

Financial Planning & Advice

**people's
choice**
CREDIT UNION

Personal Insurance



Personal Insurance. The most important choice you may ever make.

Creating wealth and protecting that wealth.

Financial Planning is about helping you plan for your future. It's more than just retirement planning, it's about creating wealth, and then protecting that wealth.

While wealth creation is the more exciting side of financial planning, having an adequate protection plan is equally important to ensure you could cope financially in the event that something happened to you.

You are your most important asset, so it's important to protect yourself and your family against a loss of income and lifestyle.

People's Choice has a selection of the best insurance providers in the business, together with Financial Planners who will help you make the right decisions based on your circumstances.



The Personal Insurance process

Successful Financial Planning doesn't happen accidentally. There are a number of key steps which should be followed to ensure you're on the right track.

Importantly, the first consultation with one of our Financial Planners is complimentary and without obligation. This initial meeting is designed so you can get a feel for what the process means to you, how we may be able to assist you, and provide you with an estimate of what the process may cost.

If you do choose to do business with us, one of our Financial Planners will run through the following process to assist you in reaching your goals.

Step 1: Defining your current situation

Everyone is different, with differing financial resources, lifestyle needs and personal aspirations.

Initially, our Financial Planners will spend time getting to know you and establishing what resources you currently have available and how you would cope financially should something happen to you.

You then work together to determine your individual needs and goals for the short, medium and long term. We will assist you in both quantifying and prioritising each of these defined goals.

Through goal setting, our Financial Planners will construct a road map of where you're heading in life. We'll then begin to identify options to make sure you and your loved ones are protected against a loss of income and lifestyle.



Step 2: Developing protection strategies

Having helped you to define your future goals, our Financial Planners will then investigate and assess the protection strategies that are relevant to you, giving due consideration to such things as: product types; available cash flow; premium structures; payment options; and tax impacts.

At the conclusion of this process our Financial Planners will present you with a Statement of Advice which outlines their personalised recommendations for your consideration and review.

Step 3: Implementing your plan

Our Financial Planners will take the time to explain the options available to you with a focus on how they may impact on your ability to achieve your documented goals.

Once you've agreed on the appropriate course of action, our Financial Planners and their support team will work together to ensure all aspects of your plan are properly implemented in the way you have chosen.

Step 4: Ongoing review

Every financial plan, no matter how carefully structured, is vulnerable to the effects of change over time.

Our Financial Planners can offer you a review service where they revisit your goals and priorities in light of any changing circumstances. They'll then make any required adjustments to your strategies to ensure they remain on track.

Of course, you're able to make contact with your Financial Planner or their support team outside of these scheduled reviews should you require assistance or guidance in the interim.



Personal Insurance type

A guide to help you navigate your protection strategy.

While the Financial Planning process follows a standard set of steps, and the recommendations made by our Financial Planners will be tailored to your individual circumstances, it is important for you to understand the types of protection options available.

Income Protection Insurance

Income Protection Insurance is designed to provide a regular income in the event you are unable to work due to sickness or injury.

Information you should know

- Also known as Salary Continuance Insurance
- The benefit can at times be up to 85% of your income
- The shorter the waiting period and longer the benefit payment period, the more it will cost
- This product provides a cash flow to make ongoing payments and expenses
- Stepped or level premiums are often available (refer to page 7)
- Income Protection can often be available within Superannuation to provide an affordable solution



Life Insurance

Life Insurance is designed to provide a lump sum payment and future financial security for your beneficiaries like your family, dependents and loved ones in the event that you die. The lump sum payment can be used to help with repayment of debts, covering future needs like children's education or long term care, and investing to provide an ongoing income.

Information you should know

- Benefit amount can be tailored to your needs
- In the case of terminal illness the payment can often be paid prior to death
- Stepped or level premiums are often available (refer to page 7)
- Life Insurance can often be available within superannuation to provide an affordable solution.

Total and Permanent Disability Insurance

Total and Permanent Disability (TPD) Insurance will provide a lump sum payment should you suffer an illness or injury which totally and permanently prevents you from working again.

Broadly there are two main definitions of TPD:

Own Occupation:

This must demonstrate that the TPD prevents a person from working in their own occupation, which was disclosed when applying for this type of cover.

Own Occupation is often more expensive and may only be available to individuals who work in lower risk occupations.

Any Occupation:

This must show that the TPD prevents a person from working in their usual, or any other occupation for which they are reasonably suited by their education, training or experience.

Any Occupation is often the cheaper option, however can be more difficult to meet the definition of TPD due to various work types you may still be able to perform.

Information you should know

- TPD can often be available within superannuation to provide an affordable solution
- Lump sum payments may have a taxation impact, particularly when held within superannuation
- Stepped or level premiums are often available (refer to page 7)
- Payments are often used to make the necessary physical changes to living arrangements and to fund medical expenses while adjusting to the disability.

Trauma Insurance

Trauma Insurance provides a lump sum benefit in the event that the life insured suffers a “critical condition” as defined by the insurance provider.

Information you should know

- Also known as Critical Illness Insurance
- Designed to help a person financially recover from a trauma or crisis, such as a heart attack, stroke, cancer or other life threatening conditions
- Stepped or level premiums are often available
- Often used to cover loan repayments, make changes to living arrangements, medical costs and rehabilitation expenses.

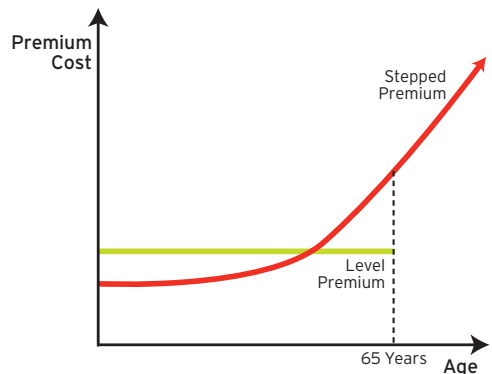


Premium options

Stepped vs. Level Insurance Premiums

Insurance often presents two ways you can pay your premium.

- Stepped Premium: increasing each year as you age
- Level Premium: the premium generally does not change until you reach 65 years of age when the cover reverts to a Stepped Premium. The premium is based on your age when the cover commences



As the graph demonstrates, a Stepped Premium is generally cheaper in the early stages of the policy life but will become more expensive over time. While a Level Premium costs more in the early years, the savings can often be made up over the life of the policy.

The above graph is for illustrative purposes only.

Information you should know

- Combinations of Stepped and Level Premium portions are available. This is often a good strategy as the Stepped Premium amount can be downsized over time as your debt reduces
- The earlier you “lock-in” the Level Premium, the greater the potential long-term savings
- Level Premiums can make the insurance more affordable in your later years.

Tax Deductions*

Generally, income protection premiums are tax deductible; however the income payments will then be taxed at the applicable tax rate. The opposite to this generally applies for Life, Trauma and Total and Permanent Disability. In these cases the premiums are not tax deductible however any benefit payments are generally not subject to tax when held personally.

Insurance in Superannuation

A number of insurance types are often available to be paid from your Superannuation; these are generally Life, Income Protection and Total and Permanent Disability. Trauma Insurance is not available inside Superannuation.

Information you should know

- Insuring via Superannuation can assist with personal cash flow/affordability as the premiums are paid by your Superannuation account. This of course will then in turn reduce the amount held in your Superannuation by the premium amount. Extra contributions to your Superannuation account can be made to negate this impact
- Any benefits paid in the event of your death will be paid into your Superannuation account and then distributed to your nominated beneficiaries
- Tax may be applicable on insurance benefits paid from superannuation
- Benefits are released at the discretion of the trustee in line with superannuation law.

*People's Choice is not licensed to provide taxation advice.

We recommend you seek independent tax advice from a licensed tax professional.



We're here to help!

It's never too early or late to plan for the life you want. At People's Choice Credit Union, we have a team of more than 30 Financial Planners who are all qualified, skilled and experienced to help you achieve financial success for the long term.

We are based across all our branches and advice centres in metropolitan Adelaide, Melbourne, Canberra, Darwin, Perth and regional South Australia, Northern Territory and Victoria.

Additionally, we're not restricted to assisting you through our branches; our Financial Planners are also available via both phone and email.

To arrange an appointment with one of our Financial Planners call 1300 132 982 between 8.30am to 5.00pm (CST) Monday to Friday.



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Financial Planning

Superannuation

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