

RSM
FINANCIAL



Wealth
Protection

THE PROCESS OF PROTECTING WHAT MATTERS MOST!

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Wealth Protection

These areas are where our specialised team can help you when it comes to protecting your family and creating the peace of mind you seek!

How to protect your lifestyle and importantly make sure your loved ones are protected.

How to avoid intestate laws and to protect your estate from someone successfully contesting your wishes.

how to provide your estate with the most optimal protection available to stop your partner or childrens' future spouse taking your hard earned money if you pass away

Prove you with suitable solutions to make sure your child doesn't pay 45% Minors tax!

How to limit the taxation applied to your estate if you pass

How to give super savings to people that are not allowed to receive any benefits under SIS legislation. Most likely your mother, father, brother or sister.

Can provide advice on suitable insurance products which include:

- ✓ Life Insurance
- ✓ Total & Permanent Disability cover (TPD)
- ✓ Trauma or Critical Illness cover
- ✓ Income Protection
- ✓ Buy/Sell & Key Person Covers

Would you like to consider a specific level of insurance cover?

Provide a professionally analyse of your situation to make sure you and your family will be ok in the event of illness, injury or Death

Provide advice on suitable policy options to suit your needs and occupation?

Wealth Protection

Our Wealth Protection advice is about protecting what matters most to you! Wealth Protection considers your situation personally and financially to identify and establish a robust and flexible protection strategy. The advice identifies mechanisms and strategies suitable to fund your protection needs, with every effort made to reduce the long term financial cost associated. Crucially, legal strategy and documentation will be defined and recommended to you, which you can discuss and implement with your trusted legal adviser or our highly qualified legal partners.



ESTATE PLANNING

Estate planning is not only a will but a complex area that has multiple facets and considerations that need deliberation to implement a suitable protection strategy. Estate planning is the cornerstone of protecting what you consider most valuable. The legal protection provided by a well thought out estate plan will ensure that the strategy implemented to fund your protection needs is secure. Estate planning provides security for the funding made available through the disposal of assets or insurance proceeds and ensures it is made available for the intended purpose.

FUNDING YOUR PROTECTION

Once you've decided that protecting your financial security is essential, our process then investigates and considers the options available to deliver the peace of mind you seek.

How you fund the protection you seek will depend on your circumstance, and our advisers will establish a clear strategy that considers your assets and your income sources to determine if there is a need for insurance. Our goal is to reduce the cost associated with any insurance that may be required, to improve your ability to save and create wealth.





MINORS TAX

If you are planning to leave your wealth to a minor, they pay 45% income tax rate plus levy's for every dollar they earn over \$1,307.00 per annum. Learn how to stop this unnecessary tax!



TESTAMENTARY TRUSTS

When explained in circumstances that most people will understand and favour, a testamentary trust may become your best asset in defending your wealth and Legacy!



PREMIUM TYPE

Learn how to save \$\$\$\$ on your insurance premiums

One of the essential and most beneficial choices you'll make when designing your protection is choosing the right type of premium structure for any insurance you may need. The choice between stepped, level, term level or a hybrid arrangement all have their individual benefits and weaknesses, but the right structure could help you save thousands



DEFINITIONS

The difference between an insurance claim being .paid or denied

Definitions which apply to your insurance cover are imperative. A simple change in the features or policy wording can significantly alter the premium, but importantly your experience when lodging a .claim

An insurance feature worth knowing about is Own Occupation

Any occupation requires your treating medical professional to declare that "you're permanently unable ever to return to work in an occupation you are reasonably qualified by training, education or experience". Own Occupation TPD requires the treating medical professional to declare that "you're permanently unable to work in your occupation".

Dying Intestate

Importantly if you die without a valid Will the law decides who gets your assets. This is called 'dying intestate'. The rules applied by the law also vary from each state.

Under Victorian intestate provisions, if a person dies intestate the following summary of how the assets are bequeathed is as follows:

- ❗ One partner and no children - the partner receives the whole of the estate of the deceased.
- ❗ One partner and child/ren of that relationship - the partner will benefit from the whole of the estate
- ❗ One partner and children born of a different relationship - the partner will receive all the personal chattels, the 1st \$451,909 and 50% of the balance with the remaining 50% amongst the children.
- ❗ Multiple partners (complex) - complex provisions dealing with this situation.
- ❗ No partners - the estate is divided equally amongst children and if a child of the deceased has already passed away, that deceased child's children take equally.
- ❗ No partners nor children - the estate is divided equally between parents of the deceased and if no parents then equally between siblings and if none there is a pattern of distribution thereafter "down the line".



Children & Estate Planning

So you've been blessed with a child or a family and all the ups and downs that come with this life changing experience. A child's innocence and reliance on you as a parent is unparalleled. Their reliance on you does not change for years to come, in some cases it lasts a lifetime!

So ask yourself, why would their reliance on you change in the event of your disablement or death?

The answer, it doesn't! In actual fact their reliance on you increases, because without that loving parent, the job of raising that child becomes significantly more difficult. For both the child and the surviving parent or family member tasked with this life changing event and the care of the child.

Everyone knows this situation would be extremely difficult, so this shouldn't come as a surprise. What might come as a shock is the process involved and the people that may be appointed for medical, financial and care taking needs of your child. The shock doesn't stop there, most people are unaware of a fact that will impact every child or minor when bequeathed a legacy.

Minors Tax

When a child under the age of 18, a minor, receives an inheritance, the inheritance will normally be held in trust until they are 18 years of age. The original lump sum of money is normally not taxed and is received in full.

However, when a child under the age of 18 earns an income (Interest, Rent, Dividends) from assets given to them in the will, this income is taxed differently compared to adults.

Income tax rates for minors:

Income between \$0.00 - \$416.00 are tax at 0.00%

Income between \$416.00 & \$1,307.00 are tax at 66.00%

Income over \$1,307.00 per annum are tax at 45.00%

If your estate was to earn \$40,000.00 per annum in income and pay these distributions to your child to look after their general well being, the following tax would apply to a minor when compared to an adult:

Income tax for a minor:

Tax Paid \$18,000.

Net income \$22,000

Income tax for a Adult

Tax Paid \$4,547

Net income \$35,453

The difference in taxation between an adult and a minor when earning \$40,000 per annum is \$17,453

Calculating Your need For Cover

Knowing the types of insurance available to protect your financial situation is a good start, but to truly create the peace of mind that you seek, you firstly need a true understanding of your financial need for each insurance. Knowing the amount of cover required to mitigate the risk of a certain event will create the peace of mind that your financial situation is protected.

RSM Financial specialise in professionally analysing your need for cover to determine a suitable sum insured to mitigate the risk of an illness, injury or death. Our analysis will make you aware and equip you with the knowledge to give you complete peace of mind that your financial situation is protected.

Loan Repayments

A major risk to any financial situation is the level of debt owed. The necessity to repay the entirety of the debt may not be required but is usually a good starting point. Our analysis will consider the purpose of the debt, the ability for the intended beneficiary(s) to afford loans repayments and the risk of that debt adversely affecting the beneficiary(s) ability to maintain the current lifestyle you all currently enjoy.

Future Lifestyle Expenses

To accurately assess the provisions made available to protect your expenditure, RSM Financial utilise the Cashflow Management segment of our advice to investigate and identify your actual expenditure to establish a base line need for cover. The recommendations will also detail protection for expenses that may eventuate in the event of a disability or death, like childcare or a live in nanny to provide support and allow the remaining income earner to continue work. Consideration of your willingness to cover the lifestyle expenses to the surviving spouses life expectancy or for a limited timeframe will be deliberated and tailored to your objectives. An example, is that you only wish to protect the future expenses until your children are no longer financially dependent.

Medical Costs

In Australia we are lucky to be covered by a robust health system which covers most medical costs. However, there are many circumstances where your treatment will not be covered under the Australian Medicare system. Medicare does not cover medical and hospital costs incurred overseas, medical and hospital services that are considered not clinically necessary, or surgery solely for cosmetic reasons, ambulance services and emergency department administration fees. The system also provides no cover for most physiotherapy, occupational therapy, speech therapy, eye therapy, chiropractic services, podiatry, psychology services, home nursing or hearing aids and other appliances. Substantial, out of pocket costs associated with Pharmaceutical needs can also arise where the Pharmaceutical Benefits Scheme (PBS) may only pay part of the cost of the prescription medication. Our advice will include a provision for medical expenses to provide added peace of mind that these costs are catered for.

Education Costs

Investing in your education is one of the best avenues you can take to create wealth and lift the financial standing of your family long term. However, investing in education can be a costly exercise, particularly when you have multiple children and the costs don't cease if you were to become disabled or prematurely pass. The cost of educating your children, particularly in the early years would most likely increase as the need for extended childcare would become paramount. Our advice considers your goals that relate to education and makes provisions for the costs within the recommended sum insured.

Other Provisions

In the event of a major illness, disability or death there will undoubtedly be costs that have not been considered, however, there are many costs that are normally present which are not catered for and can impact the financial security of your loved ones. Our analysis will consider provisions for:

- ✓ Time of work to grieve
- ✓ Renovation costs
- ✓ Moving costs
- ✓ Time off work to recover - medically unsanctioned
- ✓ Funeral costs
- ✓ Taxation



DISPOSABLE ASSETS

When analysing your need for cover in the event of an illness, disability or death the assets you have available can be utilised to self-insure some or all of the risk associated with an event. Our advice will consider the assets you have available and analyse the benefits of selling these assets to lower the need for cover or keeping the asset(s) for its ability to earn an income long-term



CONTINUING INCOME

In the event of an illness, disability or death the possibility that income sources remain available to mitigate the risk of the particular event is likely. Commonly, the surviving spouse would maintain their ability to earn their full or partial income and assets such as rental properties would retain their ability to earn reliable long-term income. This is particularly true if a provision to repay debt associated with the asset has been included. These provisions help to reduce your need for cover

Optimise the Structure of Your Cover

Premium Types

There are many things you need to think of to tailor an insurance policy to your needs. One of the most important choices you'll have to make is choosing the type of premium structure your policy will have; a choice between stepped or level premiums will be available.

Understanding stepped and level premiums is vital to determine just how much money you'll pay over the life of your policy.

Stepped Premiums

The most common type of premium structure is "stepped" and the premium is calculated on your age, generally increasing the older you become. Premiums typically increase dramatically the older you get, because you're considered more likely to fall ill, be seriously injured or pass away. Stepped premiums are usually recalculated annually at the policy anniversary.

Level Premiums

Level premiums provide security over the affordability of your Wealth Protection strategy. A level premium structure will mean that you pay more in the beginning, but the premium costs average out over time. Depending on your circumstances, level premiums have the ability to save considerable money if you believe your protection needs to be in place long-term or until age 65. Usually a level premium remains constant until the age of 65, at which point it reverts to stepped.

Think Long-term



Definitions within the contract

Definitions are the difference between getting rejected or paid!

Big differences between the definitions and features available within an insurance contract can exist and it is important that you seek advice and compare not just the price, but the quality of the cover.

The definitions within a contract are crucial when claiming, because you may believe you're not able to work or are totally and permanently disabled, but medical professionals may not share your belief. Moreover, they may not want to risk the liability if there is a slight chance you could recover in the medium to long term. In this circumstance, most medical professionals would delay signing off that you meet the medical definition until further information is known about your recovery.

So research and seek advice on what features and benefits allow doctors the flexibility to prove you medically meet the requirements for a successful claim

Features & Benefits

Own or Any occupation TPD definition

Any occupation requires your treating medical professional to declare that "you're permanently unable ever to return to work in an occupation you are reasonably qualified by training, education or experience". Own Occupation TPD requires the treating medical professional to declare that "you're permanently unable to work in your occupation". Each insure differs in their wording of the definition, so please research and seek advice on which insure is suitable for you and your occupation.

Super Linking

Super-Linking allows you to link policy options that are not available features within the superannuation environment. The Super-link feature gives you the ability to pay for the features available to superannuation insurance contracts from your super balance, whilst providing additional features and alterations to definitions that improve your cover in a separate policy that is paid for from your own money.

Features to consider

- | | | | |
|-------------------------------------|----------------------|-------------------------------------|--------------------------|
| <input checked="" type="checkbox"/> | Term Life Cover | <input checked="" type="checkbox"/> | Own Occupation TPD |
| <input checked="" type="checkbox"/> | Standalone Cover | <input checked="" type="checkbox"/> | Reinstatement Option |
| <input checked="" type="checkbox"/> | Buy-Back Option | <input checked="" type="checkbox"/> | Trauma Option IP |
| <input checked="" type="checkbox"/> | Scheduled Injury IP | <input checked="" type="checkbox"/> | Premier OR Plus IP Cover |
| <input checked="" type="checkbox"/> | Partial Claim Option | <input checked="" type="checkbox"/> | Accident Option IP |
| <input checked="" type="checkbox"/> | Super Option IP | <input checked="" type="checkbox"/> | Future Insurability |



GET IN TOUCH!

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