

Mr John and Mrs Jane Jones  
Your Street  
Your Suburb WA 6000

Dear John and Jane

### Statement of Advice

Congratulation on acting to secure your family's current and future lifestyle by obtaining quotes for **Income Protection Insurance**. Please note that this is an indicative quote only and based on limited information regarding your circumstances. It is designed to give you an understanding of the approximate cost for you to protect your lifestyle dreams, by protecting your greatest asset: your ability to earn an income.

It is not a comprehensive financial strategy, and I caution you against relying solely on this analysis as the basis for any financial decisions.

#### Indicative Quote

The following table summarises the range of quotes in the market by surveying over 30 different products. The quotes are for a 30 day waiting period and a benefit period up to age 65.

	Monthly Benefit	Average Premium p.a.	Minimum Premium p.a.	Maximum Premium p.a.
John				
Jane				

In considering the quotes it is beneficial to consider that income protection premiums are tax deductible. Therefore on your marginal tax rates of 48.5% p.a. the net cost to you is approximately half that quoted.

As you can see you only need to receive a benefit for one month and you will have paid back your premium costs for several years. This is much more likely to occur than many people think. Statistics indicate that there is approximately a 1 in 3 chance of being unable to work due to disability for at least 3 months during your working life.

#### Basis of the Quote

Key elements affecting the quote are the waiting period, benefit period and the details summarised in the table below. Changes to any of these elements may have a significant impact on the quote.

	John	Jane
Occupation	Your occupation	Your occupation
Income	\$\$ p.a.	\$\$ p.a.
Smoking status	Non-smoker	Non-smoker

### How to choose a suitable policy

Variance in the quotes is mostly due to differences in the quality of the product, such as:

- Different definitions for key policy terms
- Additional features or conditions covered

Generally speaking a lower premium is obtained by choosing a policy with either stricter (or tighter) policy terms, or with fewer ancillary (non-core) benefits. Seeking the lowest premium possible is not the best solution as you want a policy from which you are likely to be able to receive some benefit at the time you need it most. You therefore need to choose a value-for-money policy.

Value-for-money is defined differently for everyone and is determined by a policy that:

- Protects you for the circumstance which most concern you and/or are most likely
- Is broad enough definitions to make a successful claim more likely
- Includes ancillary benefits that are attractive to you
- Is with a stable and reputable insurer to give you confidence they will still be here when you need them
- For the lowest premium possible

### How a financial planner helps

Yes, you can probably purchase an income protection product directly from your bank. But will you receive the most suitable, value-for-money product?

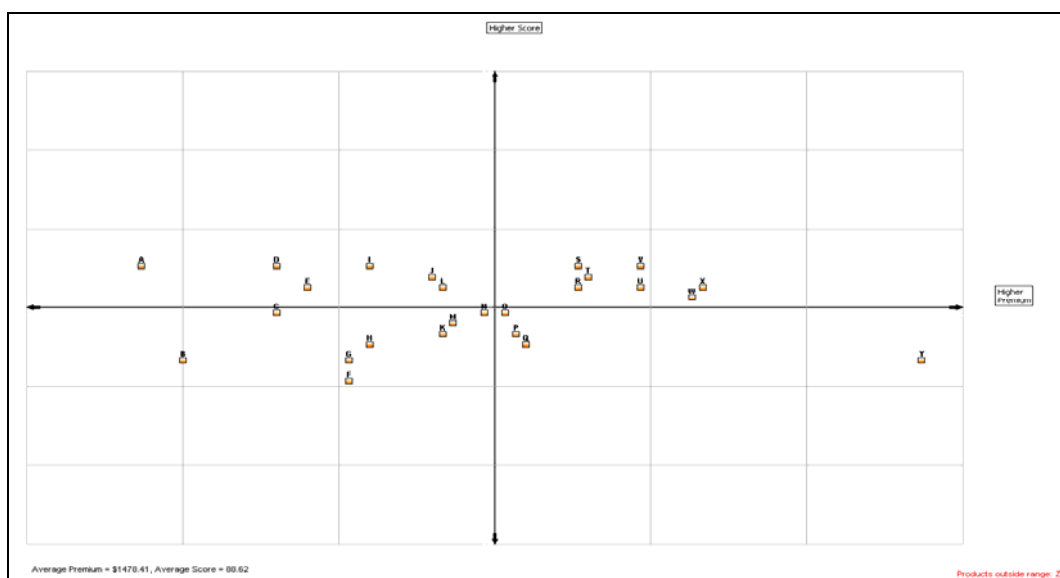
Using a financial planner to help choose a product can provide the following benefits:

- ✓ Save you money by identifying a similar quality product for a lower annual cost
- ✓ Save you time researching the market. Each product brochure is around 20+ pages long.
- ✓ Ensure you are covered for the circumstances most important to you

A financial planner also acts as your first point of call if you need to claim, helping you navigate the claims process. This can reduce your stress and save you time when you most need it.

### An example of the market diversity

The following graph summarises research on 26 of the products included in John's quote. Each gridline represents a 15% variation from the average. The "score" (vertical axis) represents a research score on the quality of the core provisions of each policy.



A financial planner will help you identify your unique needs and then match these to the most suitable value-for-money product available. The graph above is one tool used in that process.

**Next steps**

Your greatest asset is your ability to earn an income. Further, your lifestyle now and your dreams of the future are very dependent on your continued ability to earn an income. As the quote has shown it is very cost effective to protect your dreams, especially since premiums are tax deductible.

Using a financial planner to help you select a suitable policy can save you money and a considerable amount of time. We offer you this service for \$\$ for one person or \$\$ for a couple (including GST).

This is considerably less than the possible premiums you may save each year as a result of our expertise. In addition please note that we charge a fee for advice as we rebate all insurance commissions to you. In our experience this reduces your annual premiums by around 20 to 25 percent per year.

Our advice service will include:

- ✓ Analysis and identification of your unique needs
- ✓ Analysis of over 20 products available in market
- ✓ Written recommendation of an income protection policy matched to your needs
- ✓ One hour meeting to discuss the recommendation held at our office or over the telephone

We can also assist you in applying for the cover, including liaison with the insurer during the sometimes lengthy underwriting process. Your written report will include a quote for us to assist you with implementing our recommendation.

Yours sincerely

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