

# Insurance

## Important information

30 September 2011

This information should be read in conjunction with the First Super Product Disclosure Statement (PDS) dated 30 September 2011. You should consider this information and the information in the 2011 First Super PDS before making a decision to invest in First Super.

# First Super's Insurance Cover

- ✓ **Comprehensive:** covered 24 hours a day, 7 days a week, not just when you are At Work (see definition on page 11).
- ✓ **Easy:** premiums are deducted from your First Super account.
- ✓ **Flexible:** you can increase your cover easily to suit your needs and situation (subject to meeting the insurer's health evidence requirements).
- ✓ **Affordable:** each unit of Death & TPD cover costs \$1.17 per week (standard) and 53 cents per week (low risk). For Death cover only, the cost is 70 cents per week (standard) and 32 cents per week (low risk).

Insurance is provided under group insurance policies taken out by the Trustee. The insurer is One Path Life (ABN 33 009 657 176 AFSL 238341).

Like many Australians, you probably have your home and car insured. But what about your most important asset – you? Insurance cover gives you peace of mind that if the worst happens, you and your family are protected.

First Super provides eligible members with insurance cover for:

## Death & Total and Permanent Disablement (TPD)

Provides a financial benefit if you die or if you become totally and permanently disabled.

Cover is available for:

- > Death and terminal illness – up to 70 years of age; and
- > TPD – up to 65 years of age.

Default insurance cover of 4 units of Death & TPD cover is provided automatically to eligible Employer Sponsored members at a cost of \$4.68 per week (or \$2.12 per week if you are eligible for low risk rates), provided you are At Work on the day of joining.

Automatic cover is not provided to Personal Members but is available on application subject to underwriting.

If you do not wish to have insurance cover with First Super, please notify the Fund in writing.

## Voluntary Income Protection

You can choose to apply for Income Protection cover which provides a monthly income to help you meet your living expenses and other financial commitments for up to two years if you are totally or partially disabled due to illness or injury and unable to work. This cover is voluntary and is not automatically provided to members.

## Death & TPD insurance

When you join First Super as an Employer Sponsored member you will be covered automatically for 4 units of Death & TPD, provided you are At Work on the day of joining.

You can apply for more than 4 units if you decide you need more cover. First Super offers an easy upgrade to up to a total of \$500,000 of cover. Or you can go even higher and apply for up to \$2 million of cover.

Personal members need to complete an *Application for Insurance Cover Form* to apply for cover – cover is not automatic. You can choose the level that you want to apply for, from 1 unit up to \$2 million of cover.

Employer Sponsored members who apply for increased cover and Personal members who apply for insurance cover will have their application assessed by the insurer, who may require additional medical or other information.

Cover does not commence until the date your application is approved by the insurer. We will notify you of the insurer's decision.

To be eligible for insurance cover in First Super you must be:

- > an Australian citizen (although you may be travelling or working outside Australia temporarily), a permanent resident of Australia or a non-citizen for whom an employer is required to make Superannuation Guarantee (SG) contributions; and
- > between 11 years and 64 years of age (for TPD cover) or under 70 years of age (for Death cover).

If you have previously received or are eligible to receive a TPD benefit from any source you are not eligible for TPD cover, but can still choose to take Death only insurance cover.

## The cost of cover

The table below shows the cost of Death & TPD and Death only insurance cover. The highlighted column shows what you'll pay if you're an Employer Sponsored member with default cover.

Your occupation type	Death and TPD (weekly cost)		Death only (weekly cost)	
	1 unit costs	4 units costs	1 unit costs	4 units cost
<b>Standard</b>	\$1.17	\$4.68	\$0.70	\$2.80
<b>Low risk</b> (see definition on page 3)	\$0.53	\$2.12	\$0.32	\$1.28

Your insurance cover is determined by your age and the number of insurance units chosen. Cover reduces with age and the amount payable in the event of your death or TPD (if TPD cover applies) is the amount of cover per unit at the date of your death or TPD multiplied by the number of units of cover you hold.

## Flexible cover

The table below shows the Death & TPD insurance benefit payable for 1 unit of cover and 4 units of cover, according to your age.

Age at Death/TPD	Automatic cover (4 units)	Additional unit (1 unit)	Age at Death/TPD	Automatic cover (4 units)	Additional unit (1 unit)	Age at Death/TPD	Automatic cover (4 units)	Additional unit (1 unit)
11 to 34	\$200,000	\$50,000	45	\$103,600	\$25,900	56	\$43,600	\$10,900
35	\$180,000	\$45,000	46	\$98,000	\$24,500	57	\$38,400	\$9,600
36	\$152,400	\$38,100	47	\$92,800	\$23,200	58	\$32,800	\$8,200
37	\$146,800	\$36,700	48	\$87,200	\$21,800	59	\$27,200	\$6,800
38	\$141,600	\$35,400	49	\$81,600	\$20,400	60	\$22,000	\$5,500
39	\$140,000	\$35,000	50	\$76,400	\$19,100	61	\$17,200	\$4,300
40	\$130,800	\$32,700	51	\$70,800	\$17,700	62	\$13,600	\$3,400
41	\$125,600	\$31,400	52	\$65,200	\$16,300	63	\$11,600	\$2,900
42	\$120,000	\$30,000	53	\$60,000	\$15,000	64	\$11,600	\$2,900
43	\$114,400	\$28,600	54	\$54,400	\$13,600	65 to 69*	\$5,400	\$1,350
44	\$109,200	\$27,300	55	\$48,800	\$12,200	70**	Nil	Nil

Maximum cover is \$2 million. \* Cover is Death only from age 65 \*\* Cover ceases at age 70

### Low risk occupations

You are eligible for insurance at a lower cost if, at the date of application, you:

- > are solely engaged in a professional, managerial, marketing, accounting, administrative or clerical occupation;
- > spend at least 80% of all working time in an office environment; and
- > are actively working and able to perform your usual duties and are not undergoing any rehabilitation program.

To apply for cover at the low risk rate complete the relevant section on the *Membership Application Form*.

You can also apply for the low risk rate if your circumstances change – contact us for the form.

### Increasing cover

Members can apply to increase their Death or Death & TPD cover at any time by completing the *Application for Insurance Cover Form* available at [www.firstsuper.com.au](http://www.firstsuper.com.au)

The insurer will consider most applications using the information collected on the form. However, the insurer may require additional details such as financial information, a medical examination, a report from your medical practitioner or a blood test as part of the assessment process. Your cover will not commence until the date your application is approved by the insurer.

We will notify you of the insurer's decision. While your application for increased cover is being assessed, you will be provided with Interim Accident cover.

### Interim Accident cover

While the insurer is assessing your application for insurance cover or for an increase in your existing insurance cover, you are provided with Interim Accident cover at the same level as the cover applied for or, in the case of increasing your cover, the difference between the level of increased cover applied for and the level of current cover, up to \$2 million.

Interim Accident cover commences when we receive your application and will continue until the earlier of:

- > the date the insurer accepts or rejects your application; or
- > 90 days after the date Interim Accident cover starts.

'Accident' means, for the purposes of the policy, a fortuitous, external event that occurs by chance causing death or total and permanent disablement. It does not refer to an event which results in sickness, disease, injury or infirmity such that you would qualify for a Death or TPD benefit to be paid under the policy.

Whether the death or total and permanent disablement was caused by an unintended and unexpected characteristic or consequence of an unintended act (such as the application of unintentionally excessive force, or the creation of unintended or excessive force, or the creation of unintended excessive pressure or strain) is irrelevant in determining whether death or total and permanent disablement has arisen as a result of an accident.

An accident must result in your death or total and permanent disablement for a benefit to be payable under the Interim Accident cover. For the avoidance of doubt, an accident will specifically exclude death or total and permanent disablement:

- > arising out of, or contributed to in any way by, any pre-existing sickness, disease, injury, gradual physical or mental deformity, or infirmity known to you at the effective date of your cover under the policy.
- > arising in circumstances where you deliberately assumed the risk or courted disaster, irrespective of whether you intended or contemplated the results of your actions.

Where there is any doubt as to the cause of death or total and permanent disablement sustained as a result of an accident, the cause will be characterised as being the result of a sickness.

## Reducing or opting out of cover

You can reduce your Death and TPD cover to a lower number of units or reduce your cover to Death only by writing to First Super. If you decide to apply for insurance in the future, you will need to submit a completed *Application for Insurance Cover Form* and meet the insurer's information and health evidence requirements.

## When does cover start?

**For Employer Sponsored members**, default cover generally starts on the date you start employment with a First Super employer, provided you are 'At Work' (see definition on page 11) and your employer makes a contribution to the Fund within 6 months after the Superannuation Guarantee cut-off date as prescribed by law. If you are not 'At Work' on the date you start employment, you will still receive full death cover immediately upon joining the Fund, but TPD cover will be limited to new events (that is, claims only for sicknesses which first become apparent or injuries which first occur on or after joining the Fund) until you first meet the 'At Work' requirements.

**For Personal members** (including self-employed and spouse members), cover does not commence until the date your application is accepted by the insurer. We will notify you of the insurer's decision.

## When does Death & TPD insurance cover end?

Your Death & TPD insurance cover ends on the earliest of the following:

- > Your death;
- > The date a TPD benefit is paid or payable;
- > The date you commence active duty with the armed forces of any country (except where you are a member of the Australian Defence Force Reserves, in which case cover for all benefits will cease only when the reservist becomes the subject of a call out order under the *Defence Act 1903 (Cwth)*\*;
- > The date you turn 65, when TPD cover ends;
- > The date you turn 70, when Death cover ends;
- > The date you cease to be a member of First Super;
- > The date we receive your written request to cancel your insurance (or where the request specifies a later date, the later date specified); or
- > The end of the month in which your account balance has insufficient funds to pay insurance premiums.

\* In the event that cover ceases because an insured member is called up for active duty or is deployed for purposes other than training exercises, cover will recommence without the need for an application for cover from the date the person is actively At Work and is not involved in active duty with the Australian Defence Force Reserves. Cover will be the same amount and the type of cover that applied on the date that cover ceased as a result of being called up for active duty or deployment other than training exercises.

# Death & TPD benefit payments

Your insurance benefit depends on your age and how many units of cover you have. Your insurance benefit is paid on top of the balance in your First Super account.

## EXAMPLE

**Sam is 32 years old and works as a forklift driver.**

As an Employer Sponsored member, Sam automatically receives cover of 4 units of Death & TPD insurance at a cost of \$4.68 per week. If Sam dies or becomes totally and permanently disabled before his 35th birthday, his benefit payment would be \$200,000 (\$50,000 x 4 units) plus the balance of his First Super account. From age 35, the insured amount will gradually reduce.

## Death benefit payments

If you die or are terminally ill, the benefit payable will be:

- > the amount of your insured benefit (if any), plus
- > the balance in your First Super account.

First Super does not charge any benefit payment fee on death or terminal illness benefits. Normally, the death benefit is tax-free if paid to your dependants. For more details see Taxation of super available at [www.firstsuper.com.au](http://www.firstsuper.com.au)

If a Death benefit becomes payable, the Trustee of First Super will determine who it is paid to. The Trustee would normally pay the Death benefit to:

- > one or more of your dependants (spouse, de facto spouse, children, adopted children or step-children, whether financially dependent or not) or any other person the Trustee considers was wholly or partially financially dependent on you before your death;
- > your legal personal representative (the executor or administrator of your estate); and/or
- > any person who is in an interdependency relationship (see definition on page 11) with you at the time of your death.

Under superannuation law, if you have any dependants, the Trustee cannot pay a benefit to a non-dependant other than your legal personal representative. If your benefit is paid to your legal personal representative, it will form part of your estate and will be distributed in accordance with your Will (or used to pay any debts of your estate).

You can nominate one or more dependent beneficiaries or your legal personal representative as the person or persons to whom you would like your super benefit to be paid in the event of your death by completing the relevant section on your *Member Application Form*. You may change your nomination at any time by completing a *Change of Details Form* or by writing to us. You should review your nomination annually and whenever your personal circumstances change (for example, on marriage, having children, separation or divorce).

This nomination is used as a guide but is not binding on the Trustee, who may decide to pay the benefit in a different manner. The laws that govern superannuation require the Trustee to take all reasonable steps to identify the dependants of deceased members and to consider their circumstances, including their financial dependence on, and the nature of their relationship with, the deceased member.

Before paying out a Death benefit, the Trustee will consider any beneficiaries you have nominated, the information provided by any dependants or your legal personal representative and your Will (if you have one).

## Terminal illness

If you are terminally ill, your death benefit may be paid early and tax free, subject to the insurer's medical evidence and other regulatory requirements being met. Please contact First Super for more details. Note that if your insured benefit is above \$2 million (which may be approved from time to time on a case by case basis), the benefit paid on terminal illness would be limited to \$2 million, with the balance paid on death. See Terminal Illness definition on page 12.

## Claiming a Death benefit

Your spouse, employer, legal personal representative or some interested party must notify First Super in the event of your death. If you had insurance cover, First Super will lodge a claim with the insurer. The Trustee will decide to whom the benefit will be paid, taking into consideration your nominated beneficiaries.

## Total and Permanent Disablement benefit payments

If you become totally and permanently disabled before age 65, the benefit payable will be:

- > the amount of your insured benefit (subject to acceptance by the insurer); plus
- > the balance in your First Super account.

First Super does not charge any benefit payment fee on TPD benefits. Tax on TPD benefits depends on your personal circumstances. For more details see Tax on Total and Permanent Disablement benefits in Taxation of super at [www.firstsuper.com.au](http://www.firstsuper.com.au)

## Employed members

A TPD benefit is payable if you become disabled before age 65, according to any of parts 1, 2, 3, 4 or 5 of the definition of Total and Permanent Disablement on page 11 and you are employed (or had been employed within the six months before you were disabled).

## Unemployed and retired members

For members who have been unemployed or retired for six months or more, and members who have never been employed (for example, Personal members on home duties), a TPD benefit is payable if you become disabled before age 65, according to any of parts 2, 3, 4 or 5 of the definition of Total and Permanent Disablement on page 11.

## Claiming a TPD benefit

To lodge a claim for a Total and Permanent Disablement benefit, contact First Super as soon as reasonably possible and we will send you the relevant claim forms. You must return the claim forms to the Fund, including medical reports from your medical practitioner. Please note that provision of these forms does not constitute an admission of liability in respect of any claim lodged.

On receipt of the completed claim forms and medical reports on your condition, your claim will be assessed by the insurer in accordance with the relevant definitions and policy terms.

Sound medical evidence is vital to a proper and fair assessment, and it may be necessary to require you to provide further information, signed authorities to approach workers' compensation insurers and financial information, and undergo one or more medical examinations with medical practitioners nominated by the insurer or undergo vocational assessment or rehabilitation, while your claim is being assessed.

Depending on the nature of your claim and the evidence provided, there may be a lengthy waiting period as part of the assessment process. The insurer will meet the cost of any additional medical examinations, vocational assessment or rehabilitation which it reasonably requires you to undergo, and any costs of you being interviewed. You must be under the regular care of and following the advice and treatment recommended by your medical practitioner.

Where a member has taken out insurance cover and a claim is not accepted by the insurer and Trustee, no insured benefit will be payable.

# Voluntary Income Protection cover

**This optional cover provides you with a regular income so you can pay bills and meet the normal costs of living if you become sick or injured and cannot work.**

Income Protection insurance provides a monthly income for up to two years if you are totally or partially disabled due to illness or injury and unable to work.

## Who can apply?

You can apply for Income Protection insurance if you:

- > are At Work;
- > are aged between 16 and 64 years of age inclusive; and
- > are working on a permanent full-time or part-time basis, and regularly working at least 15 hours per week.

Casual employees are not eligible for income protection cover.

## How much cover can I apply for?

Each unit of Income Protection insurance cover provides a gross benefit of \$100 per month. You can insure up to **85% of your annual salary\***.

## How much is the total disability benefit?

If you are totally disabled, you will be paid a monthly benefit of \$100 for each unit of cover (less tax), subject to a maximum benefit based on your salary at the date of disability:

- > you will be paid up to 75% of your monthly pre-disability salary as replacement income.
- > the balance of the insured amount, up to 85% of your pre-disability salary in total, will be paid as a super contribution to your First Super account. You can choose to have cover that is less than the maximum. There is an overriding maximum benefit level of \$25,000 per month.

Please note that your First Super Income Protection benefit may be reduced if you are entitled to receive other income protection payments (see page 9).

For income protection purposes, 'salary' is averaged over the 12 months prior to the waiting period (see definition on page 12). This means you may still be able to receive a benefit if you were employed during the 12 months prior to becoming temporarily disabled, even if you were unemployed on the day you became disabled.

\* See page 6 for a quick guide to the maximum cover available at different annual salary points. Please note that if your salary reduces, the benefit payments are limited to 85% of the new lower amount, even if you have insured for a higher amount based on your previous or current salary.



## Key Facts

- ✓ The benefit payable is \$100 per month per unit of cover.
- ✓ Your maximum amount of cover depends on your salary and the overriding maximum benefit level of \$25,000 per month.
- ✓ The maximum benefit payable is 75% of annual income plus a further 10% superannuation contribution.
- ✓ The annual cost of the premium depends on the waiting period you select, your occupation, and whether you are male or female.
- ✓ The annual premium is deducted from your First Super account in regular instalments.

### Quick guide to the maximum cover available (1 unit equals \$100 per month)

Annual Salary (before tax)	Units required to insure for maximum benefit	
	Income only (75% of salary)	Income (75% of salary) plus superannuation contributions
\$20,000	12	14
\$30,000	18	21
\$40,000	25	28
\$50,000	31	35
\$60,000	37	42
\$70,000	43	49
\$80,000	50	56
\$90,000	56	63
\$100,000	62	70
\$120,000	75	85

Note: You can select any number of units you like up to the maximum available for your income, and an overall maximum of 250 units, (including the superannuation contribution benefit).

### Eligibility

To be eligible to apply for Income Protection insurance cover, you must:

- > be a member of First Super, aged between 16 and 64 years; and
- > be self-employed or employed on a full-time or permanent part-time basis, and be working at least 15 hours per week.

The insurer may agree to give you Income Protection cover if you are in a long-term employment situation (typically having worked for the same employer for more than 12 months) even if you work less than 15 hours per week. Please contact the Fund for further information.

You are not eligible to apply for Income Protection insurance cover if you are unemployed or employed on a casual basis.

Your application for cover will be assessed by the insurer, which may require medical or other information. Your cover will not commence until the date your application is approved by the insurer. We will notify you of the insurer's decision. While your application for increased cover is being assessed, you will be provided with Interim Accident cover.

### Interim Accident cover

While the insurer is assessing your application for insurance cover or for an increase in your existing insurance cover, you are provided with Interim Accident cover at the same level as the cover applied for, or in the case of increasing your cover, the difference between the level of increased cover applied for and the level of current cover.

Interim Accident cover commences when we receive your application and will continue until the earlier of:

- > the date the insurer accepts or rejects your application; or
- > 90 days after the date Interim Accident cover starts.

For income protection insurance, 'Accident' has the same meaning as on page 3, except that it refers to total or partial disability rather than death or total and permanent disablement. If you would like a copy of the exact definition of 'accident', please contact us.

### Choosing a waiting period

A waiting period is the period of days that must elapse after you are disabled before any benefit is payable. The waiting period starts on the date certified by a medical practitioner as being the date on which you became totally disabled. First Super offers a choice of three waiting periods: 30, 60 or 90 days. Premiums are lower for longer waiting periods. No benefits accrue or are payable during the waiting period.

### The cost of cover

This will depend on:

- > The amount of cover you select (which can be any number of units up to the maximum available for your annual salary). Refer to the quick guide to the maximum cover available above.
- > The waiting period you select (30, 60 or 90 days) – see above.
- > Whether you qualify for standard or low risk rates – see the definition on page 3.
- > Whether you are male or female – see the tables on pages 7 and 8.



**TIP:** When your salary changes, you should review how many units you need. If your salary increases, you may need to apply for more units; if your salary reduces (for example, if you move from full-time to part-time employment) you may need to reduce your cover to avoid paying excessive premiums.

### EXAMPLE 1:

Jason is 28 and his annual salary is \$50,000. He wants Income Protection cover of \$3,500 per month, or 35 units. This is equal to 84% of his salary at the time he applies. He chooses a waiting period of 60 days. As a 28 year old, with a 60-day waiting period, Jason's annual premium is \$4.91 per unit (standard rate). Therefore 35 units of Income Protection cover would cost Jason \$171.85 per year. If he was disabled, Jason would receive a benefit of \$3,500 per month. Of this amount \$3,125 per month (75% of \$3,500) would be paid directly to him (less tax). The remaining \$375 would be paid to his First Super account (less tax).

### EXAMPLE 2:

Julia is 38 and works part-time in a low-risk occupation as a Sales Manager. Her income is \$36,000 per annum (that is, \$3,000 per month) which means she can insure for up to \$2,550 per month (85% of \$3,000). She chooses Income Protection cover of \$2,000 per month, or 67% of her income, which means she has to buy 20 units of cover. She decides on a waiting period of 30 days and calculates that her annual premium is \$7.38 per unit. 20 units of cover would cost Julia \$147.60 a year for an insured benefit of \$2,000 per month (less tax). This amount would be paid to her as income if she were disabled. No super contributions would be payable as Julia has insurance cover for less than 75% of her income.

## Standard Premiums

The following table shows the annual premium payable per \$100 monthly benefit.

Waiting period	Male (Standard)			Female (Standard)		
	30 days	60 days	90 days	30 days	60 days	90 days
Age attained	\$	\$	\$	\$	\$	\$
16-18	8.20	4.22	2.70	9.11	4.64	2.95
19	8.20	4.22	2.70	9.11	4.64	2.95
20	8.31	4.28	2.73	9.22	4.69	2.98
21	8.42	4.36	2.73	9.30	4.77	3.01
22	8.53	4.42	2.76	9.41	4.83	3.04
23	8.64	4.50	2.79	9.52	4.91	3.04
24	8.78	4.58	2.82	9.66	4.97	3.06
25	8.78	4.58	2.73	9.91	5.11	3.20
26	8.89	4.66	2.68	10.24	5.30	3.34
27	9.08	4.77	2.65	10.65	5.52	3.42
28	9.33	4.91	2.65	11.15	5.80	3.51
29	9.66	5.08	2.70	11.76	6.10	3.59
30	10.05	5.22	2.76	12.42	6.35	3.67
31	10.49	5.44	2.84	13.17	6.73	3.81
32	11.01	5.71	2.95	13.99	7.18	3.95
33	11.56	6.04	3.09	14.88	7.65	4.11
34	12.23	6.38	3.26	15.84	8.14	4.33
35	12.92	6.76	3.45	16.86	8.69	4.61
36	13.69	7.18	3.70	17.97	9.27	4.94
37	14.55	7.62	3.97	19.13	9.88	5.33
38	15.46	8.11	4.31	20.37	10.54	5.80
39	16.45	8.64	4.66	21.67	11.23	6.32
40	17.53	9.55	5.08	23.05	12.45	6.96
41	18.69	10.18	5.58	24.51	13.22	7.65
42	19.95	10.87	6.15	26.05	14.08	8.45
43	21.33	11.65	6.79	27.66	14.96	9.36
44	22.76	12.48	7.53	29.37	15.90	10.35
45	23.28	13.36	8.39	31.16	16.89	11.43
46	24.97	14.35	9.36	33.06	17.94	12.64
47	26.57	15.40	10.43	35.11	19.04	13.83
48	28.06	16.59	11.67	37.65	20.23	15.18
49	30.55	17.86	12.94	39.55	21.50	16.59
50	32.55	20.73	14.10	41.98	24.26	18.09
51	34.76	22.38	15.47	44.63	25.81	19.84
52	37.53	24.23	16.95	47.44	27.46	21.74
53	40.59	26.28	19.01	50.51	29.26	23.87
54	44.81	28.57	21.34	53.82	31.19	25.89
55	48.18	31.08	23.94	57.44	33.31	27.96
56	52.39	33.89	26.87	61.41	35.66	30.11
57	57.11	37.07	30.55	65.77	38.23	32.35
58	62.37	40.63	35.61	70.57	41.07	34.64
59	68.29	44.66	40.53	75.93	44.22	36.98
60	74.25	51.69	45.76	81.86	48.19	39.33
61	81.66	56.97	50.95	88.21	52.03	41.62
62	97.01	59.73	51.94	92.52	53.49	40.49
63	66.05	38.39	29.42	62.82	34.33	22.27
64	21.80	12.67	9.72	20.73	11.32	7.34

## Low Risk Premiums

The following table shows the annual premium payable per \$100 monthly benefit.

Waiting period	Male (Low risk)			Female (Low risk)		
	30 days	60 days	90 days	30 days	60 days	90 days
Age attained	\$	\$	\$	\$	\$	\$
	2.97	1.53	0.98	3.30	1.68	1.07
19	2.97	1.53	0.98	3.30	1.68	1.07
20	3.01	1.55	0.99	3.34	1.70	1.08
21	3.05	1.58	0.99	3.37	1.73	1.09
22	3.09	1.60	1.00	3.41	1.75	1.10
23	3.13	1.63	1.01	3.45	1.78	1.10
24	3.18	1.66	1.02	3.50	1.80	1.11
25	3.18	1.66	0.99	3.59	1.85	1.16
26	3.22	1.69	0.97	3.71	1.92	1.21
27	3.29	1.73	0.96	3.86	2.00	1.24
28	3.38	1.78	0.96	4.04	2.10	1.27
29	3.50	1.84	0.98	4.26	2.21	1.30
30	3.64	1.89	1.00	4.50	2.30	1.33
31	3.80	1.97	1.03	4.77	2.44	1.38
32	3.99	2.07	1.07	5.07	2.60	1.43
33	4.19	2.19	1.12	5.39	2.77	1.49
34	4.43	2.31	1.18	5.74	2.95	1.57
35	4.68	2.45	1.25	6.11	3.15	1.67
36	4.96	2.60	1.34	6.51	3.36	1.79
37	5.27	2.76	1.44	6.93	3.58	1.93
38	5.60	2.94	1.56	7.38	3.82	2.10
39	5.96	3.13	1.69	7.85	4.07	2.29
40	6.35	3.46	1.84	8.35	4.51	2.52
41	6.77	3.69	2.02	8.88	4.79	2.77
42	7.23	3.94	2.23	9.44	5.10	3.06
43	7.73	4.22	2.46	10.02	5.42	3.39
44	8.27	4.52	2.73	10.64	5.76	3.75
45	8.85	4.84	3.04	11.29	6.12	4.14
46	9.49	5.20	3.39	11.98	6.50	4.58
47	10.19	5.58	3.78	12.72	6.90	5.05
48	10.95	6.01	4.23	13.50	7.33	5.56
49	11.79	6.47	4.74	14.33	7.79	6.10
50	12.71	7.51	5.32	15.21	8.79	6.69
51	13.72	8.11	5.96	16.17	9.35	7.31
52	14.84	8.78	6.69	17.19	9.95	7.96
53	16.08	9.52	7.51	18.30	10.60	8.65
54	17.45	10.35	8.42	19.50	11.30	9.38
55	18.98	11.26	9.44	20.81	12.07	10.13
56	20.68	12.28	10.59	22.25	12.92	10.91
57	22.59	13.43	11.86	23.83	13.85	11.72
58	24.73	14.72	13.28	25.57	14.88	12.55
59	27.14	16.18	14.85	27.51	16.02	13.40
60	29.85	18.73	16.58	29.66	17.46	14.25
61	32.85	20.64	18.46	31.96	18.85	15.08
62	35.15	21.64	18.82	33.52	19.38	14.67
63	23.93	13.91	10.66	22.76	12.44	8.07
64	7.90	4.59	3.52	7.51	4.10	2.66

**For example:** a male age 35 who buys 30 units of cover with a 30 day waiting period would pay 30 x \$4.68 = \$140.40 per annum or \$2.70 per week for a monthly insured benefit of \$3,000.

## The benefits that may be payable

### Total Disability benefit

The insurer will pay you a total disability benefit if you are totally disabled (as defined on page 11) for longer than the waiting period. The monthly benefit starts to accrue from the day after the end of the waiting period.

The monthly benefit is payable in arrears and stops at the earliest of:

- > the end of the benefit period (two years);
- > the date you attain age 65;
- > the date of your death;
- > the date you are no longer totally disabled.

### Partial Disability benefit

The insurer will pay you a partial disability benefit (a portion of the total disablement) if you are partially disabled (as defined on page 11), except where you have ceased to be employed for reasons other than illness or injury six months or more prior to the date you become partially disabled.

The proportion will be calculated as follows:

$$\frac{A-B}{A} \times \text{monthly benefit}$$

Where

**A** is your pre-disability salary

**B** is the greater of:

- > the salary you earn
- > the salary you are capable of earning, for the month that the partial disability benefit is payable

## Recurring disability

If you were engaged in full-time work prior to a period of disability and then return to full-time work, or were engaged in part-time work prior to a period of disability and then return to full-time or part-time work after such period of disability, and you suffer a recurrence of the disability which was the cause of the earlier claim within six months of that earlier claim ending, and the insurance policy and your cover are still in place, the recurrence will be treated as a continuation of the earlier claim.

This means that the waiting period will not apply again and the benefit period will be reduced by the period for which benefits were paid under the earlier claim (that is, both the original claim and the recurrence will count towards the maximum benefit period of two years).

If recurrence of the disability occurs more than six months after returning to work and insurance cover is still in force, the waiting period will apply and the claim will be treated as a new claim.

## When does cover end?

Income Protection insurance cover ends on the earliest of the following\*:

- > the date you commence active duty with the armed forces of any country (except if you are a member of the Australian Defence Force Reserves, in which case, cover for all benefits will cease only when the reservist becomes the subject of a call out order under the *Defence Act (Cth.) 1903*);\*\*
- > the date you reach age 65;
- > the date you die;
- > the date you cease to be a member of First Super;
- > the date you cease to work at least 15 hours per week on a regular basis;
- > the date we receive your written request to cancel your insurance cover (or, where the request specifies a later date, the later date specified); or
- > the end of the month in which your account balance has insufficient funds to pay the premiums.

In addition, the partial disability benefit will end:

- > if you earn, or are capable of earning, a monthly salary or wage equal to or greater than your pre-disability salary; or
- > if you work in any occupation on a full-time basis (if working full-time prior to disability) or at least the same weekly hours as you were working prior to commencement of the disability benefit (if working part-time prior to disability).

\* See "If you go overseas" on page 10.

\*\* In the event that cover ceases because an insured member is called up for active duty or is deployed for purposes other than training exercises, cover will recommence without the need for an application for cover from the date that the person is actively At Work and is not involved in active duty with the Australian Defence Force Reserves. Cover will be for the same amount and the type of cover that applied on the date that cover ceased as a result of being called up for active duty or deployment other than training exercises.

## Effect of other income while you are disabled

The benefit you receive may be reduced by other payments (including settlement or commutation amounts) received by you, or by your employer, such as:

- > workers' compensation;
- > social security or other statutory or governmental payment in respect of loss of income (whether under legislation or otherwise);
- > under any statutory accident compensation scheme or as part of any common law settlement whether or not modified by statute;
- > benefits under any other disability, injury or sickness insurance policy (except for lump sum benefits received for total and permanent disablement under such insurance policy).

Sick leave and long service leave entitlements, inheritances, tax refunds, investment income and other such payments of the same kind or nature received by you will not be taken into account when assessing whether the benefit should be reduced by other payments received by you.

### EXAMPLE

Jason (from the example on page 7) has 35 units of Income Protection cover to provide a monthly benefit of \$3,500. He was disabled At Work and is paid workers' compensation of \$2,000 per month. His First Super income protection insurance will pay him \$1,125 per month, to top up his workers' compensation payments to a total of \$3,125 (75% of his pre-disability salary). As in the example on page 7, \$375 would be paid to Jason's First Super account.

## How long is the benefit paid for?

The benefit is payable monthly in arrears for up to two years (that is, the first payment occurs a month after the end of the waiting period). Benefit payments will cease when the earliest of the following events occur:

- > you reach the age of 65;
- > you are no longer totally or partially disabled (that is, you recover or return to work);
- > you leave the fund; or
- > you die.

## Taxation

Income protection benefits paid to you as replacement income are subject to income tax in the same way as your salary. Benefits paid as superannuation contributions will have contributions tax deducted in the same way as employer contributions (see *Taxation of super* at [www.firstsuper.com.au](http://www.firstsuper.com.au)).

## Claiming an Income Protection benefit

See the information on page 5, as the process is similar to that for making a claim for a TPD benefit.

# Other important information

## Exclusions for Death or TPD insurance

No benefit is payable if the event giving rise to the claim is caused directly or indirectly by war or act of war, as defined in the insurance policy. Alternatively, at the insurer's discretion, premiums may be increased in the case of war.

## Exclusions for Income Protection insurance

No benefit will be payable if the injury or illness is caused directly or indirectly by one of the following:

- > a member's intentional self-inflicted act;
- > pregnancy, unless you are disabled for more than three months after the end of the pregnancy, in which case the waiting period is deemed to start on the later of the date total disability begins and the end of your pregnancy; or
- > war, or act of war as defined in the insurance policy.

The insurer may reduce or refuse to pay any benefits:

- > while you are imprisoned or the subject of a custodial sentence as a consequence of being convicted of committing a criminal offence;
- > if you don't comply with the insurer's claim requirements; or
- > if the Fund has not received notice as soon as reasonably possible after your disability starts, to the extent the insurer's assessment or management of your claim is prejudiced.

## If you go overseas

Your Death & TPD cover will continue even if you go overseas.

If you travel or reside overseas for a period in excess of six months after Income Protection benefit payments begin, payment of any benefits will continue as long as, in the Insurer's opinion, evidence verifying entitlement to your applicable benefits can be, and is being, provided in the form, and at the times, the Insurer requires. If benefit payments cease, they will resume only if entitlement is established during a period you reside in Australia or in any other country approved by the Insurer.

## Changing arrangements

The Trustee may, from time to time, renegotiate some or all of its insurance arrangements. This may result in changes to:

- > Eligibility criteria;
- > Premiums;
- > The cover provided (for example, the definitions of total and permanent disablement);
- > The insurer providing insurance cover to the Trustee; or
- > The amount of cover per unit or the cost per unit of cover or both.

If changes are not materially adverse, First Super may include information on [www.firstsuper.com.au](http://www.firstsuper.com.au) or in the next annual report to members. Otherwise members will be advised in writing.

## Duplicate accounts

In certain circumstances, you may be allocated more than one account in First Super. Should this occur, you will be eligible for the 4 units of Default Death & TPD cover only under the first account which has been established for you, plus any voluntary cover granted to you by the insurer. Any duplicated premium payments that may occur in this circumstance will be refunded before the accounts are merged.

# Definitions

## At Work

'At Work' means you are actively performing all the duties of your usual occupation on a full-time basis (if engaged full-time) or part-time basis (if engaged part-time), or are on approved leave other than leave which is taken for reasons related to injury or illness, and you are not in receipt of and/or entitled to claim income support benefits from any source including workers' compensation benefits, statutory transport accident benefits and disability income benefits. If you do not meet these requirements, you do not qualify as being 'At Work'.

## Interdependency

Two persons have an 'interdependency relationship' under superannuation law if:

- a: they have a close personal relationship; and
- b: they live together; and
- c: one or each of them provides the other with financial support; and
- d: one or each of them provides the other with domestic support and personal care.

including if they fail to meet (b), (c) or (d) because either or both of them suffer from a physical, intellectual or psychiatric disability.

## Partial disability (in relation to Income Protection insurance)

'Partial disability' means you have been totally disabled for:

- > a period during which a total disability benefit has been paid; or
- > at least 7 out of 12 consecutive days during the waiting period;

and you then:

- > return to work or are medically certified as capable of returning to your usual occupation, but only in a limited capacity, and the salary you are earning, or are capable of earning, is less than your pre-disability salary, due to the injury or illness causing total disability; and
- > are following the advice of a medical practitioner.

## Total disability (in relation to Income Protection insurance)

'Total disability' means that solely as a result of injury or illness, you are incapable of performing one or more of the duties of your regular occupation necessary to produce income, as confirmed by a medical practitioner, and you:

- > are not engaged in any occupation; and
- > are under regular treatment and following the advice of a medical practitioner.

## Total and Permanent Disablement

Under the terms of the Fund's current insurance policy, 'Total and Permanent Disablement' means that as a result of illness.

- 1: You are unlikely to return to work.
- 2: You suffer permanent impairment.
- 3: You suffer the total and permanent loss of the use of two limbs (where 'limb' is defined as the whole hand or the whole foot), or the sight in both eyes, or one limb and the sight in one eye.
- 4: You suffer loss of independent existence.
- 5: You suffer cognitive loss.

## See the insurer's full definitions below

### 1: Unlikely to return to work

If you are employed or engaged in a gainful occupation, business, profession or employment or within six months of the date you cease to be so employed or engaged:

- a: that you have suffered an injury or illness and, as a result of that injury or illness, you:
  - > are totally unable to be employed or engaged in that occupation, business, profession or employment for a period of six consecutive months; and
  - > are determined by the insurer at the end of that six month period (or such later time as the insurer has agreed with the Trustee), to be permanently incapacitated to such an extent as to render you unlikely ever to be employed or engaged in any gainful occupation, business, profession or employment for which you are reasonably suited by education, training or experience.

NOTE: For the avoidance of doubt, the six month periods referred to in point 1 above do not apply to the following points 2 to 5.

### 2: Permanent impairment

You suffer an injury or illness and, as a result of that injury or illness, you:

- a: suffer a permanent impairment of at least 25% of whole person function as defined in the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', 4th edition, or an equivalent guide to impairment approved by the insurer; and
- b: are disabled to such an extent, as a result of this impairment, that you are unlikely ever again to be able to be employed or engaged in any gainful occupation, business, profession or employment for which you are reasonably suited by education, training or experience.

### 3: Specific loss

As a result of illness or injury, you suffer the total and permanent loss of the use of:

- > two limbs (where 'limb' is defined as the whole hand or the whole foot), or
- > the sight in both eyes, or
- > one limb and the sight in one eye.

### 4: Loss of independent existence

As a result of illness or injury, you suffer loss of independent existence.

'Loss of independent existence' means the insurer has determined you are totally and irreversibly unable to perform at least two of the following five 'activities of daily living' without the assistance of another adult person:

- > bathing and/or showering,
- > dressing and undressing,
- > eating and drinking,
- > using a toilet to maintain personal hygiene,
- > getting in and out of bed, a chair or wheelchair, or moving from place to place by walking, wheelchair or with assistance of a walking aid.

## 5: Cognitive loss

As a result of illness or injury, you suffer cognitive loss.

'Cognitive loss' means the insurer has determined that a total and permanent deterioration or loss of intellectual capacity has required you to be under continuous care and supervision by another adult person for at least six consecutive months and, at the end of those six consecutive months, you are likely to require permanent ongoing continuous care and supervision by another adult person.

## Salary (for purposes of Income Protection insurance)

'Salary' means the total monthly value of salary received by you from your usual occupation, averaged over the most recent 12 month period prior to the commencement of the waiting period. Salary package items taken in lieu of cash are included as salary where the item must be funded by you in the event of total or partial disability. Regular overtime and shift allowances will be averaged over the previous 12 month period or since you started your occupation, if the period is less than 12 months. Performance related commission, bonuses and other monetary benefits will be averaged over the previous three years or since you started your current occupation.

Where you directly or indirectly own all or part of the business ('Self Employed') from which you earn your usual income, 'salary' means the total amount earned by the business over the financial year as a direct result of your personal exertion or activities through your usual occupation, less your share of business expenses, but before the deduction of income tax, for that business (or the relevant proportion for part of a financial year).

## Pre-disability Salary (for purposes of Income Protection insurance)

'Pre-disability salary' means the total monthly value of salary received by you from your usual occupation, averaged of the lesser of:

- > the 12 month period immediately prior to you becoming disabled.
- > the actual period of work (provided the period of work occurred in the 12 month period preceding the incurred date of claim).

The definition of 'pre-disability salary' relates solely to the calculation of the value 'A' in the formula used to determine any partial disability benefit payable.

## Self-employed

Self-employed means you directly or indirectly own part of a business from which you earn your usual income, and are actively participating in the operation of that business for more than 20 hours per week.

## Terminal Illness

To be terminally ill under the terms of the insurance policy, you must have an illness or injury that, according to the opinion of a specialist physician nominated by the insurer, is likely to lead to your death within 12 months from the date that the opinion is provided. To meet the requirements of superannuation law, you must be certified by two registered medical practitioners (at least one of which is a specialist in a relevant area – such as the specialist nominated by the insurer) as suffering from an illness or injury which is likely to result in death within a period of 12 months.

## Special Note – Preservation and TPD benefits

Superannuation law will only permit the release of benefits in limited circumstances. In the event of total and permanent disablement, payment from the Fund to a member can only be made if the member meets the tax law definition of 'permanent incapacity'. This means the member must have left work due to illness or injury and the Trustee must be satisfied that the member is unlikely, because of ill health or injury, to ever again engage in gainful employment for which they are reasonably qualified by education training or experience.

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## Contacting First Super is easy

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## Keep in touch

It's important that you tell us if you change address so that you continue to get all the information issued by First Super. You can do this via online access or you can contact us using any of the ways set out above.

