PLANNING FOR THE UNEXPECTED

31 FAMILIES LOSE A PARENT EVERY DAY

Understanding the impact the death of a parent has on a child

Sapience

CONTENTS

A fresh look at keeping our children safe, just in case.

Talking about the possible unexpected death of a parent is often a difficult thing to discuss.

We believe that by having realistic conversations and planning for the unexpected, Australian parents can have greater certainty about the future security of their family.

The good news is there are positive steps we can all take to be better prepared for the unexpected. Having a **documented family backup plan** in place, just in case, can help safeguard the best possible outcome for our children’s social, educational, psychological and financial stability should the unexpected occur.

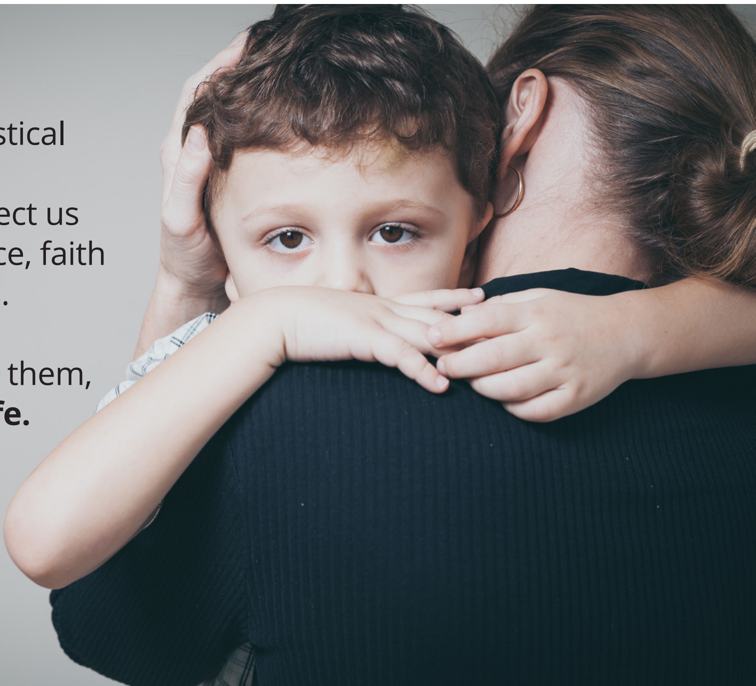
The statistical realities
OF FAMILY LIFE IN AUSTRALIA

In 2014, the Australian Bureau of Statistics (ABS) recorded 11,237 unexpected deaths of married people of working age, with just under half of them being in families, where there was at least one dependent child.

This equates to

31 **families** every day had a family member unexpectedly die.

15 **families** every day, with a dependent child, lost a parent who was the primary or equal income earner.



These are the statistical realities of life in Australia—they affect us all regardless of race, faith or economic status.

At Sapience we call them, **the numbers of life.**

‘She’ll be right’… hopefully

Australians are well known for our laid-back ‘she’ll be right mate’ approach to life, but the reality is, when it comes to the important parts of life, this approach often leaves many of us and our families dangerously unprepared for the unexpected. People usually don’t make their very best decisions during an unexpected crisis moment. We all tend to **underestimate the financial resources we need and overestimate our ability to cope** well with a family crisis.

Life insurance is designed to help your family and your children recover faster and return to living a full life, without compounding effects of the zeconomic loss if the unexpected happens. ABS research shows that ‘children who suffer a loss of a parent have lower levels of school completion, employment participation and lower personal income as an adult, than those who did not’. [ABS Social Trends 4102.0]

Sapience has produced this short **Australian Consumer eGuide** to help parents and other significant adults in the lives of children, better understand the emotional and financial impact on a child when one parent or carer unexpectedly dies.

We believe that some things are too important not to be able to talk about. **Protecting and providing for our children is a priority,** so let’s have a conversation about what matters most to you.

Hopefully, you or your family will never have to claim on your life insurance, especially while you have young children. But if you do, we hope you’ll have a **documented family backup plan** in place and a speciality financial adviser like Sapience to walk beside them through such a difficult time.

Drew Browne

Founder and Senior Financial Adviser
Sapience Financial and Investment Services

"When it comes to life insurance, the issue is not that you can't afford it; the issue is that you don't think it could happen to you."

- Drew Browne - Sapience

Brief introduction to this eGuide

This guide draws on the statistical records collected by the Australian Bureau of Statistics (ABS), multiple studies and interviews completed with the survivors of families who have suffered the loss of a parent while a child was under the age of 18.

What follows are their aggregated responses to **Six Key Questions.**

Q1 How much warning did you have?

There's a tendency to want to think that if a loved one were to pass away, we'd always get sufficient warning. People also have a tendency to put off talking about life insurance because it may be a difficult conversation to have with their partner and they don't know where to start.

Unless you know what you're facing, it's hard to make a backup plan for it.

63% of **families** who experience the death of a parent had less than a week's notice.

43% of **families** found out about the death after it happened.

Car accidents are a sad part of our modern lives, and every 10 minutes someone suffers a heart attack. Today, 20% of all strokes occur to people under age 55. The effect on a family is immediate and devastating.

The pain and shock of a sudden death in the family is traumatic for all family members. The shock is made worse when there's no backup plan in place to help survivors emotionally and financially deal with the loss.

People don't make their best decisions under the extreme stress of the loss of a loved one.

Our experience is confirmed by multiple studies that all report the impact of the unexpected death of a parent (or cargiver) on young children **is made significantly worse when financial pressures were added to the situation.**

How can Sapience help

We help people talk about what matters most. By helping you have that conversation now and putting a family backup plan in place, you and your family can be better financially prepared in the event of an unexpected death.

Having a quality life insurance policy in place is one simple option that can cover immediate funeral and medical expenses, and provide the security of long-term financial support for your family, all at the most vulnerable and stressful time of their life.

Q2 How did it affect your family life?

Everyone grieves differently. Grief can be unnecessarily compounded and prolonged when preventable financial pressures are experienced at the same time.

Types of Death

64% of deaths were the family's primary income earner or equal financial provider.

60% of parents agreed they weren't able to financially support their children after the loss like they wanted to.

Two years after the parental death:

32% moved house as a result of the financial pressure.

56% went on fewer family outings.

Emotional Strain

Losing a parent can have a devastating impact on a family's routine. With one less income, and one less pair of hands around the house, it can quickly overwhelm both physically and financially – especially when there are young children involved.

Many older children reported having to take on extra duties and help care for their grieving siblings, which further complicated their own grieving and survivor guilt.

Financial Strain

Losing the primary or equal income earner creates additional challenges, so it's not surprising that 60% of families surveyed spoke of reduced family outings and luxuries.

This triggered a domino effect that began to **tear at the financial stability of the family**, with almost a third of families forced to move house as a result of the financial pressures.

There's no argument that the death of a parent has a detrimental impact on children with rates of clinical depression rising to approximately 1 in 2.

The financial pressure amplified the loss when children were forced to change schools, move house and sever the established social supports that children innately depend on to learn how to navigate through life.

How can Sapience help

Quality life insurance can help reduce the financial impact of an unexpected death of a family member.

An immediate injection of funds can stabilise a family's position, continue to pay (or pay out) the mortgage and generally keep the family unit financially intact and stable at the most difficult of times.

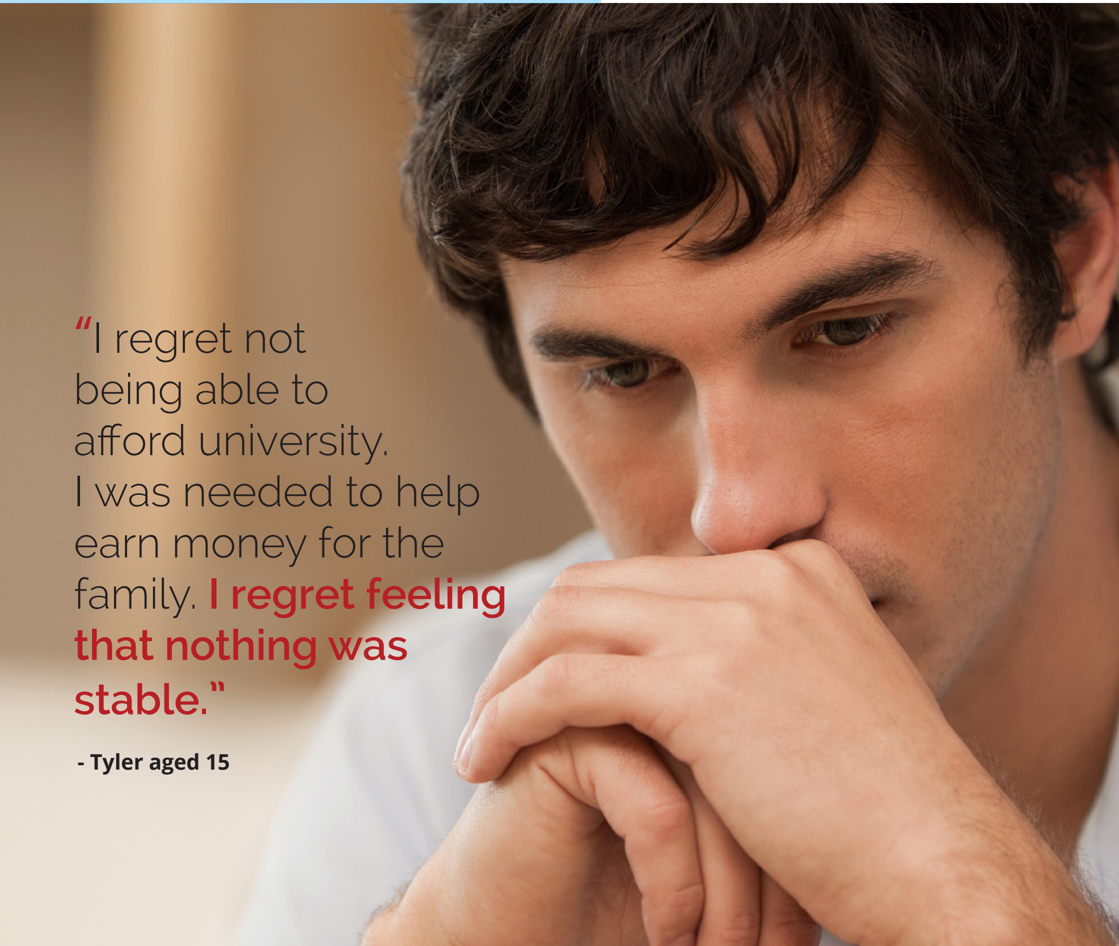
The loss of a parent should never be allowed to trigger the loss of a family too.

Of those children who had to move house due to the financial strain:

73% said their family was unable to support them as much as they would have if their parent had not passed away.

64% said their academic performance suffered.

64% reported a decline in their involvement in sports and school activities.



"I regret not being able to afford university. I was needed to help earn money for the family. **I regret feeling that nothing was stable."**

- Tyler aged 15

Q 3 How did it affect the family's financial stability?

The loss of an income earning parent usually has immediate financial consequences. The surviving parent, if they're not the primary income earner, is then forced to consider increased childcare costs or applying for increased work, all at the most stressful time.

Most families report going from **financially comfortable to struggle overnight.**

84% of surveyed families, described their level of wealth as comfortable prior to the death of the parent.

The number of those who previously described themselves as struggling increased from 12% to 46%.

After the death of a parent, the above percentage grew to 51%.

The uncertainty about Life Insurance inside a superannuation fund

Some superannuation funds have default levels of life insurance for new members. But the problem is, without a proper assessment of what you and your family need, with a comparison to what you may (or may not) have, **you really don't know where you stand.**

Without your own financial adviser to be your advocate at this time, it just becomes another unnecessary trauma your family have to bear alone.

The top 3 questions
GRIEVING FAMILIES ALWAYS ASK US

1 Do you know if there is a Will? If so, where is it?

2 Do you know if there is any Life Insurance and if so, where is it and who does it belong to?

3 Who can we call to help with all of this?

Q4 How did it impact the children's education?

Losing a parent can easily have an overwhelming impact that affects a child's academic performance and development of the social skills needed to successfully navigate through life.

48% of children suffered a decline in their academic performance.

54% of parents said they weren't financially able to provide more educational opportunities for their children.

17% were forced to change school as a result of the financial pressure.

78% of those children who were forced to change schools said their academic performance suffered.

Being forced to move creates more damage

Moving house and/or moving schools triggers additional emotional stress in a child.

Moving away from established community, family and social structures that make up the routine of their lives strips away much needed support at the worst time in their life.

These forced movements bring with them a new level of unertainty around their ability to rebuild social contacts, making friends in new areas along with the burden of losing a parent, which triggered these events.

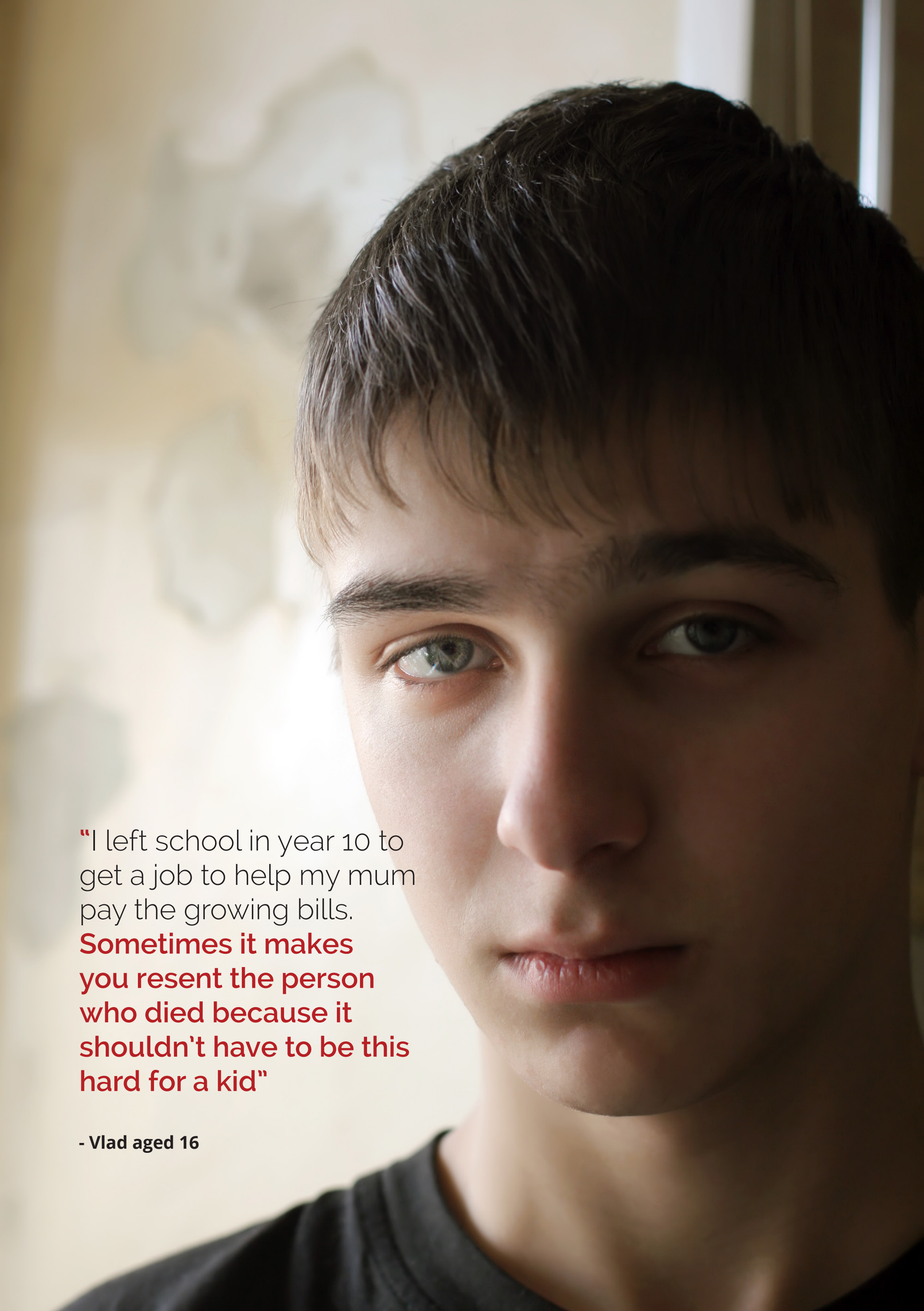
Reduction in academic performance

Grieving distraction, and the additional responsibilities of looking after siblings, and doing more around the house (often to help replace the work of the lost parent) all impact a child's ability to return to a normal educational routine.

How can Sapience help

A life insurance payout can help support ongoing expenses and pay out mortgages, pay rent, day-to-day living expenses and private school fees.

This can help parents avoid falling into unnecessary financial stress. It also allows them to remain in the family home and continue to be part of the established community of support and familiarity around them. This means the likelihood of children being forced to change schools due to economic stress is reduced, and your family can stay in the family home.



"I left school in year 10 to get a job to help my mum pay the growing bills. **Sometimes it makes you resent the person who died because it shouldn't have to be this hard for a kid"**

- Vlad aged 16

Q5 How did it affect the children's overall wellbeing?

As expected, badly.

51% of children were diagnosed with clinical depression after the loss of a parent (whereas only 17% were diagnosed before the loss).

69% of those who had to change schools due to financial pressures suffered from clinical depression.

70% said they lost contact with friends when forced to move because of financial pressures.

Children grieve differently to adults

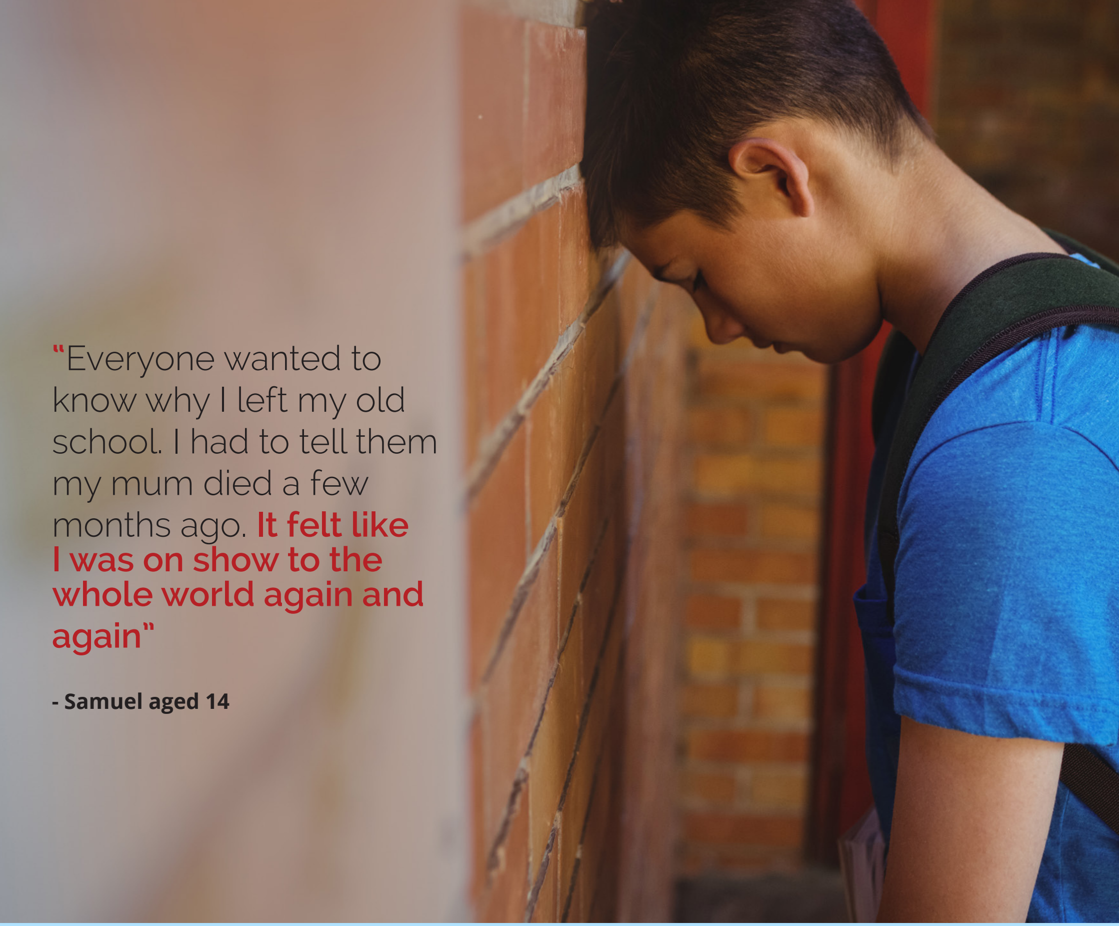
Children grieve in different ways that sometimes may seem puzzling to adults. One of the mistakes we adults make is in assuming our children's resilience and function will be a smaller version of our own and they just 'have to get over it'.

Intuitively, we know being able to talk about our loss is healing in some way, but often, it's not easy to talk about it ourselves, or to get our children to talk.

Educational performance and psychological impact on children is made even worse for those who had to change schools due to financial pressures.

1 in 2 children who lost a parent were diagnosed with clinical depression.

This drastic change in the children's life shows the impact that being forced to switch schools after the death of a parent can have on a child's routine and support network.



"Everyone wanted to know why I left my old school. I had to tell them my mum died a few months ago. **It felt like I was on show to the whole world again and again"**

- Samuel aged 14

How can Sapience help

Studies have confirmed the obvious link between a child's educational and psychological performance, and the financial pressure on a grieving family being forced to reduce costs, move house and, as a result, change schools.

While grieving requires patience and acceptance, life insurance can help parents (and caregivers) spend more time with their children, help them financially afford to continue to raise them in the same house and/or stay in the same community at the same school with the same routines and friendship frameworks. All of this is helpful in stabilising the family after the unexpected death of a parent

Not having to worry about money, at the worst time in a family's life, can also mean a family can afford to bring in professionals if needed to help cushion the effect of the loss. Sapience can help you put together a family backup plan and guide you through the entire process.

Q 6 Do you think life insurance would have helped?

78%

of families

who didn't have life insurance agreed, in hindsight, it would have helped if their parent/partner had life insurance in place prior to their death.

Things like holding onto the family home, keeping the children in the same schools, and keeping them in the same social and supportive environment can have a significant positive impact on a child's future.

What's also obvious is that if a family doesn't have to worry about money during this period, the worst time in their life, the unexpected death of a parent doesn't have to mean the loss of a child's future wellbeing and the irreparable fracturing of their support network.

Looking at the impact the death of a parent had on these families, there's no doubt some of the most significant outcomes are unavoidable because the death of a parent is devastating for any family.

But research demonstrates there are some areas where financial assistance can provide a significant financial buffer to aid in recovery.

How can Sapience help

Life insurance can help parents and families spend more time with their children.

It can also help them financially afford to continue to raise children in the same house or stay in the same community at the same school with the same routines and friendship framework. All of this is needed to help stabilise the family after the unexpected death of a parent. Sapience can put a strategy in place, just in case, to help stabalize your family if the unexpected happened.

Parents underestimate the impact on the children

When loss is sudden and unexpected, there is much less time for the child to begin adjusting.

The loss of a loved one is like an earthquake that fractures our emotional landscape. Although death is the most permanent loss we face, there are other forms of loss that can be devastating as well. The most common forms of loss for children are moving house, moving school and divorce.

It's not uncommon for the surviving parent to blame the need to move on financial stress without realising that **children often then see themselves as partly responsible for the financial stress.**

Children have no choice but to accept their surviving parent's decision.

"Since children have less time and fewer skills to help them adjust to these situations, **they're more vulnerable to loss than adults"**

35%

of children felt they needed to take on more responsibility at home paying bills after the death of a parent

6%

of parents felt their children took on more responsibility for paying bills, when their surviving parent was asked the same question

Whether this is due to perceptions or the respective parent's own mental fog while grieving, it goes to show that **adults often make the mistake of underestimating the impact the unexpected death of a parent has on their children.**

How can Sapience help

Get the advice you need to put a documented family backup plan in place to help protect and provide for your family.

Get in touch with us today and speak with a professional who's an expert at helping talk about what matters most and get a backup plan in place; just in case.

"I had to become the de facto parent and look after my two younger sisters. **I felt like I lost my childhood, too."**

-Simon aged 17

A brief guide on why to plan for the unexpected

This eGuide has been about the statistical reality of why all parents need a backup plan for their family.

Drew Browne has been working with families and family run businesses for over 18 years as a specialist financial adviser, helping people protect and provide for what matters most to them. Considered an expert in helping people talk about what matters most, he runs Sapience Financial and Investment Services, a Certified B Corp.

“One of my favourite movies from 2004 was the dark comedy, Lemony Snicket’s, A Series of Unfortunate Events, starring funny man Jim Carey.

The story is about the adventures of three young children, Violet aged 12, Klaus 10 and Sunny 3, who find themselves suddenly orphaned by a fire that destroyed their family home killing their parents.

‘Not long into the movie, the children, fresh from standing in the still smouldering ruins of their old home, are now suddenly locked in a dilapidated attic of their distant uncle and told this is their future now.

Twelve year old Klaus, in his grief strickened state, angrily turns to his sister and exclaims, **"Is this all there is left? Didn't our parents have a plan for us...!?"**

I'm told the movie has a happy ending, but that one line still haunts me today, **Didn't our parents have a plan for us...!?"**

One of the earliest life insurance claims I managed for a client family, was for three young boys and their mother who lost their father and husband to a heart attack, while he was working out at the company gym. He was aged 48. Thankfully four years earlier he'd contacted me and put life insurance in place as part of his backup plan to protect his family, just in case.

Nobody was planning for him to die, it was completely unexpected - it was just the statistical realities of life. Thankfully his life insurance payout meant there was enough to keep the family home. It kept the boys in the same school with the same support infrastructure, and there was enough left over to invest, so his young widow could leave work, live off the interest it earned, and put all her focus, time and energy into helping their children through this dark time.

I'm on a mission to help people talk about what matters most. Today 31 families will unexpectedly loose a family member, and tomorrow another 31, and then the following day, still another 31.

The good news is there are proactive steps we can all take to make sure, there's a family backup plan in place, just in case.

How to plan for the unexpected

Here's some tips to help you begin your conversation about what matters most.

The evidence shows that the majority of deaths are unexpected with many families having less than a weeks warning.

Getting ready for the conversation

1. Decide to be proactive.

2. Get clear on what you want to discuss. Write yourself a checklist before you have the conversation to make sure you don't miss an important point.

- Be realistic and practical.
- What type of future do you want for your partner and family?
- What specific educational, travel and housing opportunities do you hope for?
- What plans need to be made to provide the funding for this future?
- Discuss ways you as parents can support each other to get the best outcome for your children.

3. Make sure you both have time to talk through these things privately together so you don't feel rushed.

Beginning the conversation

4. A useful way to start a conversation about what matters most is through answering simple 'What if....' scenarios.

- What if one of our kids suffers from a major health issue?
- What if one of our kids wants to pursue a specialised career that needs specialised education?
- What if one parent were to get sick or injured and be unable to work?
- What if one, or both parents, were to pass away unexpectedly.

Tip: Sapience is a specialist risk adviser and can help explain the different strategies available.

5. Decide if you need to put life insurance and estate planning documents in place as part of your backup plan for your children.

After the conversation

6. Document your backup plan and store safely where the right people know when and where to find it.

7. Set a workable time line to get this in place, and decide to review your plan as your circumstances change.

Sapience® Financial & Investment Services

Time to talk with a real person

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