

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, often a combination of affordability, changed health and other factors may make it difficult to retain life cover.

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

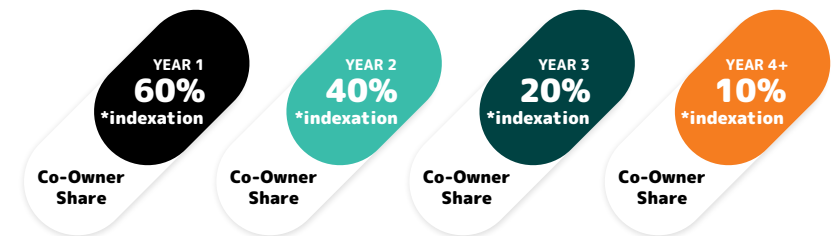
Please see important information on page 10.

## iExtend is a way to continue some of your life cover

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

### How does the iExtend offer work?

- If you have decided to cancel or reduce your term Life insurance policy, you may be eligible for a Life Co-Ownership Arrangement (the Arrangement).
- iExtend will pay all the premiums on the co-owned Life cover and share the proceeds from any future claim with you, your beneficiaries or estate. The proportion of the claim proceeds shared will depend on how long iExtend has been paying the premiums.



- If you wish to retain some of your Life cover rather than co-own it all with iExtend, that Retained Cover will need to be split from the original Policy, with only the remaining cover that you have elected to cancel or reduce being nominated for the Arrangement.

\*If there is indexation on the policy, the original Sum Insured increases.

# Case Study 1:

## Life Cover of \$1.2 million co-owned with iExtend

### John\*, 65 years

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

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

John had committed to cancelling his cover and had let his financial adviser know of his decision.



### Role of John's adviser

As an alternative to cancelling his cover, John's adviser introduced the iExtend offer and informed John he may qualify for the iExtend offer. Due to his changing health, John met iExtend's eligibility criteria.

### Role of iExtend

After liaising with iExtend's Customer Care team, John decided to co-own all of his life cover with iExtend. This meant that John kept a share of his cover while iExtend paid all future premiums on John's policy, including yearly indexation increases.

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

John suffered a sudden heart attack and passed away. A claim was lodged on his policy, which was successfully accepted by the Insurer. Due to indexation increases on the policy over the 12 years of co-ownership, the cover amount of the policy had 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 had cancelled his cover – John's nominated beneficiary (i.e. the person that John had nominated to receive his portion of the life policy proceeds) received 10% of the \$2.052 million, which was \$205,240.

### John's outcome



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

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).

\*This case study includes a hypothetical example and data for illustrative purposes only.

# Case Study 2:

## Life cover of \$1.1 million, split into 2 policies with 1 policy co-owned with iExtend

### Mary\*, 65

Retail Term Life Policy: \$1.1 million with 5% indexation.

Mary was diagnosed with Stage 4 Non-Hodgkin's Lymphoma in 2018. Over the years, she had experienced multiple episodes of the disease, going in and out of remission. It has been over 18 months since her last episode.

### Role of Mary's adviser

Mary valued her \$1.1 million life insurance policy, which she took out in 2002. However, due to ongoing healthcare costs, she decided, in consultation with her financial adviser, to reduce her cover to \$600,000 and remove the indexation. Recognising her changed health situation, her adviser introduced the iExtend Co-Ownership option. After a pre-assessment, Mary was eligible to apply for co-ownership.

### Role of iExtend

Mary's adviser obtained two separate quote illustrations to split the original policy: reducing it to \$600,000 and creating a second policy for the remainder of \$500,000 with a 5% indexation. Mary retained ownership and paid the premiums on the \$600,000 policy directly to the life insurer. The second policy, for \$500,000, was co-owned, and iExtend paid all the premiums for this policy.

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.

### Just over 7 years later, after co-owning one of her policies with iExtend

Sadly, Mary passed away. While her own policy remained at the original sum insured of \$600,000, the policy co-owned with iExtend had increased due to indexation from the original \$500,000 to \$703,550.

### Her estate received a combined payout of:

Policy 1	Policy 2
\$600,000	+ 10% of the co-owned policy = \$70,355

Total combined Claims Payout for Mary's Estate = \$670,355



\*This case study includes a hypothetical example and data for illustrative purposes only.

Mary's estate receives a combined \$670,355.

## iExtend's eligibility criteria

### To be eligible for the iExtend Arrangement:

- The policyholder, must have decided to cancel or reduce their cover;
- The policyholder must hold an annually renewable term life insurance Policy that:
  - has a minimum expiry age of 90;
  - is fully underwritten; and
  - is in an individual ownership structure that allows direct transfer to the Custodian.
- The life insured must be aged 45 to 85 at the time of application;
- The life insured must be an Australian or a New Zealand citizen, permanently a resident of Australia;
- iExtend's risk assessment must be satisfied, including a health evaluation reflecting changes in the life insured's health (which may include height, weight, lifestyle, diet, family history and medical history) since the Policy was initially taken out.
- The ownership of the Policy is able to be transferred to a custodian chosen by iExtend.

If the policy is eligible for the Arrangement, iExtend will make an offer to the policyholder. For more information on iExtend's eligibility criteria, see the Target Market Determination (TMD) available at [iextend.com.au/tmd](http://iextend.com.au/tmd)

Making the offer doesn't constitute a view by iExtend that you should take the offer to enter the Arrangement. It simply means iExtend is open to entering into the Arrangement if you consider that it 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 [iextend.com.au/privacy](http://iextend.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

The iExtend Life Co-Ownership Arrangement is issued by iExi Pty Ltd ABN 33 654 132 813 AFSL 555362 (**iExtend**).

The information provided in this document may contain general advice, but it does not take into account your objectives, financial situation or needs. Before acting on or making any decision in relation to the iExtend Life Co-Ownership Arrangement or any other financial product, you should consider the appropriateness of the information, having regard to your personal circumstances, as well as the Product Disclosure Statement and Target Market Determination for the Life Co-Ownership Arrangement, which are available at [iextend.com.au](http://iextend.com.au).

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## Contact Us

**Address** Suite 3, Level 30  
420 George Street  
Sydney NSW 2000

**Phone** 1800 299 501

iExi Pty Ltd ABN 33 654 132 813 AFSL 555362 (iExtend)