



4th Quarter 2007

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Up Coming Events

MDRT Fellowship Meeting

When: Wednesday 12th
December 2007

Where: Edinburgh Room, The
Brisbane Club 241 Adelaide
Street, Brisbane

Time: 7:15am for 7:30am start, til
9:00am. Breakfast included.

Cost: \$44.00 inc GST

Register: Phone 1800 027 117

It Doesn't Make Any Sense

The majority of Australians have no trouble insuring their home and contents from fire, theft and weather damage. It makes a lot of sense to take out insurance on your home. It's your biggest asset, right? Wrong.

The average Australian earns well over 2 million dollars¹ in their lifetime, much more than the value of the average home. And yet the majority of income earners don't insure their largest asset – their income earning capacity. Even more surprisingly, the Investment and Financial Services Association (IFSA) has found that nearly 70% of the self-employed have no disability income insurance – even though it is tax deductible! When insurance that protects your largest asset can cost less than your daily cup of coffee, you have to wonder...



Why don't people take better care of their largest asset?

In its July 2005 survey IFSA found some common myths about disability income insurance:

Myth #1: "I cannot afford it" 63%

Myth #2: "It won't happen to me" 51%

Myth #3: "It's a waste of money" 46%

Did you know?:

- Australia's small business and self-employed sector is underinsured to the tune of \$265 billion².

- The average Australian family has around \$14,500 in non-mortgage debt and spends almost \$310 a week raising their children³.
- Disability income insurance can cost under \$20⁴ a week, before tax!
- Take a chance on other careers or lifestyles?

What can you rely on?

It's no surprise that Australians are underinsured. Nobody wants to think about being injured or falling ill. Government benefits, Workers Compensation and sick leave may help alleviate some of the burden of illness or injury, but they aren't designed to replace an income – and certainly not for long periods. You could draw down your investments, superannuation or sell off your home or assets; but is that really the best solution?



How can disability income help you take control of your future?

Disability income can pay you up to 75% of your gross monthly salary, to help take care of you and your family financially while you keep the focus where it needs to be – on recovery. At a time when finances are the last thing you should have to think about, disability income insurance helps you get back on track.

¹ Australian Bureau of Statistics. Based on full-time adult average weekly ordinary times earnings as at May 2006, multiplied by 40 years of continuous employment.

² IFSA/Rice Walker, Underinsurance Key Facts, August 2005.

³ As above.

⁴ Based on a monthly benefit of \$3125 (Male, non-smoker)

Source: Macquarie

Keeping Your Business Healthy



For Business owners, sickness and injury can affect more than just personal income. Your absence from the daily running of the business can create a situation where turnover falls, while the costs of rent, support staff and utilities continue.

You could very suddenly find yourself in a situation where you have recovered and are ready to go back to work but your business is terminally ill! Everything you have worked to build up could evaporate in a matter of months, even weeks.

Thankfully, it's simple to immunise your business against potential financial disaster. This article outlines how we can help, and what you can do to minimise risk.

Analysing risk and return – the key to sound business decisions

Succeeding in business requires ability to assess opportunities and threats and makes decisions based on your strengths. There is no doubt that sickness and injury represent a great threat to your business, particularly if you are a sole trader or small businessperson. Threats such as competitors and the economy can be overcome through utilisation of your strengths and a will to succeed. A disabling sickness or injury however, could leave you totally powerless to overcome financial challenges until you have recovered.

Think about it for a minute

Even the impact of a short absence can be profound. The success of any business often depends on the owner's drive, skill and passion. Consider some of the issues that would impact on your business if you were not around:

- staff could lose motivation and direction which could ultimately affect their performance
- customers might be hesitant about your business' ability to deliver what they want
- creditors might lose confidence in the business' ability to pay, and
- sales might taper off without your enthusiasm to support them.

These and many additional factors can combine to put downward pressure on turnover and tighten the business' ability to function without you.

Fixed expenses quickly mount up



While falling sales may correlate in a reduction of variable business costs, it is the fixed expenses which can deal the biggest blow. Ongoing expenses generally remain constant regardless of sales and therefore represent an ever increasing percentage of turnover while you are recovering from sickness or injury.

Such expenses include:

- rent for premises
- leases on equipment and vehicles
- salaries for support staff
- utilities like water and electricity
- insurance premiums and workers compensation.

Help is on hand

Business expense insurance is a practical and economical way for you to protect and preserve the viability of your business while you are sick or injured.

A business expense plan will generally reimburse up to 100% of the fixed, ongoing business expenses that your business must pay if you are unable to work because of sickness or injury. Reimbursement payments during disability will continue for up to one year and even longer in some circumstances.

Even if you are capable of working part-time, payments may still be made for those expenses not covered by that part of business turnover that is fairly and reasonably appointed to you.



The perfect complement to your income protection business expense cover is designed to fit neatly with a personal income protection plan to create a complete protection package for your livelihood and lifestyle. Income protection provides security for you and your family by providing an independent income source of up to 75% of your pre-tax income if you are unable to work as a result of sickness or injury. This will pay for the day to day expenses such as food, clothing, mortgage repayments and school fees. Business expense protection complements the income protection plan during times of sickness or injury by reimbursing your business up to 100% of its ongoing fixed expenses. It's dual protection that looks after you and your livelihood.

Source: Tower Australia

