

Insurance literacy for Family Financial Wellness

Insurance literacy has a positive ripple effect

A MID today's grim economic landscape with rising interest rates and stagnant wages, many families are experiencing financial strains. Statistics reveal that household debt in Malaysia surged to RM1.53 trillion in 2023, underscoring the need to strengthen long-term financial resilience.

Sun Life Malaysia, a life insurance and family takaful company, believes that sustainable financial security starts with proper financial protection and literacy, including insurance/takaful literacy. This crucial financial skill ensures financial stability during unpredictable times.

According to the 2024 Sun Life's Insurance Literacy Survey, only 28% of respondents claim to understand insurance/takaful well, 22% have a poor understanding, and 50% are uncertain and need assistance. This low literacy rate suggests many Malaysians are more likely to be under-insured, making them more vulnerable to financial shocks.

InsureLit Matters

by Sun Life Malaysia



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Empowerment through insurance literacy

Understanding insurance/takaful enables individuals to make informed decisions about money and risk management, reducing personal and household debts and vulnerability to financial shocks.

As Sun Life Malaysia chief executive officer and president/country head Raymond Lew said: "Better protection reduces financial stress, enhances well-being and strengthens family bonds. By cultivating insurance literacy early on, we help people make informed decisions to protect their families and wealth. This knowledge empowers us to navigate financial challenges with confidence and security."

The Smart Approach

While choosing the right plan is important for your family, including newly married couples, here are some common pitfalls that you should be aware of:

- **Skipping Research and Comparison:** Don't rush. Explore various options and compare premiums, coverage limits, and policy terms to ensure they meet your family's goal.
- **Under/Over Coverage:** Analyse your debts, future goals, and dependents' needs. Insufficient coverage can leave your family, especially those supporting parents and young children, vulnerable.
- **Delaying Purchase:** Procrastination can raise premiums/contributions and increase financial risks. Secure coverage early to lock in favourable rates.
- **Neglecting Legacy Planning:** Regularly update beneficiaries and legacy plans to reflect life changes, ensuring assets are distributed according to your wishes. Insurance literacy is about more than managing money - it is about building stronger, happier, and more resilient individuals, families and communities. ↗



Raymond Lew, CEO, president and country head of Sun Life Malaysia.

Choosing the right family insurance

- 1. Term life insurance/ Takaful:** Life/family takaful insurance is straightforward. It provides financial security, covers debts, and supports your dependents when you pass away.
- 2. Health Insurance/Takaful:** Health and life insurance are essential. Choose a plan that suits your risk level. For example, if your family member has health issues, opt for coverage that addresses these needs.
- 3. Saving/Education Plan:** For young or growing families, a savings plan offers an opportunity to save, invest and accumulate funds for the future including education for your children.
- 4. Critical Illness:** Medical and critical illness coverage complement each other, ensuring optimal treatment and financial security.

Follow Sun Life Malaysia's InsureLit Campaign to enhance your insurance/takaful knowledge for a financially fit future for you and your family. Visit www.sunlifemalaysia.com for more information.