



# INSURANCE – AN OVERVIEW FOR PEOPLE WITH AN ACQUIRED DISABILITY

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## Who is this information for?

People who have been forced to leave the paid workforce after acquiring a disability, and who may have insurance held directly, via a credit provider, or through a superannuation fund.

## Types of personal insurance

### 1. Life insurance

Life insurance is a lump sum paid on the death of the insured, and in some cases earlier if the person whose life is insured is diagnosed with a terminal illness.

The payout can be used for any purpose and could be used, for example, to pay off personal debts, providing in-home nursing and care, or for a lump sum refundable accommodation deposit (RAD) or refundable lump sum contribution (RAC) for entry into an aged care facility. The choice of how the money is used is yours.

### 2. Trauma/crisis cover

Trauma insurance pays a lump sum on the diagnosis of a specified illness or injury, generally including heart attack, stroke, cancer, and paraplegia. Some policies will also cover severe injuries and illnesses that result in a permanent loss of limb function, or long-term disability.

### 3. Credit card insurance

Some credit cards come with travel insurance, disability insurance and unemployment insurance benefits. These usually provide a benefit that covers the outstanding credit card debt if you are sick or injured.

**TIP:** Call your credit card provider to ask them whether you have this type of insurance as an automatic benefit with your credit card.

### 4. Mortgage protection insurance

Mortgage protection insurance covers the insured if they lose their job (for example, if their employer makes them redundant); or if they become sick or injured. It is designed to help you stay on top of your mortgage repayments.

Typically, when you sign up for a mortgage you are also offered this type of insurance.

**TIP:** Ask your bank, financial planner and/or a mortgage broker you have dealt with in the past if they have a record of ever arranging any type of insurance for you.



This information sheet was prepared by Health & Finance Integrated in collaboration with the Summer Foundation.

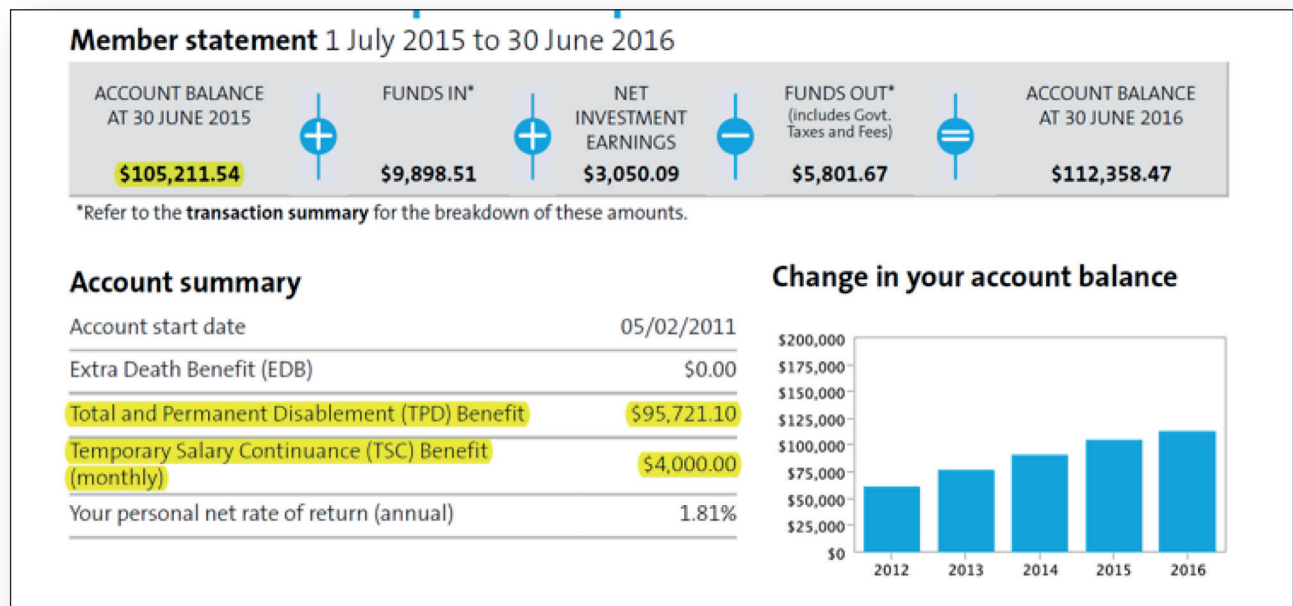


## 5. Total and permanent disability/permanent incapacity benefit

Total & Permanent Disability (TPD) insurance pays a lump sum if the insured becomes permanently disabled due to illness or accident. Usually, you will need two doctors to sign off saying you will not be able to ever work again in a job you have performed in the past, due to your illness or injury. Like life insurance, the choice of how the money is used is yours.

### Insurance inside your superannuation fund

If you have insurance inside your superannuation it's usually noted on your superannuation statement as shown below.



You will notice in this example, there are three important lines:

1. **The account balance** (how much you have in superannuation savings)
2. **Total and Permanent Disability benefit amount** (also known as TPD)
3. **Temporary Salary Continuance** (also known as TSC, or income protection)

- You may have more than one superannuation fund. You can claim more than once on multiple policies.
- Call your superannuation fund to ask whether you have disability insurance and income insurance.
- You may be able to claim insurance even if the account has been closed or lost, if the disability occurred before the day it was closed.

**TIP:** Check your superannuation fund (or funds if you have a few) to see what cover is included.

## 6. Income protection/temporary incapacity benefit

Income protection insurance is designed to replace your income if you are unable to work due to sickness or injury. It provides a monthly payment, up to 85% of your usual income for a specified time. Some policies also include additional payments for things like rehabilitation and home care.

### How can I make a claim on insurance?

First, check that you are covered. Find out the date of your disability and call the superannuation company to ask if you had cover on the date you first became disabled. If you have a policy ask them to send you the claim forms.

Sometimes claim forms can be very long and confusing, so a family member, a friend, or a professional such as a financial planner or a lawyer may be able to help you collect the required information. You will also need two medical practitioners to certify you have a disability.

## Considerations

An insurance payout provides you with a limited income stream, a lump sum payment or a combination of both. Income and assets from insurance claims are assessable by Centrelink and the Australian Tax Office and may impact on these areas:

- Child support
- Income tax
- Centrelink benefits
- Eligibility for public housing
- Means-tested residential aged care fees.

## Seeking Financial Advice

It's important to seek specialised financial advice to understand how making an insurance claim may impact you and your family.

Before making any financial or investment decisions, we recommend you seek financial advice from a licensed financial planner. The advice in this document does not take into account your personal investment objectives, financial situation and individual needs. Health and Finance Integrated (ABN 72 165 510 618) is a Corporate Authorised Representative of Australian Unity Financial Services Limited (ABN 26 098 725 145) AFSL 234459 and its Representatives do not accept any liability for any errors or omissions of information supplied in this document. [healthfinance.com.au/contact-us](https://www.healthfinance.com.au/contact-us)