

# TRAUMA COVER

Trauma cover (also known as critical illness insurance) can provide you with a tax-free lump-sum payment to cover your immediate medical expenses and other financial needs if you suffer a specified illness or injury— like a heart attack, stroke or cancer.

A serious illness or injury is not a planned event. As such, it can take not only a physical and emotional toll, but also a financial one. Payment of an agreed amount may help you and your family:

- pay for your immediate medical-specialist expenses
- cover your ongoing treatment and rehabilitation costs
- allow your spouse to take time off work to be with you
- employ a carer, nanny or home help
- pay off the mortgage and other debts
- meet day-to-day living expenses
- maintain your standard of living.





## What conditions are covered by trauma insurance?

The medical conditions and procedures covered by trauma insurance vary from insurer to insurer, but generally include:

- cancer
- heart conditions (e.g. heart attack, coronary artery bypass surgery)
- neurological conditions (e.g. stroke, dementia)
- chronic lung, kidney or liver failure
- severe burns
- major head trauma
- loss of hearing, sight or speech.

To be covered, your condition must meet the insurer's definition of that condition, as outlined in their product disclosure statement (PDS). For example, it's not enough to be diagnosed as having cancer. Your diagnosis must meet the insurer's specific criteria, including the level of severity.

## How much cover should I get?

There is no one-size-fits-all answer to this question. The amount of trauma cover you should get will depend on your personal and financial circumstances. It will also be subject to the maximum amount of cover the insurer is willing to offer you. Generally, the younger you are, the more cover you can apply for.

## Can I also get cover for my children?

Some insurers provide cover for children too, in case they die or suffer a terminal illness or a specified critical illness. This cover is typically added to the parent's life cover policy.

While Medicare, private health insurance and the Pharmaceutical Benefits Scheme can cover the cost of medical and hospital treatment and help with ongoing medication, there may be out-of-pocket expenses that can't be recovered from them. Children's cover can help you pay these expenses and allow you to take time off work to grieve or provide extra care and support for your child.

## What else should I consider?

- Some insurers will reimburse the cost of engaging a financial adviser — typically up to \$2,000 — to prepare a financial plan to help you manage the proceeds of your lump-sum claim payment.
- Trauma-cover premiums are not tax deductible, however the proceeds from a successful claim are typically paid as a tax-free lump sum
- Before selecting an insurance policy, you should always carefully read the product disclosure statement (PDS). It explains the terms, conditions, limits, and exclusions of your cover.
- Due to changes to the law that came into effect in 2014, new trauma cover policies can not be funded through superannuation and is therefore the responsibility of the policy owner.



## Get expert advice!

Trauma cover can be complex and challenging to understand and there's potentially a lot at stake. So it's important to get the right amount of cover to give you and your family financial security and peace of mind. Before making any decisions about your cover, we recommend you call us on +61 3 9810 0700 to book a free consultation with one of our financial advisers.

## Complete financial care is a phone call away.

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