

THE VALUE OF INCOME PROTECTION



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HEALTHIER, LONGER,
BETTER LIVES

MOST OF US THINK 'IT WON'T HAPPEN TO ME'

And if you're very lucky, it might not. But, chances are, many of us will have our lives interrupted by an accident or illness. So if you are not one of the lucky ones, wouldn't you prefer to be one of the smart ones with a plan to help you and your family during those difficult times?

This flyer provides a brief overview to help you understand the features and benefits offered by Tailored Protection (previously CommInsure Protection) as contained in the full Tailored Protection Combined Protection Statement (PDS) and Policy Document. Your financial adviser can guide you on an appropriate level of cover for you, as well as how specific definitions, limitations and possible exclusions may apply.

The importance of protection

Taking out a protection plan, and maintaining it, can help you and your loved ones negotiate life's curveballs. The good thing about having this plan in place is that if you are unable to work due to sickness or injury, this plan may help you or your family by removing some of the financial burden these events can cause.

How can I make protection more affordable?

Your adviser will be able to help you structure your protection plan in the most cost effective way. Here are some things you may want to talk about:

Solution	Example
<p>Reduce cover</p> <p>Instead of insuring for a full 75 per cent of income, insure for a 'minimum must-have' amount to meet the most important financial commitments.</p>	<p>If changing the benefit amount to a lower level will provide you with enough income to support your recovery, this could reduce the premium you pay.</p>
<p>Change payment frequency</p> <p>Premium frequency options include monthly, quarterly, half yearly or annually.</p>	<p>If paying monthly and a change to annual frequency is selected, there may be a saving of up to eight per cent.</p>
<p>Increase Waiting Period</p> <p>The longer the Waiting Period, the cheaper the premium.</p> <p>You'll not become eligible for a benefit payment until the Waiting Period ends. If you change your mind and want to decrease your Waiting Period in the future, you will need to apply and answer health questions. Before increasing the Waiting Period you should consider whether this is an appropriate option for you.</p>	<p>If changing the waiting period from one month to three months, there may be a saving of approximately 30 per cent on the premium.</p>
<p>Reduce the Benefit Period</p> <p>The shorter the Benefit Period, the cheaper the premium. We will only pay you a monthly benefit for the duration of the Benefit Period. If you want to increase your Benefit Period in the future you will need to apply and answer health questions. Before reducing the Benefit Period you should consider whether this is an appropriate solution for you.</p>	<p>If changing the benefit period from age 65 to five years, there may be a saving of approximately 40 per cent on the premium.</p>
<p>Indemnity</p> <p>Switching from an Agreed Value policy to an Indemnity policy (where the benefit payable is determined by the average monthly income at the time of claim) will reduce the premium.</p> <p>When you take up an Indemnity policy we will consider how much you were earning before you became disabled to determine your monthly benefit. This may be less than the amount that you have insured. If you want to change back to an Agreed Value policy in the future you will need to apply and answer health questions. Before changing to Indemnity you should consider whether this is an appropriate solution for you.</p>	<p>If changing from agreed value to indemnity, there may be a saving of up to 20 per cent on the premium.</p>

Refer to the Tailored Protection Combined Product Disclosure Statement (PDS) and Policy Document for more information on the solutions provided above. You can download the PDS at aia.com.au/en/adviser/our-products/tailored-protection

Solution**Remove Income Care Plus or Platinum**

Maintaining the Income Care and either removing the Plus or Platinum option will reduce the premium.

Income Care Plus and Income Care Platinum offer additional benefits and features to Income Care. If you want to change back to Income Care Plus or Income Care Platinum in the future you will need to apply and answer health questions. Before removing Plus or Platinum you should consider whether this is an appropriate solution for you.

Example

If changing your policy from an Income Care Plus to an Income Care, there may be a 10 to 20 per cent saving on the premium.

Stepped Premium

Moving from level premium to stepped premium could reduce premiums.

This type of change would require an analysis of the level premium policy, entry age and current age, to determine whether continuing with the level premium policy or the stepped premium policy would provide the most cost effective option for the policyholder. Talk to your financial adviser to determine whether this is appropriate for you.

Check on smoker status

If you have stopped smoking for more than 12 months, and complete a non-smoker declaration, your premiums may reduce.

If changing from a smoker to a non-smoker, there could be a 40 per cent saving on the premium.

Check Occupation

If you have moved jobs, your new occupation may have a different classification.

Changing occupation to a less risky occupation could reduce your premium.

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Replacing your insurance policy

If you are considering replacing your income protection policy with another insurer, it's important that you are fully informed before you act. Make sure you have thoroughly read the Tailored Protection Combined Product Disclosure (PDS) and Policy Document, and talked to your financial adviser to ensure your protection needs are fully looked after. Here are some things to consider when you do the policy comparison:

- Does the new policy have the same or better policy features and benefits?
- Does the insurance company pass back future product enhancement?
- Will you have to undergo new medical checks?
- Will you be paying increased premiums because your health status may have changed?
- Will you have to pay extra premiums for benefits that are currently included in your Tailored Protection policy?
- Does the new policy offer the same or better loyalty rewards?
- Does the insurance company have a strong record of paying claims?

Although costs are often a concern, be careful you don't make a decision solely based on costs; it's important to make sure your insurance cover meets all of your needs.

After reviewing all policies and fully understanding the differences, if you still would like to cancel your Tailored Protection policy, only cancel once the replacement insurance is in place. This will ensure that you don't have a period of having no cover.

Can I make changes to my policy?

Yes. Life involves change. You may get married, purchase a home or grow your family. So as your circumstances change, your Tailored Protection policy can change with you. As these changes happen they may impact the amount of cover you need, or the way you want to pay for the premiums. Your financial adviser will be able to guide you with the various alternatives you should consider. Keep in mind, reducing cover is easy, whilst reinstating or increasing benefits may require the completion of a new application form and medical underwriting.

WE'RE STILL HERE TO HELP

While all products under Tailored Protection closed to new customers from 1 April 2020, we want to reassure you that as an existing customer you continue to hold your cover and can manage it to suit your changing insurance needs. All of your existing product benefits, features and options remain the same, as does our commitment to paying claims.

If you want to apply for or amend a policy, your financial adviser will be able to help you.

Alternatively you can contact us on **13 1056**

8 am - 6 pm (AEST/AEDT) Monday to Friday or visit us online at aia.com.au/tailored-protection

Things you should know

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