

Instead of cancelling
your life insurance,
consider iExtend



iExtend

The value of life insurance

A term life insurance policy is designed to ensure that your loved ones or business partners receive a financial payout if the 'life insured' were to pass away.

As we age, it may become challenging to ensure you can keep a level of life insurance cover that you consider suitable, as premiums typically increase with age.

Unfortunately, cancelling life insurance means that no benefits are payable to your beneficiaries or estate when you pass away.

iExtend is a way to continue some of your life cover

iExtend may provide an option for people who have decided to cancel their life insurance but don't want to lose all the benefits of their cover.

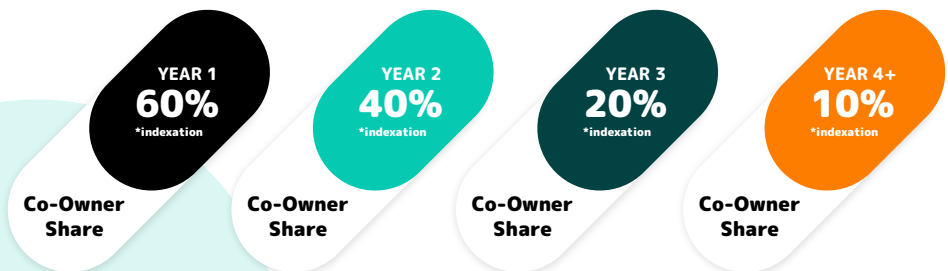
How does it work?

iExtend acquires a portion of your eligible life insurance policy from you and shares the ownership of some or all of the policy with you. This is called 'co-ownership'.

In return for sharing a portion of your policy, iExtend **pays all future premiums on the co-owned portion** of the policy.

If the life insured passes away and the insurer accepts the claim, a pre-agreed percentage of the claim benefit is paid to your 'nominated' beneficiaries or your estate, and iExtend receives the balance.

The pre-agreed percentage is based on how long the policy has been co-owned with iExtend.



*If there is indexation on the policy, the claims pay-out increases.

Case Study 1:

Life cover is 100% co-owned with iExtend

John, 65 years

Retail Term Life Policy:
\$1.2 million with 5% indexation

John is no longer working and is struggling to afford his life insurance premiums on top of his medical bills, having experienced chronic health conditions over the last five years.

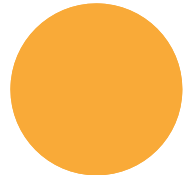
John has committed to cancelling his cover and lets his financial adviser know of his decision.



Role of John's adviser

As an alternative to cancelling his cover, John's adviser explains the iExtend offer and then pre-assesses John for a potential co-ownership arrangement.

Due to his changing health, John meets iExtend's eligibility criteria. With the benefit of John's adviser's guidance and recommendation, he decides to co-own all of his life insurance policy with iExtend allowing him to keep some of his cover without paying any future premiums.



Role of iExtend

iExtend co-owns the policy with John. In return, iExtend pays all future premiums on John's policy, including the yearly indexation increases.

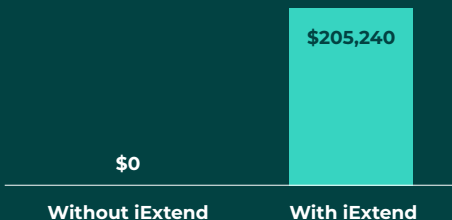
12 years later, after co-owning the policy with iExtend

John suffers a sudden heart attack and passes away. A claim is lodged on his policy, which is accepted by the insurer.

Due to indexation increases on the policy over the 12 years of co-ownership, the cover amount of the policy has now increased to \$2.052 million at the time of claim.

So, instead of receiving no life insurance payout – as would have been the case if he cancelled his cover – John's nominated beneficiary (i.e. the person that John nominates to receive his portion of the life policy proceeds) received 10% of the \$2.052 million, which was \$205,240.

John's outcome



Indexation is an increase in the amount of life cover to ensure the value of the cover is not eroded by the impacts of inflation. It is usually a percentage amount set by the insurer.

Indexation on life insurance cover increases the insurance premiums and the sum insured (cover amount).

John's nominated beneficiary received 10% of the \$2.052 million, which was \$205,240.

Case Study 2:

Reducing Life Cover, 50% co-owned with iExtend

Sophia, 59 years

Retail Term Life Policy:
\$1 million with 5% indexation

Sophia has had her life policy for over 20 years, and five years ago her health changed when she was diagnosed with invasive breast cancer.

She has decided to reduce her level of cover to \$500,000 without future indexation as she is having difficulty paying all her premiums.

Role of Sophia's adviser

Instead of reducing the cover, her adviser discusses the iExtend alternative to reducing her cover and pre-assesses in real-time with Sophia to see if she is eligible.

Sophia meets the iExtend eligibility criteria. With the benefit of her financial adviser's recommendation and guidance, she agrees to co-own half the cover with iExtend and keeps the remaining \$500,000 without indexation. This means Sophia only pays the premiums with respect to her \$500,000 portion of the total cover.

Role of iExtend

iExtend acquires a portion of the policy from Sophia. iExtend pays the premiums on the co-owned portion of Sophia's policy (i.e. \$500,000 of the \$1,000,000 cover), accepting the yearly indexation increases on her policy. Sophia pays the balance of the premiums payable with respect to the remaining \$500,000 that she has chosen to 'retain'.

These examples are for illustrative purposes only. The indexation rate may be fixed or vary yearly if linked to CPI (Consumer Price Index) or some other indexation factor set by the insurer.

8 years later, after co-owning the policy with iExtend

Sophia, unfortunately, passes away.

As iExtend accepted indexation on the total sum insured throughout the 8 year period, the co-owned portion has now increased from \$500,000 to \$907,090. Sophia's retained portion remains at \$500,000 without indexation.

So, instead of receiving a \$500,000 life insurance payout that she would have received if she had reduced her policy from \$1 million to \$500,000, as she initially intended, Sophia's estate receives a combined \$590,709. This comprises \$500,000 from the life cover portion she chose to retain plus a further 10% (\$90,709) of the co-owned portion (of \$907,090).

Sophia's outcome



Sophia's estate receives a combined \$590,709.



iExtend's eligibility criteria

iExtend does not hold an Australian Financial Services License nor is it an authorised representative of an Australian Financial Services Licensee. The iExtend offer is only available through financial advisers who play a central role in advising their policyholder clients whether the iExtend co-ownership arrangement is suitable for them.

To be eligible for the iExtend offer:

- a. a policyholder, first and foremost, must have decided to reduce or cancel their cover;
- b. the financial adviser has suggested that the policyholder consider an iExtend co-ownership arrangement;
- c. iExtend has conducted an assessment to determine if the policyholder meets the eligibility criteria, which includes any changes in health since the policy was taken out.

If the policy is eligible for co-ownership, iExtend will make an offer to the policyholder.

Making the offer doesn't constitute a view by iExtend that you should take the offer to enter the co-ownership agreement. It simply means iExtend is open to entering into the arrangement, if you consider that is suitable for you. iExtend cannot (and will not) make a recommendation for you.

Rest assured, all personal information is confidential and collected and stored as required by the Australian Privacy Principles and government regulations. You can find iExtend's Privacy Policy at i-extend.com.au/privacy

Testimonial

Thank you ever so much for the incredible service, communication, attention to detail and thoughtfulness, that you have given to us.

This new life insurance arrangement will hugely impact our lives, as it will make our lives easier financially and reduce the pressure and stress in our daily lives!

We have always been big believers in life insurance and so, we are very grateful to know that we will still be covered by this new iExtend offer!

Wendy and John, iExtend policy co-owners

Testimonial

The iExtend offer uniquely enables some death insurance cover to be retained for years longer than would otherwise be affordable. If you're planning to cancel or reduce your term life cover over time as premiums become unaffordable, I'd certainly recommend you have a chat with the people at iExtend.

Geoff, iExtend policy co-owner

Important Information

This information is current as at May 2023 and is subject to change.

iExtend does not hold an Australian Financial Services License nor is it an authorised representative of an Australian Financial Services Licensee.

iExtend does not sell a product or a service. It is private company that buys interests in life insurance policies through co-ownership arrangements with potential co-owners. iExtend does not intend to provide, nor does it provide, financial, legal or other advice of any kind, including to its co-owners.

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