

What is Total and Permanent Disability insurance



Total and Permanent Disability insurance (TPD) provides a lump sum if you suffer an illness or injury that leaves you **totally and permanently disabled**.

TPD insurance benefits are often used to eliminate debts, pay for medical expenses or fund any permanent changes to your lifestyle that are necessary as a result of your disablement.

TPD products vary in their definitions of what 'totally and permanently disabled' means. It is important to do your research and be sure you have a product that allows you to claim under one of the following four definitions.

1. Unlikely to ever work in your 'own' or 'any' occupation again.
2. Permanently unable to perform two of the Activities of Daily Living without the physical assistance of someone else:
 - » bathing and showering
 - » dressing and undressing
 - » eating and drinking
 - » maintaining continence
 - » getting in and out of bed (or a chair or wheelchair).
3. Loss of use of limbs or sight.
4. Suffer significant cognitive impairment (dementia type illnesses).

What is the difference between an 'own' or 'any' occupation definition?

Most companies will allow you to choose whether you would like coverage against being unlikely to be able to work in your 'own' occupation or in 'any' other occupation again, after suffering an illness or injury.

For example, a surgeon who injures her hands in a motor vehicle accident may not be eligible for benefits under an 'any' occupation definition, as she is still qualified (and able) to work as a general practitioner.

However, if the surgeon has an 'own' occupation policy, she may be eligible to claim, as she is unlikely to ever work as a surgeon again.

'Own' occupation TPD provides a greater level of coverage. Keystone Financial will be able to talk to you about the best definition for your personal circumstances.

How much is enough?

How much Total and Permanent Disability insurance you require depends on a number of different factors. Use the TPD calculator (opposite) as a guide.

Keystone Financial can assist you to accurately assess your circumstances and calculate the appropriate level of cover to protect you and your family.

TPD insurance calculator

Ongoing income required					
You require	\$	pa	for	years	total =
Total					Total =

Lump sum to eliminate or reduce debt	
Mortgage (residence)	\$
Mortgage (investment properties)	\$
Shares or other investments	\$
Personal loans	\$
Credit cards	\$
Total	Total =

Lump sum for additional expenses	
Medical expenses	\$
Lifestyle and home modification costs	\$
Cost of a carer	\$
Total	Total =

Assets that could be converted to cash	
Investments	\$
Shares	\$
Other	\$
Total	Total =

How much TPD insurance is enough?	
Total lump sum required for ongoing income	
	+
Total lump sum to eliminate debt	
	+
Total lump sum for additional expenses	
	-
Total value of assets that could be converted to cash	
	-
Existing TPD insurance	
	=
Total TPD insurance shortfall	

Important note

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