



Collins Financial Planning Pty Ltd

AFSL 227250

Farmers Insurance

Insurance is a vital helping hand for farmers

Farming can be an unforgiving business, and one health setback could be all it takes to jeopardise years of hard work.

Few people deal with as many variables in their life as farmers and it's not just the weather that can leave them financially vulnerable.

On top of the health issues we all face, like cancer and heart disease, farmers contend with a range of hazards specific to life on the land.

According to Safework Australia, the Agriculture, forestry and fishing industry fatality rate in 2009-10 was 6 times the overall fatality rate for Australia workers.¹

Around 60 persons died from non-intentional injury on Australia farms in 2011. These deaths are of workers, bystanders and others and occur in a range of circumstances on farms of different agricultural enterprises.²

With so many threats and so much riding on their physical wellbeing, it makes sense for all farmers to have a contingency plan for sickness or injury.

What is life insurance?

Life insurance pays you money if you suffer an injury or illness that is covered by your policy. There are many different types of insurance covers, including:

- **Life cover** pays a lump sum if you die or are diagnosed with a terminal illness. The

lump sum can be used to meet final expenses, pay off debts, fund future child education fees and set aside money to meet your family's ongoing living needs. Some farmers also choose life cover as a way to create an asset for their children and grandchildren. This provides the opportunity to pass on the family farm to one beneficiary and the life cover proceeds to the others.

- **Income protection cover** pays up to 80% of your income if you can't work because of sickness or injury. This money is essential in helping to meet your ongoing living needs, including meeting your loan repayments while you are unable to work.
- **TPD cover** pays a lump sum if you are totally and permanently disabled. This may help you repay debts and medical bills, make modifications to your home and motor vehicle as well as meet lifetime living costs.
- **Trauma cover** pays a lump sum if you are seriously injured in an accident, or if you are diagnosed with one a number of serious medical conditions, like cancer or suffer a heart attack. The proceeds can be used to meet medical treatment costs and perhaps even fund a farm manager whilst you're recovering.

If you're a farm owner, you can also take out business expense insurance to help you cover fixed business costs like rent, electricity, machinery lease costs and some employee salaries (often excludes income producing employees).

With so many different types of life insurance available, it's important to discuss your own insurance needs with a financial adviser.

How much does life insurance

Premiums vary depending on the product and a range of other factors. As an example, a 30 year old farmer (male) can take out \$200,000 life insurance plus a \$3000 a month standard income protection policy, for as little as \$3 per day* (Source: OnePath Life Limited, ABN 33 009 657 176, AFSL 238341).

There are also a number of tax concessions associated with life insurance.

For starters, you may be able to hold your life and TPD insurance cover inside super. This means you can use your pre-tax salary to pay your premiums.

Another benefit specific to income protection and business expense insurance is that the premiums are generally tax deductible.

The best way to design an affordable insurance strategy that protects your family, your income and your debts, is to speak to a financial adviser.

Contact Us

for more information about our services.

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¹Work-Related Traumatic Injury Fatalities, Australia, 2009-10', Safework Australia, March 2012

²Farm-related Injuries reported in the Australia Print Media 2011', Australian Centre for Agricultural Health and Safety, January 2012

*Male Farmer, non-smoker, NSW, Income Secure Standard, indemnity, 30 day wait, to age 65 benefit period, with Increasing Claim option, paid monthly (assumed annual gross salary of \$48,000). The worked dollar example is for illustrative purposes only.

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