

Death and Total and Permanent Disablement (TPD)

Fact sheet

■ Who should read this Fact sheet?

The information in this fact sheet applies to all Defined Contribution (Accumulation) members of ESI Super. It also has relevance for Defined Benefit section of the Fund or NRG GOS members who have taken out additional insurance cover through ESI Super in addition to their standard cover.

Please note: CS Energy employees' units of Death and TPD cover have a different level of insured benefits.

■ What insurance cover does ESI Super offer?

ESI Super offers three types of insurance cover:

- Death Only (detailed in this fact sheet)
- Death and Total and Permanent Disablement (TPD) (detailed in this fact sheet), and
- Income Protection (detailed in a separate fact sheet).

All these insurances are offered to you at competitive group rates. You are generally covered worldwide 24 hours a day, seven days a week, whether you are at work, at home or on holiday.

■ What level of cover am I eligible to receive when I join?

The insurance cover you are initially eligible to receive is determined by how you join ESI Super, either **through an ESI Super employer** or **by direct application**.

Joining through an ESI Super employer

You are eligible to receive a number of units of Automatic cover, either:

- The default age-based number of units with an automatic life-stage increases feature (see over), or
- A set number of units of automatic cover nominated by your employer.

Joining by direct application

You do not receive an automatic level of cover nor do you have an automatic acceptance conditions for your Death and TPD cover. This means, if you apply for Death and TPD cover when you first join or any time thereafter your application will be subject to acceptance by the Insurer.

■ What is an Automatic Acceptance Limit of cover?

An Automatic Acceptance Limit (AAL) applies only when you first join ESI Super through an ESI Super employer. An AAL is a group life insurance term which means the maximum amount of insurance cover you can get without having to provide the Insurer with evidence of your good health. The AAL for ESI Super's Death and TPD cover is 6 units.

You can get up to 6 units of cover under AAL, if:

- you are less than age 65 and you apply for cover within 60 days of joining ESI Super.

■ How is Death and TPD cover offered by ESI Super?

You can purchase Death Only cover or Death and TPD cover through ESI Super. You cannot select TPD cover only. This cover is structured to give you a choice of two alternative ways to set up your personal insurance cover for your circumstances, either:

- **Unit-based** cover is where the cost per unit remains the same over time and the benefit value per unit decreases with age,
- **Fixed dollar** cover is where the amount of your cover remains the same over time and you pay a cost per \$1,000 of cover which increases with age.

Please note: Unit-based cover is the default for ESI Super. If you choose Fixed dollar cover, the Fixed dollar cover will replace any units of Death and TPD cover you may have.

■ What are the features of each type of cover?

Unit-based cover

- Insurance cover is based on multiples of units
- The benefit amount of each unit decreases with age
- The cost per unit remains the same.

Fixed dollar cover

- Insurance is based on a fixed dollar amount of cover nominated by you
- The cost increases annually with your age
- The benefit amount remains the same
- Fixed cover replaces any unit-based cover you may have.

■ What is the automatic life-stage increases feature?

The automatic life-stage increases feature automatically increases your units of cover when you move from one age bracket to another.

Table of age brackets for the automatic life-stage increases

Age bracket	Units of cover
To age 24	1
25 to 28	2
29 to 33	3
34 to 38	4
39 to 69	5

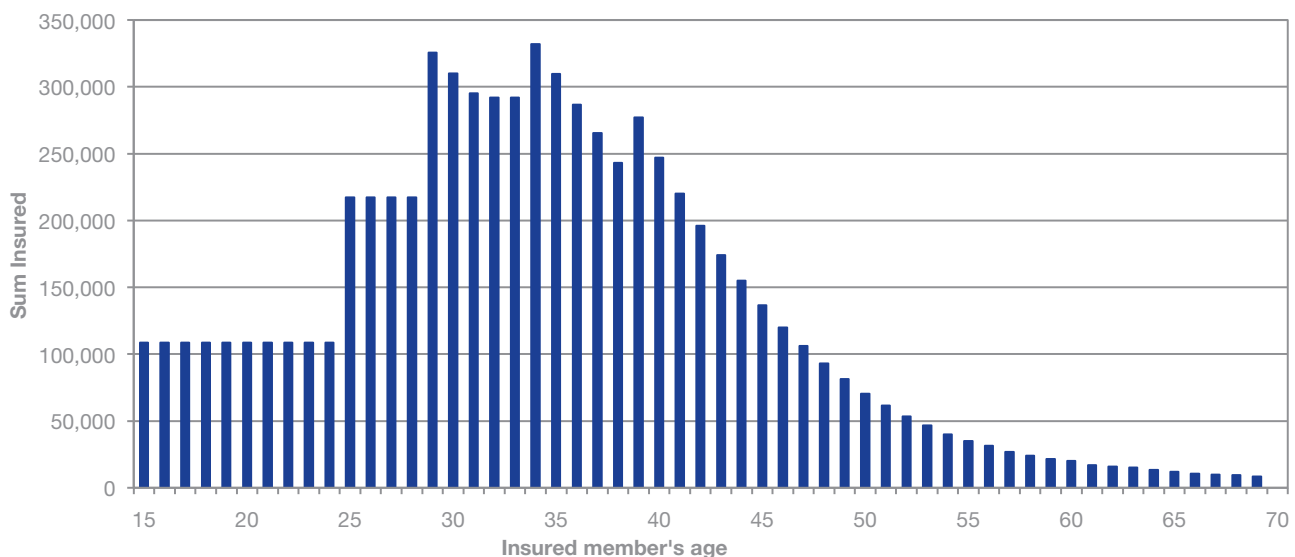
The automatic life-stage feature means that the dollar amount of cover you have will automatically increase at a time when you are most likely to need it because of your greater commitment to work and family. This is demonstrated visually in the graph below.

■ Who is eligible to receive the automatic life-stage increases feature?

The automatic life-stage increases feature is the default cover if you join through an ESI Super employer **unless** your employer has nominated and pays for a set number of default units for you.

If you join ESI Super by direct application you are able to select the automatic life-stage increases feature when you apply for Death and TPD insurance cover.

Life-stage cover with automatically increasing units



Please note: As your age-based units automatically increase your sum insured initially increases but then reduces in line with the age based benefit table. The trend line from age 40 to 70 represents the value of 5 units of cover diminishing each year to age 70.

■ How much does cover cost and what level of cover can I get?

The cost of your Death and TPD insurance cover depends on the amount of cover you choose and whether it is **Unit-based** or **Fixed dollar** cover.

You may be eligible for a discounted rate for your insurance if your occupation is within the definition of **White collar/Professional** (the discount applies to both the Unit-based and Fixed dollar cover). See the definition below.

Unit-based cover

Death & TPD:

- Standard cost: \$1.10 per unit per week
- Discounted cost: \$0.90 per unit per week

Death Only:

- Standard cost: \$0.66 per unit per week
- Discounted cost: \$0.61 per unit per week

For example: If you have 5 units of Death and TPD insurance at the standard cost, the annual cost for your units can be calculated as follows:

5 units of cover X \$1.10 X 52 = \$286.00

The cost of your insurance cover is deducted monthly from your ESI Super account.

Definition:

‘White Collar/Professional’ means a member who is engaged in an occupation with minimal manual duties or very light-skilled duties. These members have no exposure to unusual occupational hazards and spends at least 90% of their working hours in an office environment. Employees with technical skills expertise who may be required to use their skills and judgement in a variety of tasks outside of the office environment. These members may have some exposure to unusual occupational hazards.

Benefit payment amount (sum insured)

Each unit of your Death and TPD has a benefit value based on your age next birthday if you die or become totally and permanently disabled (see the age based benefit table right).

For example: If you have 10 units of Death and TPD insurance and you were declared TPD when you were age 44 (age 45 next birthday), the benefit payment would be \$310,000.

10 units x \$31,000 (age 45 next birthday) = \$310,000.

Please note: Your benefit will generally be paid as a lump sum.

Age based benefit per unit of cover

Age next birthday	Amount of cover per unit (\$)
Up to age 30	108,600
31	103,400
32	98,400
33	97,300
34	97,300
35	83,000
36	77,400
37	74,700
38	66,400
39	60,800
40	55,400
41	49,400
42	44,000
43	39,200
44	34,800
45	31,000
46	27,300
47	24,000
48	21,200
49	18,600
50	16,300
51	14,100
52	12,300
53	10,700
54	9,300
55	8,000
56	7,000
57	6,300
58	5,400
59	4,800
60	4,300
61	4,000
62	3,400
63	3,200
64	3,000
65	2,700
66	2,400
67	2,100
68	2,000
69	1,900
70	1,700

Fixed dollar cover

If you choose to have Fixed dollar cover the cost of this insurance cover is calculated by dividing your fixed amount of cover by 1,000 and multiplying the answer by the cost/\$1,000 of cover for your age next birthday (see table to the right).

Cost of Fixed dollar cover

If you have \$500,000 of Fixed dollar cover the annual cost will depend on your age next birthday. For example:

If you are currently age 34 the annual cost will be $500,000/1,000 \times 0.63 = \315.00

If you are currently age 44 the annual cost will be $500,000/1,000 \times 1.68 = \840.00

TPD cover reduces after age 61

A tapering benefit applies to your Fixed dollar TPD cover after you reach age 61, and continues to reduce through to age 70 when cover stops. The age-based taper is a percentage of your insured amount as follows:

Age next birthday	% of fixed cover
62	90%
63	80%
64	70%
65	60%
66	50%
67	40%
68	30%
69	20%
70	10%

Please note: Your benefit will generally be paid as a lump sum.

Cost of Death and TPD cover (annual cost per \$1,000 sum insured)

STANDARD COST			DISCOUNTED COST		
Age next birthday	Death & TPD (\$)	Death Only	Age next birthday	Death & TPD (\$)	Death Only
Up to 30	0.54	0.37	Up to 30	0.43	0.33
31	0.56	0.39	31	0.45	0.35
32	0.59	0.41	32	0.48	0.36
33	0.60	0.42	33	0.48	0.37
34	0.60	0.42	34	0.48	0.37
35	0.70	0.49	35	0.56	0.43
36	0.75	0.52	36	0.60	0.46
37	0.81	0.56	37	0.65	0.50
38	0.88	0.61	38	0.70	0.54
39	0.96	0.67	39	0.77	0.59
40	1.05	0.73	40	0.84	0.65
41	1.18	0.82	41	0.94	0.72
42	1.33	0.92	42	1.06	0.81
43	1.49	1.03	43	1.19	0.91
44	1.68	1.16	44	1.34	1.03
45	1.89	1.31	45	1.51	1.16
46	2.14	1.48	46	1.71	1.31
47	2.43	1.69	47	1.95	1.49
48	2.76	1.91	48	2.20	1.69
49	3.15	2.19	49	2.52	1.93
50	3.59	2.49	50	2.87	2.20
51	4.13	2.87	51	3.31	2.54
52	4.76	3.30	52	3.81	2.92
53	5.48	3.80	53	4.38	3.36
54	6.26	4.34	54	5.01	3.84
55	7.30	5.06	55	5.84	4.48
56	8.27	5.73	56	6.61	5.07
57	9.32	6.46	57	7.46	5.72
58	10.69	7.41	58	8.55	6.56
59	12.17	8.44	59	9.74	7.47
60	13.69	9.49	60	10.96	8.40
61	14.61	10.13	61	11.69	8.96
62	16.85	11.69	62	13.48	10.34
63	18.26	12.66	63	14.61	11.20
64	19.92	13.81	64	15.93	12.22
65	21.91	15.19	65	17.53	13.44
66	24.10	16.71	66	19.28	14.79
67	26.52	18.38	67	21.21	16.26
68	29.17	20.22	68	23.34	17.89
69	32.09	22.24	69	25.67	19.67
70	35.30	24.46	70	28.25	21.64

■ What happens if I have a terminal illness?

Under certain circumstances a member may be declared terminally ill. If this was to apply to you, you will not have to serve any waiting period.

■ Is cover compulsory?

Yes, if you join the Fund through an ESI Super employer you get an automatic level of Death and TPD cover. However, some ESI Super employers nominate and pay for a set number of units of cover for you. If this applies to you and you want to find out what your level of insurance cover is, you should contact ESI Super or talk to your employer.

Cover is not compulsory if you joined ESI Super by direct application.

■ What is the maximum amount of cover?

You can apply for cover up to the maximum benefit limits of \$10 million for Death and \$3 million for TPD. You should note however, that for cover over \$1 million, you will be required to complete a *Personal Statement* and undergo other tests as required by the Insurer.

■ Can I transfer existing cover from another fund?

If you are rolling over your super from another fund, where you also have insurance arrangements, you may be able to transfer the same level of cover under 'take over' terms in ESI Super. This means you can get a similar amount of cover without having to complete questionnaires and undergo medical tests.

If you wish to take up this option contact us on **1300 363 240**.

■ When does cover commence?

If you:

- **Joined ESI Super through an ESI Super employer** – your **Automatic** cover or cover up to the AAL starts on the first day of your employment, provided you are at work on that day. If you are not 'At Work' on your first day of employment, limited cover will apply (see over). You will need to be at work for 30 consecutive days before your full cover applies. Any **Additional** cover you take out, above the AAL, will commence on the day the Insurer accepts your application in writing.
- **Joined ESI Super by direct application** – Any **Optional** cover you take out will commence on the day the Insurer accepts your application in writing.

■ What is limited cover?

Limited cover means you are covered only for claims arising from an illness that first became apparent, or an injury which first occurred on or after the date that you first became eligible for cover.

■ Can I increase, reduce or cancel cover?

You can apply to increase your Death and TPD cover at any time by completing a *Change of insurance* Form. However, if you apply to increase your cover it must be within the maximum allowable limits.

You can reduce or cancel your cover at any time by completing a *Change of insurance* Form. However if, at a later date you want to reinstate your cover you will need to complete a *Personal Statement* and may have to undergo medical tests as required by the Insurer.

The *Change of insurance* Form can be found at the back of the *Member Guide* or you can download it from our website.

Please note: *If your employer pays for some units of cover for you, you will not be able to reduce or cancel this cover.*

Life changing events

If you have a life changing event such as:

- getting married, or
- taking out a mortgage, or
- the birth of or adoption of a child, or
- getting a divorce.

You are able to increase your Death and TPD cover by up to 2 units, for each event, without having to provide any further health evidence as long as you are 'at work' at the time of your application. You must provide relevant evidence to the Insurer within 90 days of the event occurring. Proof of the event must be accepted by the Insurer before your cover is increased.

This benefit is limited to a maximum of 4 units per insured member and is subject to the maximum benefit limits.

■ Will cover continue after I leave my employer?

Yes.

■ Will cover continue after I leave ESI Super?

If you leave ESI Super, you can apply to continue your insurance with the Fund's Insurer. You must be under age 60 and submit the application within 60 days of leaving the Fund. You will be applying for an individual policy under retail conditions, which is guaranteed to be renewed annually.

■ Who will receive my Death benefit?

You have the choice of making a binding or non-binding nomination for the beneficiaries of your death benefit. If your death benefit nomination is non-binding, the Trustee has the discretion to decide who will receive your death benefit if you die while you are a member. However, it will take your nomination into account when making its decision. This is why it is important that you specify who you would like to receive your super benefit.

A binding death benefit nomination binds the Trustee to pay the death benefit to your nominated dependants. Binding nominations are valid for three years. Every year, we will notify you of the details of your binding nomination and its expiry date.

To let the Trustee know your wishes, complete the *Non-binding death benefit nomination* Form. Or if you would like to make a binding nomination, complete a *Binding death benefit nomination* Form, both forms can be downloaded from our website – esisuper.com.au or call us and we will send it to you.

Be sure to update your nominations by completing a new form if your circumstances change.

■ How is a Death benefit claimed?

The claim must be made as soon as possible. The process of claiming a death benefit is a long one, because the Trustee must be sure that the dependants claiming the benefit are entitled to it. There may also be delays if there is any dispute as to who is entitled to the death benefit.

The key to the process is getting started early and providing as much information as possible to the Trustee.

■ How do I claim a TPD benefit?

You should notify us as soon as reasonably practical if you think you may be eligible to make a claim. You will be required to provide medical information and the process can be lengthy.

■ How do I get more information?

If you would like more information about death and total and permanent disablement insurance please read the *ESI Super Member Guide* or check insurance information on our website or talk to one of our friendly ESI Assist team **1300 363 240**.

More information

Call us on **1300 363 240**

Email us at super@esisuper.com.au or visit esisuper.com.au

Disclaimer

This fact sheet has been prepared for the general information of members of ESI Super. It does not take into account any member's individual financial objectives, financial situation or needs. Any statements of law or proposals are based on our interpretation of the law or proposals as at 2 November 2009. We recommend that you seek help from a licensed financial adviser before acting on any information contained in this fact sheet. While all due care and diligence has been taken in the preparation of this fact sheet, the Trustee reserves the right to correct any errors or omissions. If there are any inconsistencies between the terms of ESI Super's trust deed and this fact sheet, the terms of the trust deed prevail. Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439 AFSL 336567) is the Trustee for the Electricity Supply Industry Superannuation Fund (Qld) (ABN 33 761 363 685).