

Total & permanent disability cover

A serious injury or illness can make it difficult or impossible for you to continue to work. If this happens, you will need to find a way to support yourself and your family.

Total and permanent disability cover is almost always purchased together with life cover and can provide a financial safety net if you get a serious injury or illness that stops you from working.

What is total and permanent disability cover?

Total and permanent disability (TPD) insurance provides cover if you are totally and permanently disabled. It helps cover the costs of rehabilitation, debt repayments and the future cost of living.

Your insurer will define TPD as either when you:

- can't work again in **any** occupation, or
- can't work in your **usual** (or own) occupation.

Each insurer has different definitions of what is and isn't considered to be totally and permanently disabled. Being off work for a year is not 'permanently disabled'. Ask lots of questions so you know exactly what you're getting.

Be cautious of advertisements offering disability cover with no medical checks. This type of cover can be very limiting - that's why it is cheap.

Do you need total and permanent disability cover?

When deciding if you need TPD cover, think about:

- your level of private health insurance
- other types of life insurance you have, especially through your super fund
- how much income you and your family would need to live if you couldn't work
- what help or family assistance is available to you

- whether you could sell your home and move somewhere else to reduce debt
- what government benefits or workers compensation you could be eligible for.

Choosing total and permanent disability cover

You can buy TPD cover directly from an insurance company or through your super fund, a broker, a financial planner or a bank.

Think about whether you want stepped or level cover.

Many super funds offer disability cover. To see what level of cover you have through your super fund:

- Check your member statement
- Contact your super fund by phone or through their website
- Read your product disclosure statement (PDS).

It's important to shop around before you choose TPD cover to see what options are available.

Things you need to tell your insurer

You need to tell your insurer anything that could affect their decision to insure you when you are applying for, renewing or changing a TPD insurance policy. You also need to tell the insurer about any things that happen between the time you apply and when the insurance cover starts that might affect your eligibility.

Some insurance companies need you to give them details of your medical history. If you don't have the information, they require you can get it from your doctor. If you don't give the insurer this information, they may refuse your claim, which could affect any life insurance you apply for in the future.

There are lots of definitions and rules to be aware of when you are researching TPD cover. By doing your homework to understand your TPD policy, you can protect yourself and your family when you get sick or are permanently injured.

Consulting with a financial planner can make your decision making process smoother as they have the right tools, knowledge and expertise to help you determine the right level of cover and the most suitable insurer for your needs. In the unfortunate event that a claim needs to be made, a financial planner can help with dealing with the insurer and the necessary paperwork, thus managing the process during those difficult times.

Source:

<https://www.moneysmart.gov.au/insurance/life-insurance/total-and-permanent-disability-cover>

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