

Be Prudent

Whatever you choose, make sure you can afford the premiums and the long-term commitment.

We encourage you to go through a fact-finding interview with a registered financial adviser. He will analyse the information you share and recommend one or more suitable and affordable solutions for you to select from.

GENERAL TIPS FOR CONSUMERS

- If you have a tight budget, basic health insurance and protection insurance are your top priorities.
- Take time to find a financial adviser with whom you are comfortable and who understands your needs and explains how the various insurance and investment products work.
- Always shop around and compare products.
- Understand a product's features and limitations. Ask questions until you understand. If you are still not sure, you can always say "no". It's better to take more time to clarify your understanding before making a commitment.
- Always tell the truth, the whole truth and nothing but the truth. Failure to disclose material information accurately allows the insurance company to walk away from your contract.
- Buy health insurance when young and healthy to enjoy the full benefits of the product. Any pre-existing conditions that you have when you apply for insurance will be **excluded** from coverage.
- Buy life insurance protection, at least to cover basic living needs.

- Make sure you can afford the premiums as insurance is a long-term commitment. Remember to cover the basics first, for a start.
- Always keep your financial documents somewhere safe and easy to find.

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The information in this leaflet is of a general nature, and may not apply to every situation or to your own circumstances.

For educational resources on personal financial matters, and information on MoneySENSE events, visit the MoneySENSE website at www.moneysense.gov.sg



**Life Insurance Association
Singapore**

LIFE IS WORTH PROTECTING. INVEST IN IT.

Prepare for the
“What If’s”
in life

Life's Events

We don't like to think about this, but bad things do happen in life. We might have an accident, get sick and some people may die early and unexpectedly.

How can you prepare for the "what if's" in life?

- Build emergency savings of three to six months' income. Look at your budget and see where you can trim expenses further.
- Make sure you have Medishield. If you want a higher class ward, you could consider the Integrated Shield Plans.
- Buy some life insurance to provide for your dependants' basic living expenses upon your death.
- Make a Will if you want your assets to be distributed in a certain way to certain beneficiaries.

Life Insurance

Life insurance is about making sure your family's basic needs are financed following your demise ("protection cover").

Are you insured under the Dependants' Protection Scheme (DPS)? DPS is an example of "term life insurance".

How much do you need? The amount of coverage depends on factors like:

- How old your children are and when they will start work
- How old your other dependants are, if any
- Do you plan to pay for your children's tertiary education
- Do you have outstanding loans to pay off
- Do you have other resources to rely on

Long-term savings and investment

Besides protection cover, there are life insurance products that allow you to build up savings. They may cost more.

Before you start exploring, think through important considerations:

- Your investment objective(s), and goals, that is, what your expected returns are
- When you need to use your savings
- How much you can afford to invest
- How much you can afford to lose
- Ask about product features, coverage, returns, risks and costs, and whether the products being offered to you meet your objectives

CONFUSED ABOUT WHAT TO BUY



If you want life insurance protection

- Term – provides insurance protection only
- Choose one for the duration you want
- Costs less but no savings are built up – when the term expires, or if you terminate the policy, you do not receive any cash values.

If you want protection plus savings/investment in one product

- May be suitable for those who are unfamiliar with investment instruments and want insurance cover plus savings or investment bundled into one product
- Examples: whole life, endowment, investment-linked plans
- May cost more because you are building up savings. It carries protection cost and investment cost
- Note that investing comes with risk

If you want separate products for protection and savings/investment

- Term – provides insurance protection only
- Examples of pure investment instruments: shares, bonds, unit trusts, and structured deposits
- Note that investing comes with risk