

Life Insurance – Preparing For One of Life's Certainties

Despite the euphemism, life insurance is still a topic that most would prefer to gloss over, for obvious reasons. But if you have dependents then taking the trouble to buy the right amount and right kind of life insurance could be one of the most important decisions you make.

What is it for?

In general terms, life insurance can provide financial assistance for your family in the event of your death. It helps to ensure that emotional turmoil is not compounded by undue financial difficulty.

Is it for you?

Life insurance can prove to be particularly useful if you have dependents, but while the need to insure the main breadwinner is often obvious, the value of a stay-at-home parent is often overlooked. It is important that the cost of childcare, transportation, cleaning and other household activities is accounted for.

How does it work?

The premium you pay will depend on the amount of cover that is required, together with an evaluation of risk depending on, among other things, age, sex, your occupation and lifestyle choices such as whether you smoke. In general, higher-risk occupations attract a higher premium. Medical examinations are common practice and pre-existing medical conditions will often attract higher premiums and may preclude you from being insured.

What's on offer?

One of the most common and straightforward policies is term (life) insurance, which is a lump-sum payment to your beneficiary in the event of your death. The premiums are not tax deductible but the payout is tax-free and can be used for any purpose.

Finding the right fit

There are a number of life insurance products and providers on the market. While insurance can be sourced directly from an insurer, a broker can do the hard

work of comparing products for you. You should be aware, however, that some brokers may only offer products from only one insurer.

Keep on top of it

It is important that you continue to evaluate your policy to ensure it meets the changing needs of you and your family's circumstances. Re-mortgaging, a job change, a new child or taking on debt are all reasons to take another look at life insurance.

Seek professional advice

A properly licensed insurance broker can evaluate your personal circumstances and needs and help you to choose the life insurance product that is best for you.

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