



Putting a value on your potential

What is your most financially valuable asset? The answer to this question could be quite different depending on your age. A younger person may say their car or a possession, such as a musical instrument, is their most valuable asset.

As people age, their home or super is likely to be what they consider most valuable. However, while these answers seem sensible, the real answer is your capacity to earn an income. This ability likely outweighs the value of any other financial assets you have.

Example:

Alex, an engineer, is age 40 and owns a car worth \$45,000, a home worth \$750,000, and his super accumulation balance is around \$250,000. Alex earns an income of \$100,000 per year. If Alex plans to retire at age 65, he has 25 years of his working life left.

Based on this, Alex should earn \$2.5 million in income between now and the time he retires – not including any salary increases he may receive.

Despite his earning potential being so high, Alex has never considered it an asset. And, while he wouldn't leave his \$45,000 car uninsured and would never let his home insurance for his \$750,000 home lapse, he has never considered the impact of losing his future earning capacity.

What are the risks?

The sudden loss of your income could occur due to a major illness or injury which could leave you incapacitated for an extended period, or even unable to ever return to work.

The consequences if the unexpected does happen means that everything you've worked for, the security of your family, your home, lifestyle and your ability to save for retirement will suddenly be at risk.

Life, total and permanent disability cover and income protection insurance can help you retain financial security and replace your income earning potential by providing a lump sum and/or regular income if adversity strikes.

Think it won't happen to you? Think again.

You may think the unthinkable will never happen to you, but it's good to have peace of mind just in case. After all, it's important to protect your most important asset, you.

How much insurance do you need?

The amount of insurance cover you need depends on your individual circumstances. Factors that should be considered include:

- your age
- how much debt you have
- your income
- how many dependent children you have

It will also differ depending on your specific circumstances, such as your health or pastimes.

Topping up your cover

You can customise your insurance to suit your circumstances at any time. Some of the reasons you may want to apply to increase your cover, include:

- you marry or divorce
- the birth or adoption of your child
- your dependent child starts secondary school
- you take out a mortgage to purchase or renovate your home
- you can also apply to increase your income protection cover if you have a salary increase

To find out more, and to help ensure that your potential is protected, please give Shaun or Vicky a call on **4927 4588**.

Source: IOOF

We will guide you with a tailored approach that works for your circumstances. Give us a call on 4927 4588 (Rockhampton) or 4939 1766 (Yeppoon) to see how we can help.



EVANS EDWARDS

FINANCIAL ADVISORS | WEALTH CREATORS