**Go above and beyond for your client.**

Tools you can customise by OnePath Life Insurance

**CATEGORY – Understanding premiums**

TOPIC – What is indexation and how does it work?

**SOCIAL MEDIA**

Use or customise the below post most likely to resonate with your clients via social media such as LinkedIn or Twitter. Your posts can link directly to the articles on our website, or you can customise a link to your own white-labelled versions of the articles.

***Tip:*  Spread the word with #clarity**

#clarity is a hashtag we’ve added to the material to promote life insurance education. We encourage you to get on board and help grow engagement and confidence in the life insurance industry by using it when you post on social media.

**SOCIAL MEDIA POST**

If you own a life insurance policy, you generally have the option to accept or decline ‘indexation’ in any given year. Your decision has important implications for your cover and your premium. Read more #clarity

<Link to the article below either on your website or within the social platform>

**FLYER/NEWSLETTER/WEBSITE ARTICLE**

This article has been white-labelled to allow you to use the content (without having to seek our permission) as a customer flyer, newsletters or on your website.

***Tip*: Complement your advice**

You could also use the articles to complement your advice, sending specific articles to clients who have expressed concerns about their insurance or who have yet to take up insurance you have recommended.

**ARTICLE**

**What is indexation and how does it work?**

Indexation is an optional benefit on life insurance policies designed to ensure you’ll always have the same financial freedom in the event of a claim.

Not all insurance policies offer indexation. But for those that do, it works by offering you an increase to the sum insured in your policy at each policy anniversary. This increase is designed to help your insurance benefit keep up with the rising cost of living.

### How the increase works

For OnePath’s OneCare product, the amount of your increase is calculated in the following way:

##### **For lump sum policies**

Such as life cover, TPD cover and trauma cover the greater of:

* The ‘indexation factor’ which we determine each year based on the percentage increase in the Consumer Price Index (CPI) or A percentage amount we choose to offer, if no CPI amount is released by the government
* A fixed percentage of 5%

##### **For income protection policies**

* Indexation increases are related only to CPI
* Should indemnity cover also be held, accepting indexation may mean that you’re over-insured

One thing that’s important to know is that as your cover increases, the premium you pay generally will also increase.

### In the end, you’re in control

**Indexation is optional and whether you accept it is up to you.**

If you’d like to decline it in any given year, you simply need to let your insurer know – usually within 30 days of your policy anniversary. You may even be able to stop indexation permanently, but bear in mind you may need additional medical checks if you wish to turn it back on.

**Want to know more?**

If you’d like to discuss any of the content in this article and how it may apply to you, please call me on XXXXXXXXXX.