needs. You may be looking to grow your family, and that may mean looking at new areas of your life that you may wish to protect financially. Later in life as the value of your assets increase, and debts decrease, your insurance cover needs will likely decrease as well. You may be in position where you are comfortable to self insure.

We will discuss with you where you are at now, and what options are available to you to provide protection for you and your family.

When do you need cover?



A needs approach is a calculation that shows the capital amount and/or income required by you based on your current financial situation and your anticipated needs if you were to suffer an insurable event.
The four insurable events and, consequently, areas of assessments are:

1. **Your death**
2. **Your total and permanent disablement**
3. **You suffering from a serious medical condition that meets a trauma definition.**
4. **You being unable to work for a prolonged period due to injury or illness.**

We will also consider and discuss with you, the impact of an insurable event occurring to your partner (if applicable).

In all cases where your advice needs include personal insurance as part of your wealth protection plan, we will work with you to ensure we have a clear understanding of your insurance needs and that the advice we provide is appropriate. Even where you instruct a level of cover we will still go through this process.

We will go through a process to identify the level of cover that would be required for you to continue to meet your financial obligations, protect your family and pay expenses related to an insurable event. At a minimum we will discuss and consider fundamental needs in relation to levels of cover, as well as potential other areas of cover that may be appropriate to your personal situation.

Life cover

Fundamental areas we will discuss with you:
- Coverage of debts including mortgages, loans and credit cards
- Income needs of your dependants including your spouse or partner children or any other people who rely on your income to support their living
- Funeral costs

Other areas that may be appropriate to consider:
- Income replacement requirements for specific needs including education, childcare
- End of life expenses, for example an allowance for medical bills
- Any other expenses based on your goals or specific instructions or circumstance that require consideration.

Total & Permanent disability

Fundamental areas we will discuss with you:

- Coverage of debts including mortgages, loans and credit cards
- Income needs of your dependants including your spouse or partner children or any other people who rely on your income to support their living, taking into consideration debt reduction and income payments from other income protection policies
- Medical expenses including allowances for out-of-pocket medical expenses, home modification and transport equipment

Other areas that may be appropriate to consider:

- Longer term medical costs and care needs
- Income replacement requirements for specific needs including education, childcare
- Supplementary income needs to balance other existing insurance policies
- Any other expenses based on your goals or specific instructions or circumstance that require consideration.

Trauma/critical illness

Fundamental areas we will discuss with you:

- Medical expenses including allowances for out-of-pocket medical expenses, home modification and transport equipmen
- Coverage of the income of your spouse/partner to provide them time off work to support your medical issue
- Clearance of debts or coverage of loan repayments for a period of time to reduce pressure on household income needs

Income protection/temporary salary continuance

Fundamental areas we will discuss with you:

- A level of replacement income for a period of time

Other areas that may be appropriate to consider:

- Coverage of super guarantee contributions

Other factors to consider when determining needs

To ensure the level of cover that we recommend is in line with your circumstances, we will:

- **Assist you to determine an appropriate amount for each expense, liability items or the amount of reduction in income.**
- **Understand how you have calculated or determined the amounts – i.e. reasons and basis for the calculation. We may need to verify or ask for documentation.**
- **Challenge you where an amount appears to be too high or too low, based on your objectives and circumstances.**
- **Allocate a dollar amount to each item considered.**

As part of calculating the total cover required, we will factor in the realisable financial assets you are willing to use should an insurable event take place. Realisable financial assets are assets that can be used to provide required funds should an insurable event take place. These assets can come in many forms like a cash reserve, savings, shares, investment property or superannuation. If included in the calculation, realisable financial assets will reduce the total cover you require from an insurance product. We will discuss the use of realisable financial assets with you and only include items that have been agreed to.

Insurance cannot be used for "betterment"

It's important to understand that as a condition of seeking cover from an insurance provider, that cover is to be based only what is reasonable for your situation and you are not allowed to seek cover for potential future scenarios, such as future purchases, cover of future debt, coverage for items that would be outside what you could ordinarily afford (eg the most expensive private school for your children, when this is not what you'd do should an insured event not occur). Unless the future scenario is almost certainly going to occur in the near future (eg you will soon have a home loan debt as you are in the process of buying a home), it is unlikely an insurer will accept the level of cover.

Insurance payouts are designed to alleviate the financial stress for a client if an insured event were to occur. This prevents the chance of insurance fraud, where people are inclined to take negative action in order to seek a payout for a better position.

Belief 3: the right cover is unique to you

- The right cover for you will be based on your health and affordability, not simply seeking "the bells and whistles".
- There is a wide variety of cover on the market, to account for the various health and financial situations of Australians.
- Once we've understood your level of cover needs, we also need to consider your health, as well as what you can afford.
- It may be better for you to seek the right level of cover, on a policy that has limited ancillary benefits. Alternatively, you may need the additional features of the policy and will trade off a lower level of cover to access those.
- Additionally, the premiums may be too cumbersome on your household income to seek the full cover you need, and instead some cover may be appropriate to at least have some form of protection, rather than none at all, and helping you and your family determine what is the most important elements of your situation to protect.

Belief 4: Underwritten cover is superior to non-assessed cover

Underwriting

Underwriting is the process an insurer takes in assessing whether to accept a policy for a customer and what conditions/pricing will be applied to the policy based on medical and lifestyle information provided by the applicant. This may result in standard premiums rates being applied, higher rates, some conditions being excluded from cover, or denying the cover due to unacceptable high risk.

Underwriting determines whether an individual's level of risk falls within a particular pool and how any extra risk (whether this is medical, occupational, financial and/or pursuits and pastimes) might be handled. Underwriting ultimately ensures that the cost of the cover is proportionate to the risks presented by the individual concerned.

There is cover on the market that allows you to take out cover immediately, and be underwritten at the time of claim. We don't believe this is the best for our clients, as they do not provide certainty of cover at the time when you need the benefit. Having this certainly upfront on what you are covered for and the amount, ensures you can have comfort in the event the unforeseen happens.

Your involvement in the underwriting process

People with the same or similar risk pay the same or similar premium rates. The process of underwriting takes place when an application is submitted to the life company. To assess a person's risk, life insurers rely on information from a range of sources. Many forms of 'default' levels of life insurance provided by superannuation and workplace schemes (and in some direct-to-consumer policies) do not require underwriting. But when you need more than the default level of cover, some form of underwriting, or risk assessment, is undertaken. These forms of cover do form an important part of a wealth protection plan, but do come with a trade off, whereby at claim time conditions will need to be met to access a payment.

If the policy being applied for is to be underwritten, as a minimum an application form and a personal statement (or proposal form) will be requested. These seek information on such things as residency, occupation, financial status, any pursuits and pastimes and medical history just to name a few. The personal statement asks for details about your personal medical history, including information about any disease or disorders that increase the probability of a claim. It also asks basic questions about family medical history as this can indicate whether an applicant may be at an increased risk of developing a hereditary disease.

The underwriter's role is to look at the best information available and to arrive at a conclusion that is fair, both to the individual and to the pool of funds to cover the risks.

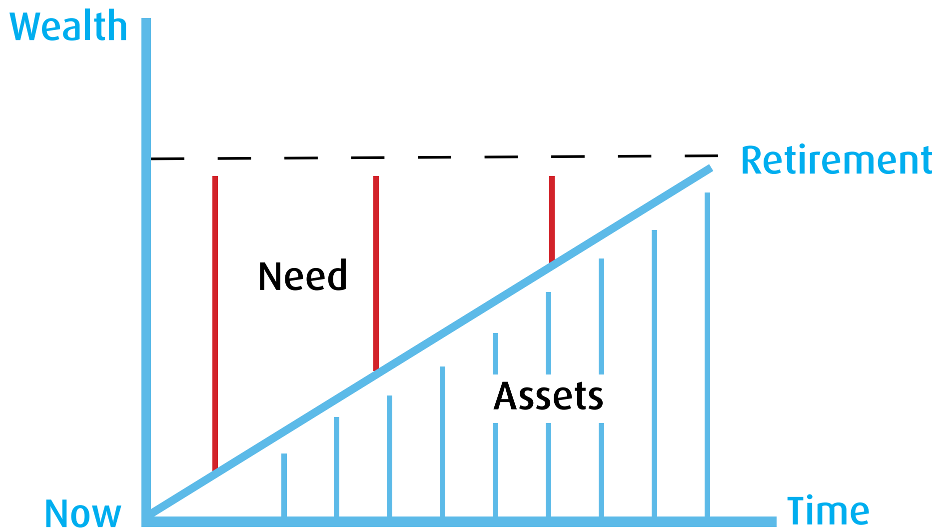
Application & Underwriting Process

Having agreed to implement our advice, Invest Blue will handle all of the administration and applications process for you on your behalf.

We are firm believers in underwriting at application where the insurer will evaluate your personal circumstances upfront to decide how much they will cover you for, how much you should pay for it, or whether even to accept the risk and insure you.

The underwriting process can be a daunting experience, with our help we will aim to make this process as seamless as possible.

Belief 5: Proactively managing your levels of cover is important as your wealth grows



Once a Wealth Protection strategy is implemented, it is not a "set-and-forget" proposition. A key part of any Wealth Protection strategy is reviewing your strategy and current position periodically against your objectives and adjusting accordingly. As your goals and objectives change, or your financial situation changes, it is important to assess your Wealth Protection strategy and make any required adjustments, to ensure we continue to maximise the probability of you achieving your goals and objectives, should you need to rely on your insurance plan.

Examples of when to actively review cover:

- **Change of employment or income**
- **Growth of your family**
- **Children no longer financially dependent on you**
- **Receipt of windfalls (eg inheritance) or asset increases**
- **Becoming a guarantor on a mortgage or other loan**
- **Reduction in debt**

An integral component of the monitoring and review process is providing support to you to determine if changes, either increases or decreases or changes in type of cover, are appropriate to your current needs. To live your best possible life, your wealth protection strategy will require ongoing monitoring and assessment, in partnership with you and your adviser to continue to ensure your strategy meets your needs.

Belief 6: Having support through a claim will provide peace of mind

When an insurable event unfortunately happens, it can be a stressful and emotional time. The role of your adviser (and their team) is to help you navigate the process and provide you with an objective voice and advocate as you pursue a claim from your insurer. Having someone with experience in managing this process can provide you with peace of mind at a time when you need help the most.

Claims

When you may need to make a claim

As with any insurance policy it is important to know what you are covered for. This is an important step in knowing if you can make a claim on your cover. If you are unsure whether you can make an insurance claim, speak with your Financial Adviser who can advise whether or not you are covered for a particular set of circumstances.

Making a claim

Making a claim on your personal insurance typically involves several key steps.

Step 1: Contact your Adviser.

It is important to contact your Insurer and adviser as soon as you can and explain what has happened to prompt your claim. It is likely you will be asked several questions about the type of claim you want to make. The adviser can assist you through your claims process and take action on your behalf.

Many insurers will assign a Claims Consultant to you, who will help you every step of the way. We will always make a note of each conversation we have, recording the date and time of the call and inform you of all important updates, needs and outcomes.

Step 2: Complete your claim forms.

If your insurer asks for completed insurance claim forms, we will be sure to read it carefully as it may ask to attach quite specific documents like a medical certificate. Some parts of the paperwork may need to be filled out by your medical practitioner. We will review your form before sending it to your insurer, and retain a copy of the completed paperwork.

Step 3: Your insurance claim is assessed

Your insurer will review all the information you have provided and make an initial assessment of your claim. It is likely the insurer will call you to discuss the assessment, followed by a written confirmation with the details of your claim.

Step 4: The outcome

If your insurance claim has been approved, your insurer will arrange your payment either by a direct deposit or cheque. For insurance within super, claims are paid into your Super account and are able to be accessed at any time after meeting a relevant Condition of Release. We will stay in touch to confirm your payment has been processed. If your claim is for an Income Insurance benefit, your insurer is likely to stay in touch each month to assess the ongoing payments.

Claims payments can often be very large lump sums. You may wish to discuss the best way to use your payment with your Financial Adviser, considering the goals you put in place when you first determined the cover level required.

Notes

Notes

investblue

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Important information

This brochure contains information that is general in nature. It does not take into account the objectives, financial situation or needs of any particular person. You need to consider your financial situation and needs before making any decisions based on this information.Invest Blue Pty Ltd (ABN 91 100 874 744) and Subsidiaries trading as Invest Blue, is an Authorised Representative and Credit Representative of AMP Financial Planning Pty Limited ABN 89 051 208 327, Australian Financial Services Licence and Australian Credit Licence No. 232706.

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