

Adviser Information



What Insurance Do I Need?

Make A Difference Insurance are specialists in personal and business insurance. Here we explain the different insurances that we offer.

Life Insurance

What Is Life Insurance?

Life insurance pays a lump sum to the Policy Owner or nominated beneficiary in the event of your death or (as defined in the policy) terminal illness.

Why Do You Need Life Insurance?

To provide funds which can:

- Cover costs such as funeral expenses and legal fees associated with the implementation of your Will.
- Repay debts such as income tax, your home mortgage and personal or business loans.
- Provide a lump sum to replace lost income for your family. The lump sum can be used to

establish an income stream to support your family/dependents in order to enable them to continue their lives with a degree of financial security.

- Cater for the ongoing need to provide housekeeping and child minding for your family in the event of your premature death. The lump sum can also be used to generate replacement income for your spouse in the event they take time off work.

Tax Treatment

Unless held under superannuation or for business insurance purposes, life insurance premiums payable are not deductible for income tax purposes. The lump sum proceeds are considered to be a capital payment and are therefore not assessable as income for taxation purposes.



Income Protection Insurance

What Is Income Protection?

An Income Protection policy replaces a portion of your income (up to 75%) if you are unable to work due to accident or illness.

In the event of disability and after a pre-selected waiting period, you will receive regular payments either for the term of the benefit period or until you are able to return to work.

Why Do You Need Income Protection?

For most people, their most valuable asset is their ability to earn an income. Every working Australian has a 1 in 2 chance of being disabled for 3 months or more before reaching age 65. According to the Australian Bureau of Statistics, the average Australian household can survive without an income for just over 1 month.

Having income protection insurance in place effectively allows you to protect your most valuable asset. It will enable you to pay for regular living expenses whilst you are unable to work.

What Is Defined As Income?

The definition of earned income is a very important . If you are an employee of a company, earned income means salary, superannuation, fees, commissions, bonuses and any other income considered part of your remuneration package, earned by you for services performed.

If you are self employed income is the business income you generate from personal services less any necessarily incurred business expenses but before tax.

Please note that 'earned income' does not include any income that is not generated by your personal or vocational activities.

Income paid from other disability income policies, retirement plans, lump sum disability payments, rental income and investment income are not considered part of your 'earned income.'

How Long Should The Waiting Period Be?

A waiting period will apply before payments commence. This waiting period can be 14 days or up to 2 years. The waiting period ensures that only significant off work periods are covered. The longer the waiting period the lower the premium (all other factors being the same).

How Long Should The Benefit Period Be?

Benefit period means the maximum period of time for which benefits will be paid. The benefit period can range from 2 years up to age 65. The longer the benefit period the higher the premium (all other factors being the same).

Taxation Treatment

Income protection premiums are tax deductible. Likewise, the proceeds of any claim are assessable income to the policy owner.

Trauma Insurance

What Is Trauma Insurance?

Trauma cover (often called critical illness insurance or crisis cover) is designed to provide a lump sum payment if you suffer a specified condition for the first time (e.g. heart attack, heart-by-pass surgery, stroke, cancer, etc). and survive a specified period of 14 days without the use of life support.

Why Do You Need Trauma Insurance?

Suppose you have a heart attack and are seriously ill an unable able to return to work for 6 months and even than at reduced hours.



Trauma Insurance will ensure that you have the funds available to cover the medical costs associated with the condition, but also to meet your every day living expenses and mortgage, plus supplement your reduced income.

Tax Treatment

Unless held for business insurance purposes Trauma premiums payable are not deductible for income tax purposes. The lump sum proceeds are considered to be a capital payment and are therefore not assessable as income for taxation purposes.

Total & Permanent Disablement Insurance (TPD)

What Is TPD?

TPD provides a lump sum benefit in the event that you become totally and permanently disabled. Where you suffer a total and permanent disablement which prevents you from ever being able to work or perform basic living activities, TPD will generally be payable.

Definitions for total and permanent disablement vary between product providers. A TPD definition may include the total and permanent loss of the use of your limbs or loss of sight of both eyes.

Why Do You Need TPD?

- To cover your mortgage or pay other debts
- To create a lump sum to provide an income stream for you and your dependants
- To meet medical costs
- To meet the costs of a modified lifestyle, e.g. nurse or carer and home and car modification.

Tax Treatment

Unless held under superannuation or for business insurance purposes, TPD insurance premiums payable are not deductible for income tax purposes.

The lump sum proceeds are considered to be a capital payment and are therefore not assessable as income for taxation purposes.

Business Expenses Insurance

What Is Business Expenses Insurance?

A Business Expenses policy reimburses the cost of a your business expenses if you are unable to work due to accident or illness.

“Unable to work” is usually defined as:

- Being unable to perform at least one important income producing duty of your regular occupation; and
- Not currently working in any gainful occupation; and
- Following the advice of a medical practitioner.

In the event of disability and after a pre-selected waiting period, the insurer will reimburse the policy owner the cost of Business Expenses actually incurred either for the term of the benefit period or until you are able to return to work or until you sell the business whichever occurs first.

Why Business Expenses Insurance?

Having Business Expense insurance in place effectively allows you to protect yourself and/or your business partners from having to cover your share of the insured business expenses whilst you are unable to work.

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How Long Should The Waiting Period Be?

A waiting period will apply before payments commence. This waiting period can be 14 days or up to 1 year. The waiting period ensures that only significant off work periods are covered. The longer the waiting period the lower the premium (all other factors being the same).

How Long Should The Benefit Period Be?

Benefit period means the maximum period of time for which benefits will be paid. The benefit period can be either 6 months or 12 months.

The longer the benefit period the higher the premium (all other factors being the same).

Taxation Treatment

The proceeds of any claim are assessable income to the policy owner and the premiums are tax deductible.

To find out more about the insurance options best suited to your needs, speak to the team at Make A Difference insurance.

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