

How much insurance cover do I need?

Not sure how to work out how much insurance cover is right for you?

To help with this, you can speak with a qualified LUCRF Representative who can help determine the level of cover required and assist with the completion of forms.

Alternatively, you can complete the 'ready reckoner' below. This ready reckoner is one method for calculating the required level of insurance which LUCRF Super believes strikes the right balance between cover required and affordability.

Death & TPD or Death Only insurance				
Step	Item	Description	Example	Member
A	Annual expense to be covered	How much money do you spend each year? (This includes all bills and other living expenses)	\$70,000	
B	Subtract any other sources of income	This could include a spouse's income, interest/rental income or dividends from shares	\$15,000	
C	Net annual income required	A minus B	\$55,000	
D	Cover required to provide net annual income	This is equal to C divided by 0.07 (this assumes any insurance payment would be invested in a 'balanced' investment option, such as LUCRF Super's MySuper Balanced option)	$(\$55,000/0.07%)$ = \$785,714	
E	Add debt to be covered	How much existing debt would you like to pay off. (This could include home loans, personal loans, credit cards)	\$120,000	
F	Add funeral & legal expenses	One-off costs associated with 'winding up' your estate (generally around \$20,000)	\$20,000	
G	Total cover required to provide net income and cover expenses	D plus E plus F	\$925,714	
H	Subtract any other assets/ investments	Add up any other investments (this could include super accounts or an investment property)	\$200,000	
I	Total cover required	G minus H	\$725,714	

Income Protection insurance				
Step	Item	Description	Example	Member
A	Gross weekly salary	How much salary do you receive before tax every week?	\$700	
B	85 per cent of A	What is 85% of your gross salary?	$(\$700 \times 0.85%)$ = \$595	
C	The waiting period	How long could you wait before payments commence? (note: the longer the waiting period, the cheaper the premium. You may be able to use up and paid leave from your employer in the first instance)	60 days	
D	Units of cover available and cost	Units are provided in \$100 lots and cannot exceed 85% of your salary (note: any cover in excess of 75% of your salary, up to a maximum of 10%, is paid into your super) (\$595 (from B) would be rounded up to 6 units)	6	