



"We strive to give you peace of mind"

Do your adult children have a back-up plan (other than you)?

Picture this. You've recently retired, and you're reasonably confident you'll have enough savings to fund the comfortable lifestyle you'd always hoped for.

Then you receive a phone call with some bad news – your daughter has been badly injured in a car accident while travelling overseas. The doctors are saying she's unlikely to walk again.

With the bills piling up, and your daughter set to be out of the workforce for an indefinite period, you invite her to move back into the family home. You ask whether she has life insurance to help finance her ongoing living needs, only to find out she'd never gotten around to it.

It's a natural instinct for a parent to do whatever it takes to help their children when they need you. And luckily for the baby boomer generation, and your children, many of you have the financial resources to help out.

But what if 'helping out' meant you had to stay in the workforce longer, or cut back on your retirement lifestyle to help fund your child's mortgage, medical expenses or living costs?

Or what if you had to provide for your grandchildren? What would that mean for your own financial situation – both now and in the future?

These scenarios may sound extreme, but consider the following statistics:

- One in five families will be impacted by the death of a parent, a serious accident or illness that renders a parent unable to work[#].
- Two thirds of families with kids at home couldn't meet their expenses beyond 12 months of the main breadwinner having passed away[†].
- 95% of families do not have adequate levels of insurance[#].

Do your children have it covered?

Generations X and Y are comfortable with the idea of using debt to achieve their goals. And to get into the housing market, they often have to take on considerable mortgages, which can take a decent bite out of their income.

Of course, all of this is sustainable when they're working full-time. But if your children don't have adequate protection for their income, their debts, and their dependants, they could be vulnerable to serious illness or injury. Their own families (if they have one) can also be considerably exposed if they die.

When you consider the maximum disability support pension available from Centrelink is only \$670.90 per fortnight (\$17,443.40 p.a.)[^], an extended period out of the workforce could leave a big hole in their budget. That's if they're eligible for any government assistance at all. Qualification is based on the extent of their physical condition and is means-tested.



Talking to your children about life insurance

Many adult children will discuss their major financial decisions with their parents. Major events like getting married, buying a house, or even changing jobs are good opportunities to talk to your children about life insurance.

One of the good things about taking out life insurance from a younger age is that premiums are often very affordable.

For example, a 30 year-old male clerical worker can take out \$500,000 life insurance (with Total and Permanent Disability cover), plus \$4,000 a month income protection, for around \$3.00 a day (Source: OnePath Life Limited, ABN 33 009 657 176, AFSL 238341).

This cover will provide some financial relief in the event of serious sickness or injury. It will also make available a lump sum on death that may be used to pay off debts, medical bills or help the family meet ongoing living costs.

The best way to help your children get the right level of protection for themselves (and you!) is to encourage them to discuss their life insurance circumstances with a financial adviser.

'The Lifewise/NATSEM Underinsurance Report' – February 2010

† 'Analysis of Insurance Needs', Rice Warner Actuaries – May 2005

^ Centrelink Disability Support Pension, maximum single rate from 20 March 2011

This information does not take into account your personal needs and financial circumstances. You should consider the appropriateness of the information having regard to your objectives, financial situation and needs.