



WEALTH PROTECTION

are you exposed to the elements?

Even the best wealth creation strategies can be ruined if they're not supported by a back-up plan. Building your financial strategy without adequate protection is like building a house without laying foundations.

It makes no sense to build wealth and not protect it. Don't be the person who thinks it'll never happen to them.

Getting your estate in order

It's crucial to make sure that your finances are managed correctly should you die unexpectedly. This will minimise strain on your family by reducing any possible complications and red tape surrounding your money and your wishes after your death. All family situations have particular circumstances that require a customised and comprehensive estate plan.

Estate planning seeks to ensure that your estate is passed on to your intended beneficiaries in a timely and tax-efficient way. The choices you make can have significant implications for the tax that your beneficiaries will pay on your assets, as well as how and when distributions can be made.

Wills

A Will ensures that on your death, your wishes are carried out. Everyone should have a written Will, even if only as a safeguard against the unknown. The reality is that when someone dies, squabbles among family members over the estate are not uncommon.

For a Will to be effective it must be valid at the time of your death and you must have an estate to pass on. To ensure your Will remains relevant, you should review it at least once every three years or when there is a major change in your circumstances. For example, a marriage may revoke a previous Will and a divorce may also invalidate aspects of your Will.

A Will may be challenged if:

- ~ There is doubt over the mental capacity of the person making the Will
- ~ The language is ambiguous
- ~ It deliberately disinherits a spouse or child.

If you die without a Will then you die 'intestate' which means that a family member will have to apply to the court to be appointed to look after your affairs. State laws may result in an unequal or unintended distribution of your estate.

Power of attorney

You should also make sure that your finances will be correctly managed in the event of your incapacity. By appointing someone to act for you under a power of attorney, you ensure that a trusted person will oversee your finances according to your wishes.

Insurance

It's impossible to underestimate the importance of adequate insurance cover. Although it can be a significant expense, it can be made more affordable by taking advantage of the tax deductions that apply to specific types of insurance, and to some methods of taking out insurance.

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There are several different ways of protecting your money, and the strategy you need depends on where you are in your life. You might want to protect your income, your ability to earn, or the nest egg you've built up, and ensure that your affairs are in order should the worst happen.

Your insurance needs will change as your life circumstances change, so you should review your cover at least annually. For example, through your life you'll gather assets and liabilities and may have dependants, so your need for insurance will increase. As you get older you'll accumulate more assets, pay off liabilities and your children will leave home, so the types of insurance you need will alter.

If you're not adequately protected then a significant event such as ill-health, injury or death can mean that emotionally traumatic times for your family are compounded by financial strain.

What are your insurance options and what do you need?

	What is it	When you need it
Life Protection / Death cover	<ul style="list-style-type: none"> ~ Pays a lump sum on your death. It can help provide a stable financial future for your family / dependants by paying a lump sum to your estate or spouse if you pass away. ~ Generally taken out at key stages during people's lives, such as marriage or starting a business. 	When you have financial dependants. The level of cover you need depends on your circumstances – consider how much it would cost your family to pay their regular expenses.
Income protection / salary continuance	<ul style="list-style-type: none"> ~ Pays a proportion of your salary if you're temporarily unable to work because of sickness or injury. The length of time you receive payments for varies depending upon the level of your cover. ~ The first step in securing your lifestyle if something goes wrong. 	When you depend on your income to meet regular payments. The amount you need will be determined by the salary you want to insure. Standard policies cover for about 75% of your salary.
Total and permanent disablement (TPD)	<ul style="list-style-type: none"> ~ Pays a lump sum to you if you become totally and permanently disabled due to injury or illness. ~ Payments are generally not made until the disability has been evident for a period of six months, and until the insurer deems that you are unlikely to work again. 	When your salary is your main income stream. Would you have enough to cover medical bills and to adapt to your new lifestyle if you became disabled?
Trauma and critical illness	<ul style="list-style-type: none"> ~ Pays a lump sum to you if you are diagnosed with a specified critical medical condition such as a heart attack. ~ Optional extra offered with most life policies, or can be bought as a separate policy. 	When your salary is your main income stream. Would you have enough to cover medical bills and to fund your recovery if you suffered a significant medical event?

Improving the quality of people's lives through a living financial plan. We assist people to manage their finances to achieve their lifestyle goals reliably, through well researched advice and effective implementation.

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