

Total and Permanent Disability (TPD) insurance

Protecting your financial security

- Do you have a partner and/or dependents?
- Do you have any other financial commitments that rely on your income?
- Could you afford to pay someone to look after you if you needed long-term care?

What is TPD insurance?

A permanent disability can place enormous strain on a family's financial position. Not only can you be left without an income, but there are often additional and perhaps unexpected costs that come with being disabled, some of which can remain for a number of years.

Often abbreviated to TPD, Total and Permanent Disability insurance is designed to help you and your family cope financially in such a situation — paying you the insured amount if you can no longer work due to sickness or injury.

What this means for you?

The financial support provided by TPD insurance can help you rebuild your life, and maintain your standard of living, in the wake of a permanent disability.

A TPD insurance benefit may help you:

- Cover your out-of-pocket medical bills and rehabilitation expenses
- Pay for any ongoing assistance or care you need
- Provide for any additional housework or child care costs
- Allow you to modify your living arrangements if you need to.

Some policies may require that you are permanently unable to work in any occupation, regardless of your employment background. Others may be less strict, and only require that you are unable to work in any occupation for which you are reasonably suited by training, education or experience.

The most flexible policies may pay a benefit if you are permanently unable to work in your own occupation only — recognising that you may not be able to earn as much in any other occupation.

Typically the more flexible the policy, the more it will cost.

To make sure your TPD policy suits your needs and budget, you should weigh up your options with your financial adviser.

Case study

Brett, aged 39, was a self-employed IT consultant earning \$100,000 pa. His wife Nadia, 35 was a stay at home mum, who enjoyed looking after their three children aged 8, 6 and 3.

After feeling unwell for a number of weeks, Nadia was told by doctors that she had Multiple Sclerosis. A year later she was totally confined to a wheelchair and required 24-hour care.

If Nadia didn't have TPD insurance, Brett would have faced the difficult decision of whether to sell the business to stay home with Nadia and the children, or whether to hire a full-time nurse to look after his wife — neither of which the family could really afford.

However, Brett and Nadia did have TPD insurance policies in place, and because Nadia qualified for a benefit they were paid a lump sum of \$1.2 million.

This money covered the costs of hiring a nurse to look after Nadia and help out with the children while Brett was at work. The couple were also able to pay off their mortgage, make the necessary renovations to the home, and put some money aside for future education costs for their children.

What are the chances?

There are over 2 million Australians of working age with a disability. Of these, 59% are permanently unable to work.¹

To ensure you and your family's financial future are protected, it is important to speak to a financial adviser now.

¹ Australian Social Trends, March quarter 2012.

**Contact Financial Solutions Victoria Pty Ltd for further information on
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