

What is this stage?



The needs analysis process is being done and while each of the trigger events is being catered for, there also needs to be attention given to how each product solution is going to deliver its benefits at each of the triggering events.

Deciding how to create and tailor a suite of products which can accommodate the client's needs and fill any cross gaps which are inherent in the product design limitations is a part of the analysis process and that is what this stage consists of.

Extract from descriptions of generic products:

Total and Permanent Disablement

The lump sum benefit from a TPD policy will be paid out when the insured person is unable to work and will not work again. They are still alive, however, and will still have lifestyle costs attached to their needs, as well as needing to replace their income somehow. In addition, this benefit will not be paid for at least six months, leaving them exposed.

Thus the TPD may be used to provide:

- capital items such as debt reduction and perhaps a sinking fund for the children's education
- sundry important items such as medical expenses and other amounts incurred perhaps by changes necessary to their physical circumstances – these can be substantial
- a capital sum to produce a replacement income as they were by definition an income earner for the family
- a capital sum to produce an income for paying carers to look after various dependants as applicable, and perhaps to look after the client themselves
- a capital sum to provide funds for retirement – if they cannot work then there is no way to contribute to super

If the insured person was a non-working spouse whose acceptance for TPD cover was on the basis of performing home duties, then again, by definition, they cannot perform those duties. The benefits must compensate for this. Therefore the costs in the fourth point are fundamental to future family care, to provide a housekeeper/child carer.

Continued over

What is this stage?



TPD alone is not sufficient, however, as the client:

- may not qualify for total and permanent disablement as they are not totally disabled, or they are not permanently disabled. A claim may not be payable at all at the six month stage or even thereafter
- even if they qualify, has a six month gap to fund

TPD is vital to include in a portfolio, nevertheless, as:

- it will be used if paid to supplement the 25% gap in the income protection claim
- spouses performing home duties cannot purchase income protection, so TPD is their only available disability solution
- it can provide a lump sum to invest for retirement funds, for when the income protection claim ceases at 65

sample