



WEALTH PROTECTION CASE STUDY

Warning

The case study below is an example of a client that we helped. For privacy purposes, we have amended minor details including names of the clients. It does not take into account your objectives, financial situation or needs. You need to consider your financial situation and needs before making any decisions based on this information.

The case study is illustrative only and is not an estimate of the investment returns you will receive or fees and costs you will incur

Jacob and Derek are business partners and they operate a retail franchise. They are both married. They had borrowed against their homes and with assistance from family came up with initial capital to set up their business. I met them in their 3rd year of business operations. They were referred to me by Derek's cousin who was a client of mine.

We discussed their goals and objectives with a focus on business growth and expansion. They were concerned about their level of debt and whilst they were confident in their business ability; were worried what would happen if one of them were to have an accident or fall seriously ill and could not work in the business. This will not only impact the business but also their spouses.

I recommended that they have an agreement that will outline what will happen to the business if any one of them were to suffer a pre-mature death, a permanent disability or a serious illness. Given that they already had debt and did not have much capital, it was recommended to fund the agreement via insurance. After some initial pushback, hesitation and repeated discussion, they signed up for a complete insurance package that consisted of Life Cover, Total and Permanent Disability, Trauma and Income Protection Cover.

As luck, would have it, Jacob was diagnosed with cancer about 12 months after we put the insurance in force. This was a difficult time for him, his spouse and all connected to him. I assisted with the claims management process and a sum of \$700k was paid out 3 months later. The funds came in handy as Jacob could pay down a large portion of his debt and remain active in the business. The exit clause in the business agreement was not exercised as he was back at work in 4 months. He has since re-instated his insurance cover.

It has been 5 years since we paid the claim and their business has grown exponentially. Jacob has been given the all clear by his doctor's. We recently reviewed their situation and recommended that they increase their insurance cover in proportion to their existing debt situation and business goodwill. Given that they had a claims experience in the past, they accepted all recommendations. The business agreement was amended to reflect the changed value of the business and the debt levels.

Contact Us

If you want to know more about wealth protection and feel that we can assist, please call us at 1300 736 480 or email us at peaceofmind@gillprivatewealth.com.au