

Zurich's Tailored super structuring

Helping you optimise your insurance cover in and out of super





The problem

When looking at holding insurance inside or outside of super, there are several factors to consider. For example, depending on the type of cover, there may be differences in the deductibility of premiums and tax payable on benefit payments in the event of a claim. And importantly, superannuation law restricts the benefits which can be held in super.

The solution

Zurich offers the ability to link cover inside and outside super, giving you flexibility to optimise your mix of super and non super insurance protection. Tailored super structuring for TPD or income protection cover allows TPD or income protection cover to be set up across two related policies in order to optimise the mix of benefits payable in super without compromising on the cover you need. You avoid duplicating cover, and can take advantage of lower premium rates.

Tailored super structuring explained

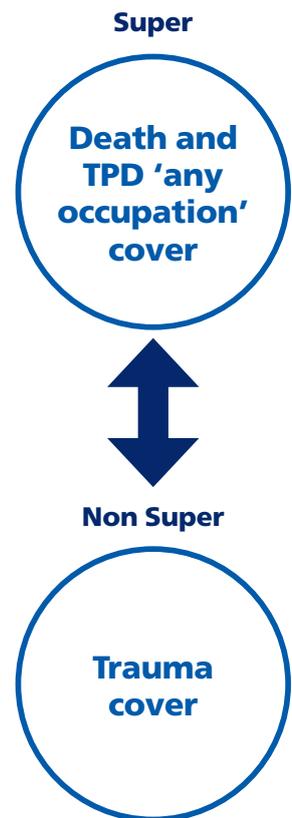
Death, TPD and Trauma cover

Let's say you wanted cover for death, TPD and trauma. Generally one of the most cost effective ways of structuring this would be to put all the covers into the one policy, where the TPD and trauma benefits are taken as linked benefits (or 'riders') to the 'core' death benefit. Linked benefits provide a cost-effective package of cover, but mean that a claim on one cover will impact the other/s. Taking this combination outside of super could deny you the tax advantages of taking the death and TPD cover through super.

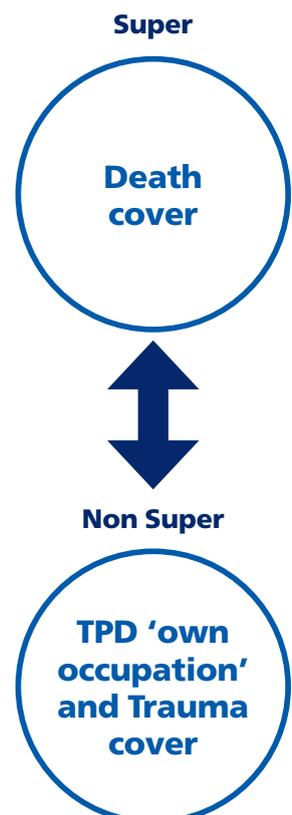
With related policies, you can link death and TPD cover inside super to trauma cover outside of super, meaning you benefit from:

- the tax advantages of taking death and TPD cover through super, plus
- the cost saving of taking trauma cover outside super at 'linked' rather than stand alone rates (which are generally higher)

Flexible structuring of cover helps optimise the advantages of having your cover in and out of super



Related policies also make it possible to link TPD 'own occupation' cover held outside super to death cover and 'any occupation' TPD held inside super.





TPD 'own occupation'

With Zurich's Tailored super structuring, you can split the TPD cover across both related policies in a cost-effective way which aligns the cover held in super with superannuation law as follows:

- 'any' occupation TPD on the super policy, and
- 'own' occupation TPD ('superlink') on the ordinary policy

The TPD cover on both policies is linked together, giving you the advantage of both 'any occupation' and 'own occupation' TPD cover. A TPD benefit is only payable once, but the cost of cover is the same as if only 'own' occupation cover is selected. This way part of the premium can be funded through super.

'Superlinking' gives you greater security when it comes to benefit payment without compromising the advantages of structuring cover inside super

definition for income protection insurance. So, where an 'agreed value' policy is taken inside super, and a claim is payable, it is possible that a benefit paid may exceed the allowable benefit payments under the narrower super definition of 'temporary incapacity'.

In this case, any benefit payable by the insurer on an 'agreed value' basis that is over and above the benefit that would be payable under a narrower 'indemnity' definition, may be preserved in the super fund until another condition of release is met, for example retirement.

With Zurich's Tailored super structuring however, you don't have to decide on one or the other. You can split income cover across two related policies in a cost-effective way as follows:

- 'indemnity' income cover on the super policy, and
- 'agreed value' income cover ('income superlink') on the non-super policy

The income cover on both policies is linked together, giving you the advantage of an agreed value policy overall. The cost of cover is the same as if only agreed value cover is selected and this way, the majority (approximately 80%) of the premium can be funded through super.

Tailored super structuring allows you to take an agreed value definition which is linked to a super policy, without the worry of benefit preservation



In the event of a TPD claim, your claim will be assessed under the super policy first based on an 'any' occupation TPD definition. If you qualify for TPD benefits under the super policy, the sum insured is payable to the trustee, with the TPD cover under the non-super policy reducing to zero. If you don't qualify, you will then be assessed under the non-super policy based on an 'own' occupation TPD definition. If you qualify for TPD benefits under this policy the sum insured is payable to you, with the TPD cover under the super policy reducing to zero.

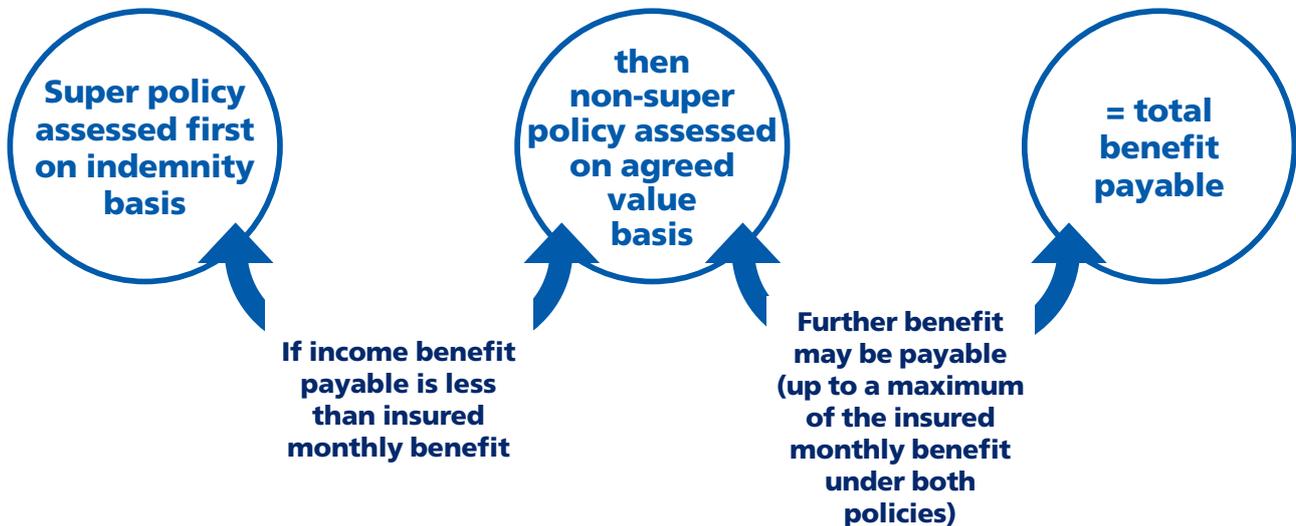
Income protection cover in super

Policy definitions are also an important factor to consider with income protection policies. The definition of temporary incapacity under superannuation law is more closely aligned with an 'indemnity' policy

Depending on the products selected, premiums for both policies may be deductible to the super fund and the individual respectively. Income benefits are taxed at the individual's marginal rate of tax.

All built in benefits and extra cost options you select are allocated to each of the related policies based on their likelihood of satisfying a superannuation condition of release.

At claim time:



Find the right solution for you

For more details on Zurich's Tailored super structuring solution, speak to your adviser. A qualified risk adviser can tailor a protection plan to your unique needs and budget. They can recommend the best way of structuring your protection inside and outside of super to ensure you get the optimal balance of affordability, tax advantages, and coverage.

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