



Life Insurance. Made simple

What is Life Insurance?

Life insurance pays a lump sum on the death of the insured, and in some cases earlier if the life insured is diagnosed with a terminal illness.

Industry research suggests many Australians may be underinsured relative to their income and liabilities; however adequacy varies significantly based on personal circumstance.

This means that most families are carrying significant financial risk should the unexpected happen. The big question you have to ask yourself is: 'Would your family be able to maintain their lifestyle if you died?' If your answer to this question is no, you need to consider transferring that financial risk to an insurance company.

What is Life insurance typically used for?

The payout can be used for any purpose – typically it is used by beneficiaries to pay off debt and replace the deceased's salary to help maintain their family's standard of living.

The Facts

- 1 in 2** Australians will be diagnosed with cancer by age 85 *
- 1300** People die on Australian roads annually in 2024 (National Road Safety Strategy reporting) #
- 25%-30%** Cardiovascular disease remains one of Australia's leading causes of death, accounting for roughly 25–30% of all deaths in recent AIHW reporting periods.

Where should your life insurance be held?

You can hold life insurance in your name, or in your superannuation fund. Both options have pros and cons.

For example, holding life insurance in your name means that the payout may usually be directed to your beneficiaries quickly and with certainty, and free of tax. However, you cannot obtain a tax deduction on the annual premiums you pay.

Conversely, if your life insurance is held in your superannuation fund, you may effectively receive a tax deduction on the annual premiums. In addition, because your superannuation fund pays those premiums, it means you have cover without eating into your family budget. So this option is usually the more affordable for most people.

However, if you died, the trustee of your superannuation fund may delay the payment to your beneficiaries, and may even dispute who should receive the payment (especially if you have not made a valid 'binding death benefit nomination'). Further, the payment may be taxable at up to 31.5% if the beneficiary is a non-tax dependant.

* Australian Institute of Health and Welfare (AIHW) - Cancer Data in Australia 2025 update

Bureau of Infrastructure and Transport Research Economics (BITRE Road Deaths Australia Annual Summaries 2024-2025 reporting)

^ Australian Institute of Health and Welfare / ABS Causes of Death 2024-2025 release