

## Make your insurance more affordable



**Did you know you can save money by buying your insurance in super? This is because super can offer cashflow benefits and tax concessions.**

Most super funds offer insurance that can help you, or your dependants, to pay off debts and replace your income if the unexpected was to happen. This includes life, total and permanent disability (TPD) and income protection insurance.

While these types of insurance can also be bought outside super, you'll have to fund the premiums from your own pocket, and you probably won't get any tax breaks if you buy life and TPD insurance.

On the other hand, when you insure in super, the premiums are deducted from your super balance. This means you can arrange the cover you need without having to pay the premiums from your cashflow. The downside is you will use up some of your super money, which could help you meet your living expenses in retirement. While this could make a difference when you are no longer working, it's important to think of what could happen to your

family's lifestyle in the meantime if you don't have insurance.

If you or your family faced financial difficulty you could run out of savings very quickly, well before your intended retirement date. So insuring in super could be a great solution if you don't have sufficient cashflow to pay for the premiums outside super.

Even if you think you could pay the premiums outside super, there are still cost effective benefits of insuring inside super. This is because if you make super contributions, there are some tax concessions, regardless of whether the contributions are used to buy insurance or investments. For example...

- if you're an employee and are eligible to make salary sacrifice contributions, you may be able to buy insurance through a super fund with pre-tax dollars.
- if you earn less than 10% of your income from employment (eg if you're self-employed or not employed), you can generally claim your super contributions as a tax deduction, and
- if you earn less than \$61,920 pa, of which at least 10% is from employment or a business, and you make personal after-tax super contributions, you may be eligible to receive a Government co-contribution of up to \$1,000 in 2011/12 that could help you cover the cost of future insurance premiums.

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