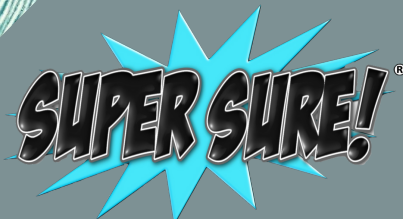


GUIDE TO LIFE INSURANCE



Your Insurance Super Heroes

**It should
be called
"Love
Insurance"**



IT'S NOT FOR YOU...
IT'S FOR THEM.



LIFE INSURANCE

We may be in the business of helping people with insurance, but we understand that nobody likes paying for insurance. It's not a purchase where you can take something tangible home and enjoy it.

Insurance is a Plan B. A contingency protection for an event that may or may not happen. When you're paying premiums, it feels like you're not getting anything for your money.

But what you do get is peace of mind. Because the unexpected happens. Life throws us curve balls.

Insurance protects the people and things that are precious to you.

When do you realise how valuable your insurance is?

When you experience an unforeseen event and the insurance pay out makes a world of difference.

"Jim passed away several years ago. Because he had life insurance I was able to pay for all the immediate expenses and then Murray helped me to invest the rest. That investment means that I don't just have to rely on the Government Superannuation and I've been able to draw on it for things like home maintenance, car costs, and even to help out family. Jim's legacy has given me great peace of mind and financial security and I'm grateful for that. I've also been grateful to have the ongoing guidance and advice from Murray. I really recommend talking to Murray about insurance for anyone who wants to make sure their loved ones don't have to worry about money." Dale, Lower Hutt (Client of Super Sure)



LIFE INSURANCE

Life insurance is an insurance policy you take out that's designed to pay out a tax-free lump sum of money when you die – usually either to clear debts, or to provide money to others to live off.

Not everyone needs life insurance (also known as life cover and/or death cover). But if your children, partner or other relatives depend on your income to cover the mortgage or other living expenses, then the answer is yes – you probably do want life insurance, since it will help provide for your family in the event of your death.

What if you don't have kids? You may need life insurance to protect the financial situation of others e.g. your business partner or your creditors (if you have a mortgage or loan).



Do you need life insurance?

If you have:

- dependants, e.g. school age children
- a partner who relies on your income,
- or a family living in a house with a mortgage that you pay – a life insurance policy can provide for them if you die.

You might also want a policy which covers your funeral expenses.

In New Zealand we have the safety net of social welfare. But a Widows Benefit may reduce your family's income to an extent where they have to make lifestyle sacrifices or struggle financially.

If you want to provide for your family financially if you die prematurely, then think about getting life insurance.

If you have a mortgage or a loan, the lender will probably expect or require you to have life insurance to cover the debt.

Who doesn't need it?

You may not need life insurance if:

- you're single
- your partner earns enough for your family to live on
- you're on a low income and could be eligible for government benefits.

If you're not sure, get free advice from us.

You might want to think about setting aside enough money to cover funeral expenses.

HOW WOULD I USE IT?

FAMILY

For those you leave behind, a lump sum of money gives choices and options, relieves financial burden at a time of grief, and can help to maintain lifestyle and the status quo as much as possible:

Your family circumstances are unique but a life insurance payout could improve your family's cashflow significantly and could be helpful towards:

- Reduce or pay off the mortgage
- Finance Secondary and Tertiary education
- Finance kids activities e.g. sports and arts
- Pay funeral expenses
- Pay legal expenses associated with the administration of your Will and Estate
- Replace your salary
- Help with health and living costs if you become terminally ill
- Childcare/Nanny costs
- Grief counselling
- Family holiday

There are no restrictions on how you use it.



BUSINESS

If you own a business you may have "dependants" of a different nature; staff, shareholders, business partners and even the families of your business partners. You may have business loans.

Life Insurance can be structured in such a way that the business pays for it and it's tax deductible and it may be used to cover things such as:

- Enabling your business partner to buy your share of the business from your estate
- Complete business projects that have been started
- Repay or reduce business debt
- Pay for someone to manage the business until it can be sold

Talk to Murray of **Super Sure** to find out how life insurance can be structured to protect your business and business partners.

You may also be interested in finding out about other business protections such as Key Person Insurance or Income Protection.

WHAT IS COVERED?

What does it cover?

Life Insurance pays out a tax-free lump sum of money if you die within the term of the insurance policy. You determine the length of the term when you take out the policy, but most life insurance policies these days expire at age 100. Level premium policies usually have a specific term e.g. to age 80.

Most life insurance policies cover death by any cause, but there are exceptions and so it's important to know what sort of policy you have.

For example:

Most life insurance policies exclude death by suicide within the first 13 months of the policy.

There's a type of policy that only covers death by accident. These policies are usually cheaper than policies that cover death by any cause, but of course they only provide limited cover for that cheaper premium.

If you have a pre-existing medical condition **prior** to taking out your life insurance, it's possible that your policy may be granted but with an exclusion on that medical condition, meaning that you not covered if you die from a cause that's related to your pre-existing medical condition.

Get Good Advice

Perhaps you can see why it's important to get good advice when applying for life insurance.

The cheapest is not necessarily the best and it's important for you to understand all the options and benefits and also any limitations.

You need to be certain of what you're actually covered for.

It's a valuable "purchase" so take advice from a qualified and experienced adviser like Murray Thompson of Super Sure.

You get a vehicle check when buying a car and a builder's report when buying a house. And you have to pay a fee for that advice.

At Super Sure, our advice is free and without obligation. So how do we get paid? We receive a commission from the insurance product provider you take your policy with.

We deal with all the major insurance companies and will find the right product for you.



TYPES OF LIFE INSURANCE

TERM LIFE INSURANCE

The most common form of life insurance policy these days, term life insurance covers you for death by any cause (except for suicide within the first 13 months and subject to any exclusions noted on your particular policy pertaining to a pre-existing medical condition).

The term of the insurance is specified at the outset (most are to age 100) and the cover will remain in force for as long as you pay your premiums.

Any medical conditions you may develop AFTER taking out your policy will be covered.

Most life insurance policies include a **Terminal Illness Benefit** whereby all or part of your life insurance cover may be paid out early if you are diagnosed with a terminal illness so that you can use the money before you die.

ACCIDENTAL DEATH

A cheaper insurance policy because it only covers you for death by accident. So limited cover. It can be a useful option for people with serious pre-existing health conditions who are not eligible for full cover.



FUNERAL

You may want to have life insurance to cover the cost of your funeral and estate costs so that this financial burden doesn't fall on your loved ones. The average cost of a funeral is between \$8,000 and \$10,000 (Funerals and Registration of Death, Citizens Advice Bureau). The administration of your estate may also incur legal costs.

WHOLE OF LIFE INSURANCE

No longer offered in New Zealand, but you may have an old one that your parents took out for you when you were a child.

These policies had a savings component which means that if you outlive the term of the insurance policy, you receive a payout of money that has accumulated at a conservative interest rate during the course of the policy term. Because part of the premium went to the insurance cover and part went to the savings component, they were quite expensive and an inefficient form of saving and these days people keep their savings and insurance separate.

HOW MUCH LIFE COVER DO YOU NEED?

How much life insurance cover (also known as life assurance) you need really depends on your circumstances and the type of protection you're looking for.

For example you may be looking to protect your mortgage, cover additional debts, or provide a lump sum for your loved ones to maintain their standard of living. Fortunately, Super Sure can help you look at your specific situation and come up with a sum assured (the amount of your life insurance cover) that suits both your needs and your budget.

Before you compare life insurance, it's worth bearing in mind that the amount of cover you need will very much depend on your own personal circumstances. Such as the needs of your family and dependants, and – quite simply – how much you can afford in monthly life insurance premiums. There is no one-size-fits-all solution, and the amount of cover – as well as how long it lasts for – will vary from person to person.

Nevertheless, this guide sums up the main things to think about.

COVERING YOUR MORTGAGE

Mortgage repayment is probably your biggest single current outgoing. If you're the main earner in your family, a mortgage is something you're unlikely to want your loved ones to have to take responsibility for in the event of your death. So a mortgage life insurance policy could provide just the type of protection you need.

Most mortgage lenders will require you to have cover for the debt and some will try to sell you life cover when you take out your mortgage.

You're under no obligation to buy from them, so it's worth taking the time to shop around. And if you want personalised, ongoing service, reviews and support at claim time, we recommend you use us to find you the ideal policy.

When working out how much cover you need, check that you have sufficient cover against both capital and interest repayments.



HOW MUCH? (CONT.)

COVERING OTHER LOANS

The same goes for any other loans you may have taken out, which are not already covered by some form of insurance.

Once again, you may want to ensure that your family is not left with large debts to pay off in the event of your death.

ALLOWING FOR CHILDCARE EXPENSES

If you have a young family, it's not just your role as breadwinner that could be missed.

You may want to consider the unpaid responsibilities you currently perform as a parent or guardian, and whether alternative or additional childcare arrangements might need to be made if the worst were to happen.

Just how much life cover is likely to be needed, and for what period of time, will of course depend on how many children you may have, and how old they are.

EDUCATION EXPENSES

You may want the peace of mind that your children will be able to continue at the same schools, or be able to complete their university education. School fees and university expenses could therefore be included in your list of provisions to be made.

INCOME REPLACEMENT

If you were no longer there as an income provider, how much money would your dependants need to continue their current lifestyle?

This is the most difficult calculation of all, of course, since it involves taking your current salary into account, and attempting to predict the family's future needs.

CRITICAL ILLNESS

Think about how much time you may need to take off from work to recuperate from serious illness, and the potential additional financial pressures that may bring. Would you also want to make provision for private medical treatment?

You can read our guide to critical illness cover for more information on how these policies can work. The amount and level of life insurance cover you need will depend on your own personal circumstances, and it's important to have an idea of the level of cover you need before buying any policy.

We can help you to determine whether you have a need for Critical Illness cover and what amount of cover might be appropriate.



HOW MUCH DOES LIFE INSURANCE COST?

Life insurance can be very good value.

Often just a few dollars a day is all you need to provide your loved ones with plenty of financial protection (depending on your age and health status).

But insurance payments (also known as premiums) do vary, so it's a good idea to shop around. We can do that for you.

Check exactly what is covered for the level of the premium.

The price you pay for a life insurance policy depends on a number of things. These include:

- your age
- your health
- your lifestyle
- whether you smoke
- the length of the policy
- the amount of money you want to cover

The younger you are and the less likely you are to die from a medical condition, the cheaper your policy is likely to be.

For that reason, even if you don't need life insurance right now, it may be a good idea to get it while you are young and healthy to ensure you have cover in place for your future life events like children and a mortgage.



TYPES OF PREMIUM

STEPPED PREMIUMS

Yearly Renewable Premiums or Stepped Premiums – increase annually as you get older, but usually start cheaper. This type of premium may be very suitable for people whose need for insurance will reduce as they get older e.g. children become more independent and the mortgage reduces or is repaid. It's a cheaper way to have insurance at the time of your greatest need; when your debt is largest. It gets more expensive with age based on the statistics that you are more likely to suffer a serious illness or die the older you get.

At the anniversary of the policy, banks and insurance companies recalculate the amount you pay for the life insurance policy. Generally speaking, premiums increase year upon year because the likelihood of you making a claim rises every year.

There are exceptions. Sometimes premiums can drop if you have stopped smoking or if you work in a less hazardous environment or maybe your health has improved.

LEVEL PREMIUMS

Fixed Premiums or Level Premiums – don't increase as you get older but usually start higher. You save a lot of money when you get older. If you think you will most likely need the same level of life insurance for the term of the policy, then locking a premium rate in at the start can save money over the term of the policy. But it is more expensive to start with.

Level Premiums stay fixed during the term, which means life insurance premiums that don't increase with age remain the same until your age 65, 70, 80, 90 or 100. The longer you want life insurance premiums that don't increase with age, the higher they are initially.

Talk to Murray of **Super Sure** to find out which type of premium (or a combination of both) will suit you best.



CHECKLIST

UNDERSTAND YOUR NEEDS

What do you want your life insurance policy to do for you? Is it financial cushioning or a way to cover funeral expenses? Find a life insurance policy to suit your needs and timeline.

CALCULATE YOUR COVER

Have a clear idea of the amount you want your policy to cover. Revisit your policy every so often to ensure it is still set at the right level. **Super Sure** can help you to determine an appropriate amount of cover.

PREPARE A WILL

When applying for Life Insurance you should also take the time to prepare a Will. This lays out where the Life Insurance claim should be paid to and how your other assets will be distributed in the event of your death.

INSURE YOUR SPOUSE

Typically the main breadwinner has a life insurance policy but it can be equally as important for a spouse to be insured too. Consider the financial impact if something happened to your spouse, especially if you have school aged children.



COMPARE POLICY EXCLUSIONS

Exclusions are clauses written into a policy that outline what the insurance company will not pay out on.

Some companies have a wide list of things they will not pay out for; such as death due to war, certain occupations, or specific extreme sports.

EARLY PAYOUT FOR TERMINAL ILLNESS

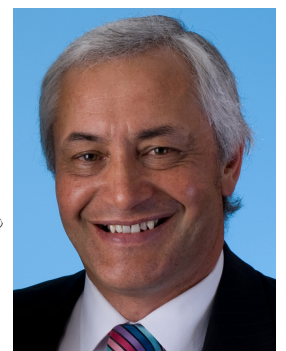
Advanced payment options are for when the insured person is diagnosed with a terminal illness. Check if this option is available, as you can claim a portion of the policy early to help pay for treatment and spend quality time with your loved ones.

POLICY EXPIRATION DATES

Some policies expire a certain number of years after being taken out, or when the insured reaches a certain age, like 100. It pays to check what the options are for extending the policy.

MOST IMPORTANT - GET ADVICE

This is such an important purchase. Your loved ones depend on it. Talk to Murray at **Super Sure** for a tailored, personal insurance solution that suits your needs and your budget.



LIFE INSURANCE TIPS

- Consider both stepped and level premiums in relation to your current and long term needs.
- For couples consider the ownership of the policy and whether to take a joint life policy (in the event of the death of one of you, the payout is made to the surviving spouse) or separate policies (the payout is made as per the instructions in your Will).
- Buy when you are young. The older you get, the higher your premium.
- Live a healthy lifestyle. Insurers will calculate your premium by assessing your lifestyle, weight, age and other factors.
- Quit smoking - if you've been a non-smoker for more than a year you can be assessed for non-smoking rates which are significantly lower than smoker rates.
- Disclose all your current medical conditions when applying for insurance. Not disclosing any illnesses or symptoms could invalidate the policy, potentially causing refusal of your payout when it is time for your beneficiaries to collect.
- Lastly, before you go shopping for life insurance, do some calculations to get an idea of how much cover you might need and for what purposes and think of questions to ask your insurance adviser that relate to your specific circumstances. Write down all the medical investigations, symptoms, treatments and interventions you've ever had. You may like to ask your GP for a copy of your doctors' notes to make sure you don't forget to disclose anything.

Don't rush into buying life insurance.

DON'T BUY WITHOUT ADVICE

There are lots of online insurance quotes and comparison apps out there which may appear to get you the cheapest option. But your life insurance may be worth **hundreds of thousands of dollars** and you wouldn't purchase other expensive assets like houses or cars, sight unseen and without advice and checks.

Final Thoughts:

Life insurance is very important for people with dependents. It's easy to buy, and it can make a huge difference in the event that you prematurely pass away. It will be hard enough on your family to lose you, but the subsequent financial hardship left in your absence can change the future for your spouse and children if you aren't properly prepared. Life insurance is the right thing to do for your family and will help you leave a legacy of financial responsibility and caring.



SUPER SURE

Your Insurance Super Heroes

www.supersure.co.nz

Ask us about:

- Multi Policy Discounts
- Making a Claim – One of the benefits of using **Super Sure** for your insurance needs is that we're on call to help you make a claim – **we've got your back!**
- The ratings of the insurance companies (it's important that your insurer has the financial strength to pay out any claim you might make)

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This document is not intended to act as advice. Rather, it's a generic introduction to some of the considerations relating to house insurance and every insurance policy should be fully read for specific terms and conditions. We highly recommend you seek advice from a Super Sure Super Hero for a FREE needs analysis and tailored insurance solutions.

A copy of our Disclosure Document is available upon request and free of charge.

BASIC CALCULATOR

This calculator is intended to be a guide only, for discussion. It is not a replacement for good, tailored advice. We recommend you talk to us for a proper needs analysis specific to your situation.

LUMP SUM RESPONSIBILITIES	AMOUNT
Mortgage Outstanding	\$
Education/University costs	\$
Car Loan	\$
Other Debts	\$
Funeral Costs	\$
Repatriation Costs *	\$
Estate/Legal Costs	\$
Project completion (e.g. renovations)	\$
A: Total Lump Sum Requirements	\$
 B: Current Lump Sum provisions (e.g. savings, other life insurance policies)	 \$
C: (= A - B) Insurance Lump Sum Requirement	\$

INCOME RESPONSIBILITIES	AMOUNT
D: Total Annual Income Required for your family	\$
E: Available income from other sources	\$
F (= D - E) Income Required to be Insured	\$
	\$
Number of Years Income Required	_____ years
 G: Cash Sum Required to Generate Income	 \$
 H: (C + G) = Total Insurance Required	 \$

Repatriation costs * - the cost of relocation should your loved ones wish to move closer to family and friends.