

Have your circumstances changed? Check your cover!

Rising food and energy costs and rising inflation are factors that are affecting the financial security of all of us. Added to that is the fact that many of us have felt the tragic impact of Covid-19 over the past two years. Many of us have lost loved ones. It has also caused financial hardship, with one of the impacts being a significant increase in the premiums that are charged by insurers for risk benefits. This is because insurers who offer cover for death and disability have been unable to keep up with the increased number of claims.








The amount payable to the dependants of members of retirement funds who died over the past two years has exceeded the premiums paid for insurance of these death benefits by more than double.



If you have experienced an increase in the amount you pay for your life insurance, it may be a good idea to take stock of your current situation.

How much cover do you really need?

Ask yourself the following questions:

-  How many people rely on me financially right now?
-  Am I expecting more or fewer people to rely on me financially in the near future?
-  Have I gained or lost any financial dependants over the past two years?
-  How much would my dependants need in order to be financially secure when I am no longer providing for them?
-  How much uninsured debt do I have that will need to be repaid if I die?
-  Do I have funeral cover, or will the cost of my funeral come out of my life insurance?
-  How expensive would my funeral be?

Your answers to these questions will guide you to determine if you have the right level of cover, too little or possibly more than you need. **Life-changing events such as marriage, divorce, a death in the family, or a new child may all have an effect on your required amount of cover.**

Usually, one will need higher cover when you are younger, as you are likely to have more people who rely on you financially for a longer period of time. As you age, you may find that you can reduce your cover.

The illustration on the right provides an indication of the multiple of annual salary required as life cover in order to replace 50% of income up to a retirement age of 65 years.

AGE	ESTIMATED MULTIPLE REQUIRED	ASSUMPTIONS USED
30	11.5	<ul style="list-style-type: none"> • Replacement salary: 50% • Normal Retirement Age: 65 • Long term annuity rate assumption: With-profit annuity targeting inflation increases
35	10.4	
40	9.1	
45	7.7	
50	6.1	
55	4.3	
60	2.3	