

## Significant event notice

### Important changes to your insurance cover

From 1 January 2016, there will be changes to your death and total and permanent disablement (TPD), and income protection (IP) insurance cover in Lutheran Super. This flyer gives a summary of these changes.

- For death and TPD cover, your cover amount and premiums will **not** change from 1 January 2016, however the terms and conditions of your cover will change.

- For IP cover, your cover amount and monthly premiums will change from 1 January 2016 along with the terms and conditions of your cover.

To help you to understand what this means for your IP cover, details of your monthly benefit amount including super contributions, your benefit payment and waiting periods and monthly insurance premiums from 1 January 2016 have been provided separately with the email or letter you received with this notice.

Insurance cover changes taking effect on 1 January 2016 are in table 1.

**Table 1: Insurance cover changes**

| Feature  | Before 1 January 2016  | After 1 January 2016  |
|--|--|---|
| <b>Income protection (IP) cover</b>  |  |   |
| Monthly benefit - increased super contributions                              | <p><b>Automatic monthly benefit</b></p> <p>75% of insured salary plus 9% super contributions</p> <p><b>Monthly benefit options</b></p> <ul style="list-style-type: none"> <li>• 25% of insured salary plus 9% super contributions</li> <li>• 50% of insured salary plus 9% super contributions</li> </ul>  | <p><b>Automatic monthly benefit</b></p> <p>75% of insured salary plus <b>9.5%</b> super contributions</p> <p><b>Monthly benefit options</b></p> <ul style="list-style-type: none"> <li>• 25% of insured salary plus <b>9.5%</b> super contributions</li> <li>• 50% of insured salary plus <b>9.5%</b> super contributions</li> </ul>                                    |
| Calculation of monthly insurance premiums                                    | Calculated as a percentage of insured salary and based on the benefit payment period, regardless of your age.  | Calculated as a percentage of insured salary and <b>based on the benefit payment period and your age.</b>   |
| Benefit payment period options   | <ul style="list-style-type: none"> <li>• To age 65 (standard)</li> <li>• To age 67 (standard for pastors)</li> <li>• Two years</li> </ul>  | <ul style="list-style-type: none"> <li>• To age 65 (standard for existing non-pastor members)</li> <li>• To age 67 (standard for pastors)</li> <li>• Two years</li> <li>• <b>Five years (standard for new non-pastor members)</b></li> </ul>  |
| Benefit ceasing age for IP cover for particular benefit payment periods      | For benefit payment periods of <b>two years</b> or <b>to age 65</b> : age 65<br>For benefit payment period of <b>to age 67</b> : age 67.   | For benefit payment period of <b>to age 65</b> : age 65<br>For benefit payment periods of <b>two years, five years</b> or <b>to age 67</b> : age 67   |
| Cessation of IP cover  | Your IP cover can continue regardless of the date Lutheran Super last receives a superannuation contribution on your behalf.   | <b>Your IP cover will cease six months from the date Lutheran Super last receives a superannuation contribution on your behalf,</b> unless you notify the Fund and ask for your cover to continue.  |
| <b>IP, death and total and permanent disability (TPD) cover</b>              |  |   |
| Continuation of IP, death and TPD cover as a Retained Benefit section member | If you are an Accumulation or Defined Benefit member and cease employment, becoming a member of the Retained Benefit section, any death and TPD cover you have will continue automatically at the same level until you turn age 70 (while you are a Lutheran Super member).<br><br>Any IP cover you have may continue provided you continue to meet the eligibility criteria for IP cover. | If you are an Accumulation or Defined Benefit member and cease employment, becoming a member of the Retained Benefit section, your IP, death and TPD cover <b>may</b> continue, subject to meeting the transfer terms.<br><br>If you cease employment due to a sickness or injury, <b>your IP, death and TPD cover will cease from the date your employment ceases.</b> |

| Feature   | Before 1 January 2016  | After 1 January 2016  |
|---|--|---|
| <b>IP, death and total and permanent disability (TPD) cover cont.</b>                                 |  |   |
| Time limit for lodging IP or TPD claims after date of disability                                      | There is no time limit for you to lodge an IP or TPD claim after your date of disability.  | <b>A three year time limit will apply</b> for you to lodge an IP or TPD claim for a disability that occurs on or after 1 January 2016.                          |
| <b>Fixed death and TPD cover</b>  |  |   |
| The option for members with fixed death only or fixed death and TPD cover to change to unitised cover | If you have fixed death only or fixed death and TPD cover, you can change your fixed cover to unitised cover at any time (subject to terms and conditions) with the approval of the insurer. | If you have fixed death only or fixed death and TPD cover on or after 1 January 2016, <b>you will not be able to change your fixed cover to unitised cover.</b> |

The new terms and conditions outlined above will not apply to claims where the date of disability is prior to 1 January 2016.

## What you need to do

**You don't need to do anything unless you want to change your level of insurance cover.** The changes that apply to you take effect automatically on 1 January 2016. Premiums for your cover will continue to be deducted monthly from your super account.

However, now may be a good time to review your insurance needs to make sure you are adequately covered. We encourage you to:

- Read this notice and your covering letter or email carefully to understand these changes and what they may mean for you; your current level of IP cover and the new monthly premium that will apply;
- Consider whether your current cover suits your situation and needs and whether you may want to make any changes. You can speak to a financial adviser about your levels of cover over the phone, at no cost, by calling the Lutheran Super Helpline on **1800 635 796**.
- For the full terms and conditions of your cover, read the *Member information booklet*, available from the Lutheran Super website, [www.lutheransuper.com.au](http://www.lutheransuper.com.au) or by calling the Lutheran Super Helpline.
- Obtain a quote for the cost of cover that would apply from 1 January 2016 for any change in your level of cover, using the insurance calculator located on the **Insurance page** in your online account on the website. If you want to reduce your level of cover, your request must be received by Lutheran Super by Friday 18 December 2015 for the revised premiums to apply from 1 January 2016. You will need your PIN to access your account, if you don't have a PIN or have forgotten it contact the Lutheran Super Helpline.
- You can apply to increase, decrease or cancel your cover at any time by completing an *Adjusting your insurance cover* form, available from the website. Conditions may apply.

## Need help? How much cover?

If you have questions about these changes or your insurance cover in general, please call the Lutheran Super Helpline on **1800 635 796**.

**If you are unsure about how much cover you need, speak to a financial adviser at no cost over the phone by calling the Lutheran Super Helpline. Or discuss your situation with a licensed financial adviser.**

## Changes in detail

### Increased monthly super contribution

From 1 January 2016, if you have IP cover and you suffer from an illness or injury and cannot work due to the 'disability'\*, your IP cover will provide a monthly income benefit of up to 75% of insured salary plus 9.5% super contributions (currently 9%). There is a 90 day waiting period from the date you were injured or became ill before a benefit may be paid. Payments will only commence once the insurer has accepted your claim.

You can vary your benefit payment amount from 75% of insured salary plus 9.5% super contributions to 50% or 25% of insured salary plus 9.5% super contributions.

\* For the definitions of 'disability', see the *Member information booklet*, available on the Lutheran Super website.

### Five year benefit payment period option

You have a range of benefit payment period options for IP cover. Your current benefit payment period won't change from 1 January 2016 unless you request it. However, you will have the new option of a **five year** benefit payment period, in addition to the **two year, to age 65** (standard for non-pastor members with existing cover) or **to age 67** (standard for pastor members with existing cover) options (conditions and restrictions may apply).

Requests to reduce a benefit payment period (for example from **to age 65 to five years**, or from **to age 67 to two years**) will not require underwriting.

Requests to increase a benefit payment period (for example from **two years to five years**, or **two years to to age 65 or to age 67**) will require underwriting.

Eligible new members from 1 January 2016 who automatically receive IP cover will receive a **five year** benefit payment period as standard.

### Age-based premiums for IP cover

From 1 January 2016, monthly premiums for IP cover will change. Except for the increase in super contributions from 9 to 9.5%, the level of IP cover you have in Lutheran Super won't change, unless you request a change or your salary changes. While premiums will still be calculated as a percentage of your insured salary, the percentages will be based on your age, better aligning it to your personal situation.

This change will mean that monthly premiums for younger members will reduce while premiums for older members may increase.

Tables 2, 3 and 4 show the current and new premiums as a percentage of salary for IP, according to the level of cover and applicable benefit payment period.

**Table 2: Premiums for IP cover: 75% insured salary plus 9.5% super contributions**

| IP cover insurance premiums - % of insured salary |                        |            |           |           |                     |                        |            |           |           |
|---|------------------------|------------|-----------|-----------|---------------------|------------------------|------------|-----------|-----------|
| 75% + 9% super                                    |                        |            |           |           | 75% + 9.5% super    |                        |            |           |           |
| Up to 31 December 2015                            |                        |            |           |           | From 1 January 2016 |                        |            |           |           |
| Age Band  | Benefit payment period |            |           |           | Age Band            | Benefit payment period |            |           |           |
|   | Two years              | Five years | To age 65 | To age 67 |                     | Two years              | Five years | To age 65 | To age 67 |
| 15 – 29   | 0.761%                 | n/a        | 2.472%    | 2.960%    | 15 – 29             | 0.122%                 | 0.381%     | 0.607%    | 0.727%    |
| 30 – 35   |                        |            |           |           | 30 – 35             | 0.163%                 | 0.608%     | 0.969%    | 1.160%    |
| 36 – 40   |                        |            |           |           | 36 – 40             | 0.213%                 | 0.804%     | 1.282%    | 1.535%    |
| 41 – 45   |                        |            |           |           | 41 – 45             | 0.328%                 | 1.206%     | 1.923%    | 2.303%    |
| 46 – 50   |                        |            |           |           | 46 – 50             | 0.535%                 | 1.831%     | 2.920%    | 3.496%    |
| 51 – 55   |                        |            |           |           | 51 – 55             | 0.844%                 | 2.519%     | 4.015%    | 4.808%    |
| 56 – 59   |                        |            |           |           | 56 – 59             | 1.741%                 | 4.100%     | 5.625%    | 6.390%    |
| 60  |                        |            |           |           | 60                  | 1.741%                 | 4.100%     | 4.100%    | 6.390%    |
| 61  |                        |            |           |           | 61                  | 1.741%                 | 4.100%     | 3.810%    | 6.390%    |
| 62  |                        |            |           |           | 62                  | 1.741%                 | 4.100%     | 2.700%    | 4.100%    |
| 63  |                        |            |           |           | 63                  | 1.741%                 | 4.100%     | 1.741%    | 4.100%    |
| 64  |                        |            |           |           | 64                  | 1.741%                 | 3.000%     | 1.200%    | 3.000%    |
| 65  | 65                     | 1.741%     | 1.741%    | n/a       | 1.741%              |                        |            |           |           |
| 66  | 66                     | 1.200%     | 1.200%    | n/a       | 1.200%              |                        |            |           |           |

**Table 3: Premiums for IP cover: 50% insured salary plus 9.5% super contributions**

| IP cover insurance premiums - % of insured salary |                        |            |           |           |                     |                        |            |           |           |
|---|------------------------|------------|-----------|-----------|---------------------|------------------------|------------|-----------|-----------|
| 50% + 9% super                                    |                        |            |           |           | 50% + 9.5% super    |                        |            |           |           |
| Up to 31 December 2015                            |                        |            |           |           | From 1 January 2016 |                        |            |           |           |
| Age Band  | Benefit payment period |            |           |           | Age Band            | Benefit payment period |            |           |           |
|   | Two years              | Five years | To age 65 | To age 67 |                     | Two years              | Five years | To age 65 | To age 67 |
| 15 – 29   | 0.534%                 | n/a        | 1.736%    | 2.079%    | 15 – 29             | 0.086%                 | 0.268%     | 0.428%    | 0.512%    |
| 30 – 35   |                        |            |           |           | 30 – 35             | 0.115%                 | 0.428%     | 0.682%    | 0.817%    |
| 36 – 40   |                        |            |           |           | 36 – 40             | 0.150%                 | 0.566%     | 0.902%    | 1.081%    |
| 41 – 45   |                        |            |           |           | 41 – 45             | 0.231%                 | 0.849%     | 1.354%    | 1.622%    |
| 46 – 50   |                        |            |           |           | 46 – 50             | 0.376%                 | 1.289%     | 2.055%    | 2.462%    |
| 51 – 55   |                        |            |           |           | 51 – 55             | 0.594%                 | 1.773%     | 2.827%    | 3.386%    |
| 56 – 59   |                        |            |           |           | 56 – 59             | 1.226%                 | 2.887%     | 3.961%    | 4.499%    |
| 60  |                        |            |           |           | 60                  | 1.226%                 | 2.887%     | 2.887%    | 4.499%    |
| 61  |                        |            |           |           | 61                  | 1.226%                 | 2.887%     | 2.683%    | 4.499%    |
| 62  |                        |            |           |           | 62                  | 1.226%                 | 2.887%     | 1.901%    | 2.887%    |
| 63  |                        |            |           |           | 63                  | 1.226%                 | 2.887%     | 1.226%    | 2.887%    |
| 64  |                        |            |           |           | 64                  | 1.226%                 | 2.112%     | 0.845%    | 2.112%    |
| 65  | 65                     | 1.226%     | 1.226%    | n/a       | 1.226%              |                        |            |           |           |
| 66  | 66                     | 0.845%     | 0.845%    | n/a       | 0.845%              |                        |            |           |           |

**Table 4: Premiums for IP cover: 25% insured salary plus 9.5% super contributions**

| IP cover insurance premiums - % of insured salary |                        |            |           |           |                     |                        |            |           |           |
|---|------------------------|------------|-----------|-----------|---------------------|------------------------|------------|-----------|-----------|
| 25% + 9% super                                    |                        |            |           |           | 25% + 9.5% super    |                        |            |           |           |
| Up to 31 December 2015                            |                        |            |           |           | From 1 January 2016 |                        |            |           |           |
| Age Band  | Benefit payment period |            |           |           | Age Band            | Benefit payment period |            |           |           |
|   | Two years              | Five years | To age 65 | To age 67 |                     | Two years              | Five years | To age 65 | To age 67 |
| 15 – 29   | 0.307%                 | n/a        | 1.001%    | 1.199%    | 15 – 29             | 0.050%                 | 0.156%     | 0.248%    | 0.297%    |
| 30 – 35   |                        |            |           |           | 0.067%              | 0.248%                 | 0.396%     | 0.474%    |           |
| 36 – 40   |                        |            |           |           | 0.087%              | 0.329%                 | 0.524%     | 0.627%    |           |
| 41 – 45   |                        |            |           |           | 0.134%              | 0.493%                 | 0.786%     | 0.941%    |           |
| 46 – 50   |                        |            |           |           | 0.218%              | 0.748%                 | 1.193%     | 1.428%    |           |
| 51 – 55   |                        |            |           |           | 0.344%              | 1.029%                 | 1.641%     | 1.964%    |           |
| 56 – 59   |                        |            |           |           | 0.711%              | 1.674%                 | 2.297%     | 2.609%    |           |
| 60  |                        |            |           |           | 0.711%              | 1.674%                 | 1.674%     | 2.609%    |           |
| 61  |                        |            |           |           | 0.711%              | 1.674%                 | 1.556%     | 2.609%    |           |
| 62  |                        |            |           |           | 0.711%              | 1.674%                 | 1.102%     | 1.674%    |           |
| 63  |                        |            |           |           | 0.711%              | 1.674%                 | 0.711%     | 1.674%    |           |
| 64  |                        |            |           |           | 0.711%              | 1.225%                 | 0.490%     | 1.225%    |           |
| 65  |                        |            |           |           | 0.711%              | 0.711%                 | n/a        | 0.711%    |           |
| 66  | 0.490%                 | 0.490%     | n/a       | 0.490%    |                     |                        |            |           |           |



### Worked example: Allison’s IP cover and premiums from 1 January 2016

Allison is a 37 year-old teacher who works full time and earns a salary of \$65,000 a year. She receives standard IP cover that provides a monthly benefit of 75% of her salary plus 9.5% super contributions, with a benefit payment period of to age 65. Allison’s monthly benefit under her standard cover is:

$$75\% \times \$65,000 \text{ plus } 9.5\% \times \$65,000 = \$54,925/12 = \$4,062.50$$

monthly benefit payment plus \$515 super contributions

Her premium based on her age for this cover from 1 January 2016 will be:

$$\$65,000 \times 1.282/100 = \$833.30 \text{ a year or } \$69.44 \text{ a month}$$

#### Reducing her benefit payment period to five years

Allison decides to reduce her benefit payment period to five years.

Her monthly premium based on her age will be:

$$\$65,000 \times 0.804/100 = \$522.60 \text{ a year or } \$43.55 \text{ a month.}$$

#### Reducing her monthly benefit to 50% of insured salary plus 9.5% super contributions

If Allison decides to maintain her benefit payment period to age 65 but reduce her monthly benefit amount to 50% of her salary plus 9.5% super contributions, her monthly benefit will be:

$$50\% \times \$65,000 \text{ plus } 9.5\% \times \$65,000 = \$38,675/12 = \$2,708$$

monthly benefit plus \$515 super contributions

Her monthly premium based on her age for this level of cover is:

$$\$65,000 \times 0.902/100 = \$586.30 \text{ a year or } \$48.86 \text{ a month.}$$

### Age when IP cover will cease

From 1 January 2016, the age at which IP cover ceases will increase to age 67 (currently age 65) for **two year, five year** and **to age 67** benefit payment periods. The age at which IP cover ceases for members with a **to age 65** benefit payment period will remain at age 65.

Where a member's IP cover ceases due to them reaching age 65 at any time prior to 1 January 2016, the existing terms will apply and IP cover will not be reinstated.

### Cessation of IP cover

From 1 January 2016, your IP cover will cease six months after the date Lutheran Super last receives a superannuation contribution on your behalf unless you have advised Lutheran Super you want to continue your cover.

If six months have passed since your last contribution was received, you will be considered to be an 'inactive' member for insurance purposes. To protect your superannuation account balance, if you have not advised Lutheran Super that you want to continue your IP cover, your IP cover will cease until further notice from you.

### Continuation of IP, death and TPD cover as a Retained Benefit section member

If you are an Accumulation or Defined Benefit member and you cease employment with your Lutheran employer and become a Retained Benefit section member on or after 1 January 2016, your IP, death and TPD cover may continue if you meet the insurer's transfer terms.

Currently;

- your death and TPD cover continues automatically if you become a member of the Retained Benefit section after ceasing employment with a Lutheran employer; and
- your IP cover may continue if you continue to meet the eligibility conditions for cover.

From 1 January 2016, if you cease employment with your employer due to illness or injury, your IP, death and TPD cover will stop on the date you cease employment.

### Three year time limit on IP and TPD claims

You will have up to three years from the date of disability to lodge an IP or TPD claim where your date of disability occurs on or after 1 January 2016. Any IP or TPD claim lodged after the three year period will **not** be accepted.

Currently, no express time limit applies to make a claim.

### Fixed death and TPD cover

Fixed death and TPD cover or fixed death only cover is available to all eligible members. You can request a combination of fixed cover and unitised cover or fixed cover only. Currently you can change from fixed cover to unitised cover (and vice versa) at any time, subject to terms and conditions.

If you have fixed cover, your level of cover remains fixed at the same amount each year while your insurance premium will increase. Fixed death cover continues until it ceases at age 70, while TPD cover remains fixed until age 61 and thereafter decreases by 10% each year reducing to nil at age 70.

From 1 January 2016, if you have fixed cover, you will not be able to change to unitised cover at any time. However you can request to increase, decrease or cancel your cover at any time.



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