

Income protection insurance cover

FACT SHEET



Please note: All words highlighted in red are defined, or further explanation is provided, in the *Terms and further explanations* section.

Q. What is Income protection cover?

Income protection cover ensures you and your family are protected should you suffer a short-term **disability** that prevents you from earning a regular income.

The cover provides you with a regular income of up to **85%* of your monthly income** for up to **two years****. A maximum limit applies which is \$20,000 per month.

Please note that Income protection insurance does not cover you if you lose your job.

Q. How does Income protection cover work?

If you have Income protection cover and suffer a disability (or a **partial disability**) (as a result of injury or illness), and in the opinion of the Insurer, you are unable to work in your usual occupation for longer than your chosen waiting period, you are entitled to a regular income (benefits).

The waiting period is basically the period of time after you become ill or injured that you are willing to wait before receiving benefits.

The waiting period options are:

- 30 days.
- 60 days.
- 90 days.

Benefits are paid monthly in arrears and some may be offset by other payments you may receive from other sources, such as:

- similar policies;
- workers compensation claims;
- accident compensation schemes; or
- other statutory benefits.

The above is subject to any legislative restrictions that may apply and provided the Insurer accepts your **claim**.

Q. Am I eligible for cover?

Yes, all members are **eligible** to apply for Income protection cover if they hold an **account** with the Fund and are aged between 14 years and 9 months and 65 years of age (inclusive).

Of course, Income protection cover is only of benefit to you if you are in **active employment**. Should you cease work, we would recommend you review your insurance arrangements.

Q. Is cover automatically provided to me on joining Prime Super?

No, you must apply for Income protection cover. Unlike Death only (including terminal illness) and Death & Total and Permanent Disablement (TPD) cover, it is not provided automatically to eligible members.



You can apply for Income protection cover online at our website – **www.primesuper.com.au** – simply follow the prompts. You must be registered for online member services to apply online.

* Where you are insured for over 75% of your regular income, up to 10% is paid to Prime Super as a superannuation contribution.

** Or up to 12 months from the date you are disabled if you are overseas and make an Income protection claim.



Q. How much does Income protection cover cost?

The cost of the cover depends on the following:

- your age;
- your gender;
- the waiting period you select i.e. 30, 60 or 90 days; and
- whether you apply for a **standard**, **white collar**, **professional** or **special risk** occupational scale.

Your occupation will be considered standard unless you are eligible and approved for the white collar or professional scale, or work in an occupation for which cover is considered a special risk.

To work out the cost of cover:

1. Identify the factor in the table overleaf, which applies to your **age** (next birthday), **sex** and preferred **waiting period**. Then multiply this by your **occupational profile**.
2. Work out the amount of **insurance** you want (for example, 60% of your income) in dollars.
3. Multiply your factor by the amount of insurance cover and divide by **1,000**.
4. Divide this number by **12** to calculate your **monthly premium**.

Example A – standard

- Jack is **24** and works as a storeman.
- His annual salary is **\$40,000**.
- He wants \$34,000 (**85%**) worth of Income protection insurance cover.
- He wants a **90 day** waiting period.
- Jack's occupational profile is **standard**.

1. Jack's rate is **\$0.77**.
Multiply this by Jack's occupational profile:
 $\$0.77 \times 250\% = \1.925
 2. $(\$1.925 \times \$34,000) = \$65,450$
 3. $\$65,450 / 1,000 = \65.45
 4. $\$65.45 / 12 = \mathbf{\$5.45}$ (rounded to the nearest cent)
- This means that Jack's monthly premium would be **\$5.45** for **\$34,000** worth of Income protection cover.

Example B – special risk

- Mark is **35** and works as a rigger.
- His annual salary is **\$80,000**.
- He wants \$56,000 (**70%**) worth of Income protection insurance cover.
- He wants a **60 day** waiting period.
- Mark's occupational profile is **special risk**.

1. Mark's rate is **\$2.01**
Multiply this by Mark's occupational profile:
 $\$2.01 \times 600\% = \12.06
 2. $(\$12.06 \times \$56,000) = \$675,360$
 3. $\$675,360 / 1,000 = \675.36
 4. $\$675.36 / 12 = \mathbf{\$56.28}$ (rounded to the nearest cent)
- This means that Mark's monthly premium would be **\$56.28** for **\$56,000** worth of Income protection cover.

It's important to note that special risk cover is a type of cover **not readily available** through the majority of insurance companies.

Equally, those insurance companies which offer this type of cover will most likely charge **higher premiums** as they don't have the buying power of super funds, which purchase insurance policies in bulk – thereby lowering the premiums payable.

Use the tool below to work out how much Income protection cover through Prime Super, would cost you.

Your rate (based on your age next birthday)	x	Your occupational profile loading	x	The \$ value of the cover you want	/	1000	/	12	=	Cost of cover
<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>		<input type="text"/>

Example

<input type="text" value="\$3.30"/>		<input type="text" value="100% (white collar)"/>		<input type="text" value="\$50,000"/>		<input type="text" value="\$165"/>		<input type="text" value="\$13.75"/>		<input type="text" value="\$13.75 p/month"/>
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Indicative premium rates – White collar – per \$1,000 of cover (2 year benefit period)

Waiting period	30 days		60 days		90 days	
Age next birthday	Male	Female	Male	Female	Male	Female
16	\$2.48	\$2.77	\$1.51	\$1.69	\$0.88	\$0.98
17	\$2.55	\$2.86	\$1.55	\$1.74	\$0.89	\$0.99
18	\$2.64	\$2.94	\$1.59	\$1.79	\$0.93	\$1.03
19	\$2.67	\$3.00	\$1.64	\$1.82	\$0.95	\$1.05
20	\$2.71	\$3.03	\$1.65	\$1.84	\$0.95	\$1.05
21	\$2.78	\$3.20	\$1.68	\$1.94	\$0.96	\$1.12
22	\$2.70	\$3.20	\$1.62	\$1.92	\$0.89	\$1.08
23	\$2.67	\$3.24	\$1.58	\$1.94	\$0.85	\$1.05
24	\$2.63	\$3.27	\$1.55	\$1.94	\$0.80	\$1.04
25	\$2.58	\$3.30	\$1.51	\$1.95	\$0.77	\$1.04
26	\$2.55	\$3.34	\$1.48	\$1.97	\$0.72	\$1.03
27	\$2.58	\$3.47	\$1.48	\$2.03	\$0.69	\$1.05
28	\$2.63	\$3.60	\$1.49	\$2.12	\$0.69	\$1.10
29	\$2.67	\$3.75	\$1.52	\$2.19	\$0.69	\$1.13
30	\$2.76	\$3.93	\$1.56	\$2.29	\$0.69	\$1.14
31	\$2.86	\$4.13	\$1.61	\$2.39	\$0.72	\$1.18
32	\$2.96	\$4.33	\$1.66	\$2.48	\$0.73	\$1.20
33	\$3.10	\$4.58	\$1.74	\$2.63	\$0.77	\$1.25
34	\$3.24	\$4.84	\$1.82	\$2.76	\$0.80	\$1.29
35	\$3.39	\$5.10	\$1.89	\$2.88	\$0.83	\$1.31
36	\$3.56	\$5.38	\$2.01	\$3.06	\$0.89	\$1.40
37	\$3.76	\$5.72	\$2.12	\$3.23	\$0.95	\$1.46
38	\$3.99	\$6.08	\$2.25	\$3.44	\$1.03	\$1.58
39	\$4.19	\$6.43	\$2.39	\$3.65	\$1.10	\$1.68
40	\$4.46	\$6.82	\$2.55	\$3.89	\$1.20	\$1.82
41	\$4.72	\$7.23	\$2.71	\$4.15	\$1.31	\$1.98
42	\$5.00	\$7.68	\$2.91	\$4.43	\$1.45	\$2.18
43	\$5.31	\$8.15	\$3.11	\$4.74	\$1.59	\$2.40
44	\$5.64	\$8.65	\$3.33	\$5.08	\$1.76	\$2.64
45	\$6.01	\$9.18	\$3.59	\$5.45	\$1.97	\$2.93
46	\$6.40	\$9.77	\$3.85	\$5.83	\$2.15	\$3.20
47	\$6.82	\$10.37	\$4.15	\$6.25	\$2.39	\$3.50
48	\$7.28	\$11.03	\$4.46	\$6.71	\$2.66	\$3.86
49	\$7.75	\$11.68	\$4.82	\$7.16	\$2.97	\$4.25
50	\$8.31	\$12.45	\$5.21	\$7.69	\$3.29	\$4.64
51	\$8.90	\$13.26	\$5.65	\$8.24	\$3.67	\$5.08
52	\$9.54	\$14.13	\$6.14	\$8.85	\$4.10	\$5.54
53	\$10.23	\$15.06	\$6.67	\$9.48	\$4.58	\$6.01
54	\$11.02	\$16.09	\$7.25	\$10.17	\$5.10	\$6.53
55	\$11.88	\$17.23	\$7.92	\$10.94	\$5.71	\$7.08
56	\$12.83	\$18.47	\$8.64	\$11.75	\$6.37	\$7.66
57	\$13.91	\$19.85	\$9.46	\$12.65	\$7.10	\$8.27
58	\$15.08	\$21.35	\$10.35	\$13.60	\$7.91	\$8.88
59	\$16.41	\$23.06	\$11.35	\$14.68	\$8.80	\$9.54
60	\$17.89	\$24.94	\$12.47	\$15.83	\$9.79	\$10.23
61	\$19.70	\$27.25	\$13.82	\$17.25	\$11.00	\$11.09
62	\$21.75	\$29.87	\$15.35	\$18.84	\$12.34	\$11.98
63	\$24.11	\$32.90	\$17.08	\$20.68	\$13.85	\$13.07
64	\$22.78	\$30.90	\$15.67	\$18.87	\$12.04	\$11.03
65	\$12.51	\$16.98	\$7.59	\$9.43	\$4.36	\$3.99
Occupational profile			Professional	White collar	Standard	Special risk
Loadings			80%	100%	250%	600%

Q. What do the different 'occupational profile' definitions mean?

The four definitions can be summarised as follows:

White collar

Your work duties must:

- be of a clerical, administrative or management nature;
- be undertaken entirely within an office environment; and
- not require you to perform duties of a manual nature.

Professional

You must:

- meet all of the conditions set out under *white collar*; and
 - earn in excess of \$100,000 p.a.; and
 - hold a tertiary qualification relevant to your current occupation, or be a member of a professional institute or be a senior member of your organisation's executive team.

Standard

If you do not fall into the white collar or professional categories then you are deemed by the Insurer to be standard.

Special risk

The Insurer determines whether it regards your work as 'special risk.' This occupational profile has been negotiated by the Trustee on your behalf and allows you access to this cover where it would not normally be offered due to your occupation.

Q. Can I change my level of cover?

Of course!

Increased/Extra cover

You can take out as much Income protection cover as you wish, up to a maximum of 85% of your monthly income or \$20,000 per month. The cost of the cover will again depend on:

- your age;
- your gender;
- the waiting period you select i.e. 30, 60 or 90 days; and
- whether you apply for a standard, white collar, professional or special risk occupational profile.



Simply complete an *Insurance application/Variation form* to increase your level of cover, or call us on **1800 675 839**.



Alternatively, if you already have insurance cover with us and you wish to apply for extra cover, you can apply online at our website **www.primesuper.com.au** – simply follow the prompts. You must be registered for online member services to apply online.

Note: Applications for increased or extra cover are subject to **underwriting**.

Interim cover on application!

If you apply to increase your insurance cover you will receive an interim level of Income protection cover for a certain time period.

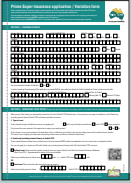
This will cease on the earlier of 90 days from when the Insurer receives your application, and the date the application is either accepted or rejected.

This cover is limited to the lesser of \$15,000 per month (including cover already in place) or the amount of additional cover you applied for. Please read the *Why choose Prime Super? brochure* for additional information.

Reduced or no cover

You also have the flexibility to reduce the level of cover you have at any time.

Alternatively you can also choose to cancel all of your insurance in the Fund.



Simply complete an *Insurance application/Variation form* to reduce or cancel your cover, or call us on **1800 675 839**.

You can of course take out insurance cover again **at a later stage**.

Again, simply call us and we will provide you with the necessary forms, or apply online if you are registered for online member services.

However, please note, when you re-apply for cover, your request will be subject to underwriting and any cover will be subject to acceptance by the Insurer.

Ask for an Income protection quote



If you would like to obtain a quote for Income protection cover, simply:

- call us on **1800 675 839**; or
- speak to a Prime Super Regional Manager (RM) directly – all of our RMs' contact details are on our website at **www.primesuper.com.au**; or
- apply online if you are registered for online member services.

All quotes provided are indicative and insurance rates may change from time to time.

Q. Are there any exclusions?

Yes, under the following circumstances, an insured benefit would not be paid if the illness or injury resulting in disability is directly or indirectly caused by:

- any intentional, self-inflicted injury or attempt to commit suicide; or
- war; or
- normal and uncomplicated pregnancy, caesarean birth, threatened miscarriage, participation in in-vitro fertilisation or other medically assisted fertilisation techniques and normal discomforts of pregnancy, including but not limited to morning sickness, back ache, varicose veins, ankle swelling and bladder problems.

Q. I have Income protection cover with another fund – can I transfer it?

Yes – you can transfer your insurance to Prime Super when you roll over the balance of your external account to Prime Super.

Any transferred insurance will be in addition to the cover you already have in Prime Super, up to the maximum limits prescribed.



If you would like to transfer some existing cover you have with another fund into Prime Super, please complete an *Application to transfer current insurance cover form* – which is attached to the back of the *Are you adequately covered? guide*.

Q. When do payments stop?

Should you be eligible for Income protection benefits, these will cease on the earlier of:

- the date you are no longer disabled;
- your 65th birthday;
- the date you cease to be under the regular care and following the advice of a medical practitioner;
- the date on which you have been eligible for the benefits for two years; and
- the Insurer determining you are capable of resuming your occupation.

Q. When does my insurance cover end?

Generally, your insurance will cease on the earliest of the following circumstances:

- you notify the Trustee in writing that you wish the insurance cover to cease;
- you die;
- you start active duty with the armed services of any country (other than the Australian Armed Forces Reserve and you are not on active duty outside Australia);
- you reach an age beyond which the Insurer is not willing to offer insurance. This age is currently 65 years; or
- there are insufficient funds in your Prime Super member account to meet the premiums.

In some situations you may be able to re-instate your level of cover after it ceases. You can generally do so by completing an *Insurance application/Variation form*.

If you voluntarily decide to cancel your insurance cover, please note, any premiums paid are not refundable unless you are a new member and you cancel your cover in the first 60 days of membership.

Q. Where do I go from here?

1. Identify the level of cover you already have with Prime Super.

Call us today on **1800 675 839**. When you joined Prime Super you were most likely provided with a default level of Death & TPD or Death only (including terminal illness) cover. This may be enough to meet your needs – or you may feel you are under-insured.

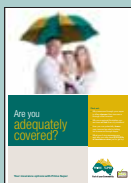
2. Understand the insurance options available to you.

Remember, we offer members five types of insurance cover:

- Death only (including terminal illness).
- Death & TPD.
- Income protection.
- Private health – offered by HCF.
- Trauma – offered by MetLife.

Please take the time to read the relevant *fact sheets* or *Short-Form PDSs*!

3. Identify how much insurance cover you may need.



Use the tool on pages 10 and 11 of the *Are you adequately covered?* guide as well as the tools in the *fact sheets*.

4. If you decide you need Income protection insurance cover, identify your occupational rating – as either standard, white collar, professional or special risk. You can do this as part of the application process when you submit an *Insurance application/Variation form* (see point 6 below) in which case you will be assessed and advised. Alternatively, if you apply online you can identify the occupational rating relevant to you during the application process.

5. Seek advice.

If you're still unsure about the type and amount of insurance cover you need, speak to a qualified financial planner.

Receive FREE financial advice on your insurance options!

At Prime Super, we provide members with limited financial advice over the telephone. A planner may be arranged to help you determine which insurance options are right for you, based on your individual circumstance and needs. And it's **free**. Call us today on **1800 675 839**.

If you require **further** advice and potentially a full financial plan, we can refer you to a financial planner. Prime Super financial planners are representatives of Industry Fund Financial Planning*, which offers low cost, commission-free financial advice and the first consultation with a planner is **at no charge**. Call us today on **1800 675 839**.

6. Complete the necessary forms or apply for extra cover online.



All of the forms are attached to the back of the *Are you adequately covered?* guide. You won't need to complete them all!

7. If you already have insurance cover with us and you wish to apply for extra cover, it's easy!



Just go to **www.primesuper.com.au** and follow the prompts. You must be registered for online member services to apply online.

* Industry Fund Financial Planning is a division of Industry Fund Services Ltd, ABN 54 007 016 195, AFSL No 232514.

Terms and further explanations

account

Your account must have sufficient funds in it to pay insurance premiums to ensure your eligibility to receive insurance cover.

active employment

For the purposes of Income protection cover, active employment means that you are employed by an employer to carry out identifiable duties and, in the Insurer's opinion you are not restricted by illness or injury from performing those duties for at least 35 hours per week.

You will still be considered to have met the requirements of this definition if you are not at work on the respective date, but are still employed by an employer and your absence is for reasons other than illness or injury (this is whether or not you are employed on a full-time basis).

claim (claiming benefits)

You must notify the Trustee (preferably in writing) as soon as reasonably practicable after an event giving rise to a claim. The Insurer is generally not obliged to accept liability for any claim which, due to the delay in notifying in writing, they are prejudiced in making a decision.

As a condition of paying an insured benefit the Insurer may require you, your estate or your personal legal representative to:

- substantiate the claim;
- be examined by a medical practitioner(s) appointed by the Insurer; and
- submit satisfactory proof of age.

If you make a claim under the insurance policy, the Insurer may conduct investigations to assess the validity of the claim. This may involve the use of investigation agents, legal advisers and the collection of personal information, including health information that the Insurer believes is relevant.

All insured benefits payable by the Insurer in respect of a member are paid to the Trustee. The insured benefit is then paid out by the Trustee in accordance with the relevant law.

disability or disabled

This means solely as a result of illness or injury occurring whilst this policy is in force if you are:

- unable to perform at least one income-producing duty of your occupation; and
- not working in any occupation, whether or not for reward; and
- under the regular care and following the advice of a Medical Practitioner.

duty of disclosure

When applying for insurance cover under the *Insurance Contracts Act 1984* you must disclose to the Insurer everything you know, or could reasonably be expected to know, that is relevant to the Insurer's decision to accept your application. If you fail to disclose relevant information the Insurer may treat your insurance as if you were never covered or reduce the sum insured.

eligible

If Income protection insurance cover is allocated to you and it is subsequently discovered that you were ineligible to receive that cover for any reason, any premiums paid will be refunded to your member account along with an allowance for any investment earnings.

monthly income

In the event of a claim the Insurer will apply the following definition to determine your monthly income:

For employees employed on a permanent basis: Monthly income is the total regular monthly income received from your employer for personal exertion for your usual occupation (including salary sacrifice amounts but excluding overtime, bonuses, commissions, profit distributions, directors fees and any other non-regular payments).

For employees not employed on a permanent basis: Monthly income refers to the average of your regular income from your employer over the previous 12 months. Monthly income is averaged over the last 12 months or the actual period if less, subject to a minimum averaging period of six months.

For business owners (other than a farming occupation): If you directly or indirectly own part or all of a business or professional practice from which you earn a regular income, earnings will include the gross revenue generated by the business as a result of your personal exertion less eligible business expenses. Earnings exclude investment income, business expenses and mandated super contributions. Monthly income is the average over the previous 12 months for business owners.

For business owners in a farming occupation: If you directly or indirectly own part or all of a business or professional practice from which you earn a regular income, earnings will include the gross revenue generated by the business as a result of your personal exertion less eligible business expenses. Earnings exclude investment income, business expenses and mandated super contributions. Monthly income is the average over the previous 36 months for business owners.

partial disability or partially disabled

Means you:

- have been disabled for at least seven days out of the first 12 working days of the waiting period; and
- are unable to work in your occupation at full capacity as a result of the illness or injury resulting in disability; and
- are working in your occupation or any other occupation but only in a limited capacity; and
- are earning an income less than your monthly income; and
- are under the regular care and following the advice of a Medical Practitioner.

partial disability benefit

- We will pay a partial disability benefit if you are partially disabled after the waiting period has ended. This benefit is paid monthly in arrears.
- The partial disability benefit will commence from the first day you are partially disabled after the waiting period has ended and accrues pro-rata on a daily basis.
- The amount of the benefit will be equal to the partial disability monthly benefit.
- We will cease to pay a partial disability benefit in respect of you if at the time you:
 - a) are no longer partially disabled; or
 - b) die; or
 - c) attain the maximum insurable age; or
 - d) have been disabled or partially disabled from the end of the waiting period for the maximum benefit period.

professional rating

You may apply for a *professional* occupational rating if you meet the following criteria:

- you must meet all of the conditions set out under *white collar*; and
- earn in excess of \$100,000 p.a.; and
- hold a tertiary qualification relevant to your current occupation, or be a member of a professional institute or be a senior member of your organisation's executive team.

special risk rating

Members employed in occupations that carry a significant risk may be classified as special risk by the Insurer and have an extra premium added to their insurance rates.

The special risk occupational profile has been negotiated by the Trustee on your behalf and allows you access to this cover where it would not normally be offered due to your occupation.

standard rating

All members who have not been accepted for *white collar*, *professional* or *special risk* ratings are deemed by the Insurer to be *standard*.

underwriting

Underwriting refers to the process the Insurer uses to assess your eligibility to receive their product.

When assessing your application, the Insurer may contact you directly by phone or in writing if they have any further questions. You will be notified of the outcome of your application in writing, including any terms, conditions and loadings that may apply. The insurance premium will then be debited from your member account once the Insurer has accepted your application.

Upon underwriting, assessment of your insurance application and declaration, the Insurer may:

- accept your application;
- apply an insurance premium loading;
- exclude you from being insured for certain ailments or activities; and/or
- decline to provide any insurance at all.

waiting period

This means the continuous period of days stated in the Policy Schedule commencing from the date a Medical Practitioner examines and certifies you are disabled and for which you have to be disabled or partially disabled before a benefit starts to accrue under this Policy, subject to the following requirements:

- a) you must be disabled for at least seven out of the first 12 working days of the waiting period to qualify for a benefit; and
- b) if you return to work at full capacity during the waiting period, the waiting period starts again unless you return to work only once and it is for a period of no more than five consecutive days. If you return to work only once for a period of five consecutive days or less, the number of days worked will be added to the waiting period.

white collar rating

You may apply and be accepted by the Insurer for a white collar occupational rating if your work duties meet the following criteria. They must:

- be of a clerical, administrative or management nature;
- be undertaken entirely within an office environment; and
- not require you to perform duties of a manual nature.

Important information

The Trustee believes the information provided summarises the terms of cover negotiated with the Insurer. In the event of a claim or dispute, the insurance policy, the Trust Deed and the relevant law will prevail over the contents of the current *Short-Form PDS*. If there is an inconsistency between the current *Short-Form PDS* and the insurance policy the conditions, definitions and exclusions under the policy will prevail. Copies of the insurance policies are available on request from the Trustee.

Your insurance cover in Prime Super is provided by MetLife Insurance Limited (ABN 75 004 274 882 AFSL 238096) ("MetLife").

The insurance policies which contain the terms and conditions of your insurance are held by the Trustee. The insurance policies, Trust Deed and relevant law help determine your eligibility for insurance cover.

Additional help!

Write to us at: Locked Bag 5103 Parramatta NSW 2124
Helpline: 1800 675 839
Fax: 1800 023 662
Overseas callers: +61 2 9374 3967
Email: administration@primesuper.com.au
Website: www.primesuper.com.au

Disclaimer

This fact sheet provides general information only and may not be relied on as personal legal or financial advice. Before acting on this information, you should consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. Prime Super ABN 60 562 335 823 is a Regulated Superannuation Fund issued by Prime Super Pty Limited ABN 81 067 241 016, AFSL 219723). A *Short-Form PDS* can be obtained from the issuer by calling **1800 675 839**.



Open from 8.00am to 8.00pm, Mon-Fri Sydney time
Free call: 1800 675 839 Free fax: 1800 023 662
administration@primesuper.com.au
www.primesuper.com.au

asfa member

