



Your Health Has A Place In Estate Planning: What You Should Consider If You Fall ill

When estate planning, most people focus on what will happen to their family and their assets after they pass, often neglecting to consider what would happen if they were to become ill or incapacitated.

Falling ill can be a very stressful and traumatic time for you and your family, especially if you are the primary financial provider for your household. Taking the time to become prepared and evaluating your financial situation can help you to future proof if you are out of work for health reasons. It is essential to ensure you know of every entitlement available should you become sick or incapacitated.

Income Protection:

Income protection is a form of insurance that pays you a regular cash amount if you are unable to work as a result of a sudden illness, covering up to 75% of your income for a set period of time. You can insure your income through agreed value, where you decide the amount you wish to receive each month, or indemnity, where you prove your income at the time of claim rather than during application.

Generally, you can claim part or all of your income protection insurance premiums that are taken outside of your super as a tax deduction, helping you save more on your tax bill. However, you are not entitled to deductions for a policy that compensates for a physical injury. Other insurance policies include health insurance, trauma cover or total and permanent disability (TPD) insurance.

Incapacity plan:

Incapacity planning is a process through which capable adults make choices and plans about future events that are a possibility. It addresses what you would want to happen in relation to health care decisions and financial matters should you lose your ability to make or express choices.

In the event you are seriously injured or develop an illness such as dementia, you may not be able to pay bills, file taxes or manage your assets and investments. Incapacity planning allows for those types of things to still be done by someone with the authority to handle them. An incapacity plan should contain the following documents:

·Living Will: states what kind of health care you wish to receive or refuse to receive, should you lose consciousness or capacity. Unlike a last will and testament, your living will has nothing to do with what happens to your property after you die.

·Financial power of attorney: allows you to choose someone who will have the legal authority to manage your financial affairs if and when you lose the ability to do so yourself.

·Medical power of attorney: allows you to choose someone to have the legal right to make medical choices on your behalf if you cannot make them on your own. You should discuss your wishes with the chosen representative before you are incapacitated and they need to make medical decisions.

Early release of super:

There are very limited circumstances in which you can access your super before you retire. You may apply for early release on the grounds of:

·Incapacity: if you suffer permanent or temporary incapacity.

·Severe financial hardship: if you have received Commonwealth benefits for 26 continuous weeks but are still unable to meet immediate living expenses.

·Compassionate grounds: to pay for medical treatment if you are seriously ill.

·Terminal medical condition: if you have a terminal illness or injury likely to result in death within 2 years, as certified by two registered medical practitioners, at least one of whom is a specialist

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