

First Super Significant Event Notice

31 January 2020

This notice explains changes as a result of Putting Members' Interests First legislation. All changes will be incorporated within subsequent releases of the PDSs, which will be available at firstsuper.com.au/pds.

Putting Members' Interests First – insurance inside super

What is changing?

The Federal Government has introduced its **Putting Members' Interests First** (PMIF) reforms. These reforms are designed to encourage you to make an active choice about the insurance inside your super.

From 1 April 2020, Total and Permanent Disablement (TPD) and Death insurance cover will not be provided to:

- i. members with a super balance of less than \$6,000 and that has never been \$6,000 or more on or after 1 November 2019, unless the member has otherwise elected to have insurance; and
- ii. members under 25 who open a new super account on or after 1 April 2020, unless the member has otherwise elected to have insurance.

How will this change impact existing members?

These changes mean that if your super balance is below \$6,000, any insurance cover you have with us will be cancelled on 1 April 2020, unless:

- a. you tell us in writing or via our website that you want to keep your insurance cover no later than 31 March 2020, or
- b. your account balance goes above \$6,000 at any time before 1 April 2020.

Transitional arrangements

Transitional rules state that members with a super account balance of less than \$6,000 as at 1 November 2019 must be sent a notice advising that if they do not have \$6,000 in their account at any time between 1 November 2019 and 31 March 2020 or do not elect to retain insurance cover, they will have their default cover removed on 1 April 2020. Notices were sent in November 2019 and an insert will be sent to impacted members with mid-year statements during February 2020.

You may have already opted in to keep your insurance cover as part of the Protecting Your Super changes. If you have, you don't need to tell us again. If you're not sure, call our Member Services Team on **1300 360 988** and we will confirm this with you.

From 1 April 2020, default insurance cover starts when you become "first eligible".

You are "first eligible" when:

- your account balance is \$6,000 and over and you're aged 25 or over; or
- you tell us that you want to opt in for default insurance.

Other insurance cover starts when the Insurer advises it has accepted your application for cover.

The default insurance cover you receive

After 1 April 2020, default insurance cover of 4 units of Death and TPD will be provided automatically to all members subject to eligibility conditions being met when they become "first eligible" (i.e. their account balance reaches \$6,000 and they are over age 25). The cost for this is currently \$11.20 per week (\$5.12 per week if you are eligible for low-risk rates and \$4.64 per week if you are eligible for professional rates).

Where a member has been accepted by the Fund as a new eligible Employer-Sponsored member by receipt of an **On-time** contribution (see definition right), default insurance cover is provided as Limited Cover until the member has satisfied 30 consecutive days of Active Employment from the date cover commences.

Where a contribution is received other than an **On-time** contribution for a new eligible Employer-Sponsored member or any other eligible new member, default insurance cover will be Limited Cover for 24 months from the date cover commences.

At the expiry of this 24-month period, the Limited Cover restriction will be removed, provided the member is in Active Employment or capable of Active Employment. If a member is not in or capable of Active Employment at this time, Limited Cover will continue until they meet Active Employment for 30 consecutive days.

Members can apply to have Limited Cover removed by contacting First Super. Please note that you will be required to provide health evidence.

How to apply for low risk and professional insurance rates

If you think you may qualify for low risk or professional rates of insurance, you can find further information on page 3 of the Insurance booklet available at www.firstsuper.com.au/pds or on request by contacting the Member Services Team by phone or email.

If you wish to cancel some or all of the default insurance cover, please tell us in writing or call the Member Services Team. Otherwise, your default insurance cover will continue and premiums will be charged to your account. Each unit of Death and TPD cover dropped will reduce your insurance cost by \$2.80 per week (standard), \$1.28 per week (low risk) and, \$1.16 per week (professional). You may opt out of insurance cover at any time.

Definitions

On-time

A contribution made within six months of the first date the member's employer is legally required to make a superannuation guarantee contribution.

Active Employment

For First Super insurance cover purposes, Active Employment means:

- **Employer-Sponsored Member** an Eligible Person who is employed by the employer and is capable of performing their identifiable duties without restriction by any illness or injury on a full-time basis (whether or not he or she is working those hours).
- **Personal Member** an Eligible Person who in our opinion is capable of performing their identifiable duties without restriction as a result of any illness or injury for at least 35 hours a week (whether or not they are actually working those hours).

Limited Cover

The member only being covered for claims arising from a New Event.

New Event

An illness which first becomes apparent or an injury which first occurs on or after the date that cover last commenced, recommenced, or was reinstated in respect of the member.

Employer-Sponsored Member

A member has been accepted by the Fund as an Employer-Sponsored Member by receipt of an on-time contribution.

This notice explains changes to the monthly administration fees for accumulation accounts. All changes will be incorporated within subsequent releases of the PDSs, which will be available at firstsuper.com.au/pds.

Administration Fees

What is changing?

Administration fees – increasing from 1 April 2020

From 1 April 2020, administration fees will be increasing from \$1.50 per week to \$2.25 per week along with an increase of the asset fee from 0.05% a year to 0.18% a year for accumulation accounts only. There are no changes to pension account administration fees. This increase reflects the current costs of operating the Fund.

We're here to help, so let's talk.

If you'd like to discuss the information in this document or any other super matter, please contact our Member Services Team today.

Call: **1300 360 988** (Monday to Friday, 8.00am to 6.00pm AEST)

Email: **mail@firstsuper.com.au**

Website: **firstsuper.com.au**



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