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AUTHORISED FINANCIAL SERVICE PROVIDER

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FINANCIAL NEED ANALYSIS INFORMATION SHEET

Introduction

The purpose of an assurance product is to top up the capital base of the insured due to an unfavorable event. This can either be in the form of a lump sum to settle debts and invest to generate a monthly income or as a regular annuity to replace the loss income.

Death Benefit

The Death benefit should be adequate to top-up the Estate, on the premature death of the insured. The amount of cover is determined by the income needs of the beneficiaries into the future. The calculation must take into account existing capital and liabilities of the Estate. Due to the nature of the dependents' needs, the capital requirement will not be static, but will change according to the life cycle of the insured, reaching a maximum at the birth of the last child.

A general guide would have to have a net estate of between 10-20 times annual income.

Disability Benefit

This benefit is payable on the temporary or permanent disability of the insured. The monthly Income Disability is payable on temporary Disability, but the Capital Disability is only payable on permanent Disability (in the majority of cases).

There is a restriction of the amount of disability cover one can take. For the Income Disability, the amount is 100% of the insured's net (after tax) occupational income. The Capital Disability is similarly restricted to the multiplier of the insured annual occupational income:

Age next birthday		Multiplier
18	26	17.50
26	31	17.50
31	36	15.00
36	41	12.50
41	46	10.00
46	51	10.00
51	56	7.50
56	61	4.00
61	66	2.00

Critical Illness

Critical Illness provides a lump sum benefit on diagnosis of an insured illness. Some benefits pay 100% (Classic), while others pay a percentage based on the severity of the insured illness (Comprehensive).

Future Cover

A facility to guarantee life/disability and critical illness cover into the future irrespective of health, with the provision of a negative HIV test.

Accidental Death or Disability

This benefit will only pay out as a result of unnatural events. Due to the restriction, it does work out cheaper than the normal unrestricted cover.

Funeral Benefits

Pays out life cover on the death of the insured. Major difference is that it will pay out within 48 hours of receiving the relevant documentation.

Business Overhead Expenses

Provides cover for business expenses in the event of a temporary disability.

Conclusion

There are a number of other benefits that have not been mentioned above that can be taken. It is also important to consider the following points before proceeding:

- combination of benefits and their relationship
- premium pattern
- cover growth
- cover and guaranteed periods

These decisions can only be taken after consultation between the client and the financial adviser. Please contact me in order for us to get together to formulate a Financial Plan that will best suit your needs and circumstances.