

Can you afford not to be protected?

If you travel, especially overseas, you know the importance of travel insurance – lost luggage anyone? And if you have a car or motorbike then you know it's a no brainer to insure your wheels.

But there are other kinds of insurance even if you're young, single and healthy today that are important to help you protect your lifestyle and independence.

Protect your income

Income Protection can help you pay your rent or mortgage, cover medical expenses and bills and continue to fund your lifestyle if you can't work because you become sick or injured. If you're not sure you need Income Protection insurance, ask yourself how long you could continue to meet your day-to-day living expenses if you suddenly were unable to work for a lengthy period of time?

Trauma insurance

Another insurance worth noting is Trauma insurance which provides a lump sum payment when you suffer a major medical illness. Trauma insurance can help ease the financial stress of major expenses to give you financial peace of mind so you can focus on what's truly important – your recovery.

Save money

There are many good reasons why it is essential to take private health insurance especially while you're young and healthy. The first is that it can save you money. Private health insurers offer Lifetime Health Cover which is designed to encourage people to take out hospital cover early in their life and keep it.

Because of this, health insurers must charge extra to people who join a hospital policy after the age of 31.

The extra charge is 2% on top of the normal premium for each year you are over 30 years of age. For example:

- If you don't take out hospital insurance until you are 40 you'll pay an extra 20%.
- If you wait until you are 50 it's an extra 40%.

Avoid the surcharge

The Medicare Levy Surcharge (MLS) occurs if you don't have private hospital cover. This means for most people who are single with a taxable income over \$90,000 (\$180,000 for couples, families and single parents) the government will charge an extra 1% in tax.

The MLS will increase to 1.25% if you earn over \$105,000 (\$210,000 for couples, families and single parents) and 1.5% if you earn over \$140,000 (\$280,000 for couples, families and single parents).

According to iSelect – the private health comparison website, depending on your circumstances, you may be able to buy basic hospital cover that is cheaper than the surcharge that has to be paid in additional tax.

Apart from saving money, having to self-fund medical care, for example knee surgery after that stack skiing last season can cause a serious dent in your savings.

While taking out insurance is a personal choice, you must remember that nothing in life is predictable and you should look at how you can protect yourself and your family in those uncertain times. For the best advice about which insurance is best for your circumstances, please talk to the team at Salt Financial Group today.

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