

If you were to suffer a serious illness, which would you prefer to lose... your home, or your home mortgage?

A recent survey found many Australians are unprepared to protect their family in the event of an emergency such as loss of income, sudden illness or death.

The survey showed only 4 per cent of Australian households with children have enough life insurance cover to sustain their family's lifestyle if a parent died.



"Even more alarming, the study showed only 62 per cent of fathers and 50 per cent of mothers with children have any life insurance at all, given the low cost of Life Insurance today this is an alarming statistic.

...only 4% of Australian households with children have enough life insurance...

Although people might have some personal insurance through their life superannuation fund, this does not usually provide enough to cover debts as well as ongoing income requirements for dependants.

"In many cases, people may be concerned about their family's welfare, but are mystified about the types of coverage available and the level needed to accommodate their lifestyle."

At WHK Smith Read Prescott our qualified Risk advisers can help all of our clients easily understand the various Risk Insurance policies available.

Ideally, life insurance and other types of personal insurance such as income, trauma and total permanent disability insurance, should be reviewed on an annual basis. Frequently when we conduct a review we determine that a more suitable product has become available, with more competitive premiums.

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The right level of insurance also becomes vital during the years families are accumulating debt and having children, such as acquiring a mortgage.

Income, trauma and total & permanent disability (TPD) insurance are also important for a family's financial security.



The statistics relating to diagnosis of serious illness's such as cancer or heart attacks for people under age 45 is significant, with modern medical practice's many of those who suffer such a serious illness recover, but frequently they have to make significant changes to their working life and lifestyle which inevitably leads to higher living expenses and a lower income.

Should you wish to know more about how a WHK Prescott risk adviser can assist you in creating an insurance plan to provide financial security for you and your family within your budget, please telephone 1300 135 543 or email risk@whksrp.com.au

Drowning in Debt?

Product Scenario: Refinancing

It isn't always as bad as it seems

A couple had been living from week to week, stressing about mortgage payments and thinking they would lose their family home, which they have resided since 1990.

The main income earner was forced to retire recently and was without income for 3 months prior to receiving disability pension. During that time they were unable to pay debts due to his income being reduced.

Furthermore, applicant B has been receiving income protection payments after she broke her shoulder. As her injury improves, she will be gradually working more hours and applicant A is now working part time.

Key Concerns:

- Regional property in outlying area
- Elderly clients
- Mortgage arrears
- Needing to borrow 95% of the property value
- Credit default total = \$34,000
- Wanted extra cash to pay back personal friends

WHK Finance Solution:

Refinance the couple's debts and significantly reduce their weekly commitments. Their debt position is summarised in the following table:-



Home Loan.....\$52,000

Credit Union Loan – In Arrears...\$34,000

Personal Loan\$6,000

Total\$92,000



The combined monthly payment for these loans was \$2,280.

The couple were able to borrow up to 95% of the value of their property which provided them access to \$104,500.

This allowed them to:-

- Repay their existing Home Loan
- Repay the Credit Union Loan
- Repay the Personal Loan
- Repay all their friends who had been helping them financially

Significantly, the monthly repayment for the new loan was only **\$879** which also allowed them to live a lot more comfortably.

If you feel your debts are taking too much of your weekly income please feel free to call our Lending and Finance team for a no obligation consultation



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