

Please note, for the following scenarios, you can make ANY relevant assumptions you need to, regarding the clients' situation, goals and objectives. These must be stated as part of your answer.

Scenario 1:

Mae West is a 28 year old single mother. She works fulltime as a drama teacher at a private school, on a salary of \$95,000 per annum. Her 8 year old son, Alex, attends the private school at the discounted employees rate.

Mae has limited debt, other than her mortgage, which has a current balance of \$340,000, with repayments of \$1800 per month.

She has come to you as her insurance adviser to review her current covers and make recommendations for any gaps. Her priorities are being able to meet her financial and lifestyle commitments, and also leave a nest egg of at least \$250,000 for Alex plus the freehold house, should anything happen to her. She is happy with the public health service and thinks ACC will cover her for any injuries. She is entitled to 3 weeks sick leave each year and has approximately 20 annual leave days. She also has KiwiSaver with \$35,000 as well as a teachers pension plan of \$48,000. Her disposable income after her current expenses (including all living costs as well as her existing insurance and mortgage payments and the school fees) is \$1850 per month.

Her current insurances (non-smoker rates) are:

Life insurance \$150,000 on level premium (\$55.00 per month)

Trauma insurance \$30,000 on rate for age premium, and accelerated with her life cover

Scenario 2:

Nikau and Mia are newlyweds. Nikau is 25 and works as a roading supervisor, while Mia, 23, is in her last year of a nursing degree. They have just moved into their own rental property and are saving for a house deposit. Nikau earns \$75,000 per annum, while Mia has a part time job at a Vets clinic, earning approximately \$250 after tax each week. They want a deposit of \$80,000 which will give them a deposit of 16% on a \$500,000 house.

They have no current insurances and would like you to make some recommendations. As they are saving for a house deposit, they want to focus on what covers would be MOST relevant to them at this time, to help them be able to continue to meet their goals should either of them be off work, or die prematurely.

They have a maximum budget of approximately \$120 per month and both are non-smokers, with no pre-existing or family health conditions. Nikau has 5 sick days per year and currently has no annual leave available, having used it all for a honeymoon. They have one car loan of \$12,500, but no other debt. They have no children, or any plans to have children for at least 5 years.

Scenario 3:

Ajay and Mayra Prasad are both 35. They have 3 children, ages 2, 6 and 7. Ajay runs a mechanic business with his brother Vinod; they are both directors and are 50/50 shareholders. Mayra is a stay at home mum. Ajay and Mayra have a mortgage of \$750,000 and a credit card with a \$10,000 limit (this is paid in full each month).

The business provides a salary for both Ajay and Vinod of \$125,000 each (before tax). The business has some general insurance policies in place, but no keyperson type covers. Ajay and Mayra have the following personal insurances in place:

Life insurance (stepped premium)	\$1million each
Trauma insurance (stepped premium, stand alone cover)	\$100,000 on Ajay only
Income protection (stepped, 13 week wait, til age 65)	\$9350.00 month, Ajay only

Ajay and Vinod have come to see you, as they want to put in place some cover for the business, to cover each of the directors and also ensure that if anything were to happen to either of them, the remaining partner would be able to own the business in full (so that the half share does not pass to the surviving spouse). The business is valued at approximately \$850,000.

Scenario 4

Alofa, 29 and Beth, 35 have three children, aged 3 and twins who are 5. Alofa works fulltime as an optician, on a salary of \$118,000. Beth works fulltime as a guidance councillor at the local high school, on a salary of \$82,000. Beth's sister looks after the twins before and after school, and the youngest child is in daycare between 8am when Alofa drops her off and 4:30pm when Beth picks her up.

Alofa has some insurance through a workplace scheme, but Alofa and Beth are concerned there are some gaps. Beth has no insurance and the workplace scheme does not provide cover for partners, except on the medical insurance. They own their own home, valued at \$950,000, and have a mortgage of \$675,000. Their mortgage payment is currently \$4820 per month but looks set to go up when their fixed rate expires as interest rates have gone up. Their living expenses are approximately \$3000 per month, which does not include any savings. They both used their KiwiSavers to buy their first home and are contributing at 3% each, which is not included in their monthly expenses. Beth does have an employer workplace savings scheme that she contributes to, at 3% of her gross salary.

Alofa and Beth would like to buy a bigger home before their youngest child turns 5, and expect they will need to increase their borrowings by approximately \$200,000 to do this. Their priorities are the children, and ensuring they can keep a roof over their heads should either of them be off work. If anything happened to them, they would want Beth's sister to look after the children, and want to provide her an amount equal to \$100,000 per annum to cover the costs of the children, until the youngest is 18. They would also want to have funds available for the children's future education, and would expect the house to be sold to clear debt and potentially leave a little nest egg for each of the children for their own house deposit. They have \$25,000 in a rainy day account and both have an existing life insurance policy of \$100,000 each. Neither of them have any sick leave available due to being off a lot with the children earlier in the year.