



Addendum 3: Insurance through AustChoice

If you want to purchase insurance through AustChoice Super, this addendum contains detailed information to help you make your decision.

This addendum contains important information including the definitions, exclusions and limitations to any cover you may decide to purchase through AustChoice Super. We recommend that you read this entire addendum. The information is divided into the following sections.

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Key words

There may be words in this addendum you may not be familiar with. To help you understand these terms we have defined them on pages 21 to 22 of this addendum.

Section 1 – Insurance coverage – choose what is right for you

Everyone’s lifestyle is different. Only you truly understand the effect your death, disablement or inability to work would have on you and your family.

Life insurance can provide you with the peace of mind that you or your family will be able to financially survive an unexpected death, illness or injury.

If you are unable to earn an income, life insurance cover could help you meet repayments and not lose any car, home and contents insurance you may already have.

Underinsurance remains a significant issue in the Australian market¹. Many individuals and families experience severe financial hardship following an unexpected death, illness or injury - an added burden at an already difficult time.

Arranging adequate insurance to protect your family and lifestyle can be done tax-effectively through your AustChoice Super account.

Death and TPD cover provide a lump sum benefit whereas income replacement (often called ‘income protection’ or ‘salary continuance’) cover provides a regular monthly benefit for the insured period while you are off work due to illness or injury.

Important note

If you have insurance cover in place as a member of an AustChoice Super Employer Plan and you leave that employer, the amount of that cover does not change provided you remain an eligible member of the Fund. However, your premium charged following transfer will be at personal insurance premium rates applicable for a smoker (unless you provide a non-smoker’s declaration) for the same occupational rating as applied to you in the Employer Plan. You should familiarise yourself with the terms and conditions of your insurance cover as detailed in the PDS and in this addendum.

How to apply

The first step is to read this addendum as it provides an explanation of the features and benefits available. You need to understand the costs involved, any exclusions or limitations and when a claim may be payable.

To apply for insurance you have to complete an Application for insurance (Form F) located in the AustChoice Super Forms Booklet and submit it to us. This is called your duty of disclosure. If you fail to mention something relevant and you end up making a claim, the Insurer may decline your claim or amend any benefit payable.

The Application for insurance asks questions about your health and medical history, occupation, pursuits, pastimes and other details the Insurer needs to assess an application.

In some cases, further information may be required – for example, a medical examination, blood tests or more detailed financial information.

Once the Insurer receives your application, they may ask us to contact you for further details, to provide medical records or to even take a few tests.

We will notify you when your application has been accepted by the Insurer.

¹ Risk insurance – the \$7 billion market. Special report: Insurance, Rice Warner, 2009

What will the premiums be?

Premiums are the monthly cost that you'll have to pay out of your member account to have cover. The insurance premiums you pay may differ depending on factors including:

- your age and gender
- your occupation and leisure activities
- your health and medical history
- whether or not you smoke
- the type and amount of cover you choose.

To help you estimate how much you are likely to pay for the amount of insurance cover you want, you should talk to your financial adviser or call our **client services team** on **1800 333 900**.

Your insurance premium is reviewed and recalculated each year on 1 July to take into account changes in your age.

Who provides the insurance?

Although you're applying for insurance as an individual, you do not actually own the policy. You are covered under a group policy owned by the Trustee. If you need to make a claim, then you need to contact us. We cannot pay you an insured benefit until it has been paid to us by the Insurer.

What are the main insured benefits available?

Type of insurance	What is it?	How much?
Death	Death cover provides your family with financial security in the event of your death. If you die, your insured benefit will be paid to your dependants or estate in addition to your member account balance.	There's no limit to the amount of Death Benefit that you can apply for.
Total & permanent disablement (TPD)	TPD cover provides you and your family with financial security in the event you become totally and permanently disabled. If this happens, your insured benefit may be paid out, in addition to your member account balance.	The maximum TPD Benefit available is \$3 million.
Income replacement	Income replacement cover provides you with a regular monthly income if you become totally disabled because of illness or injury and are unable to work and earn your income. You can choose a benefit payment period of two or five years or to age 65 after a 30, 60 or 90 day Waiting Period.	The maximum amount of income replacement insurance you can apply for is 75% of your Declared Earned Income (plus up to 10% super contributions) not exceeding \$25,000 per month.

Section 2 – Details of the insurance available

This section provides you with details of the types of cover available, the eligibility requirements as well as how to go about applying for cover. It also provides you with information about your duty of disclosure and when your cover commences.

What insurance can you purchase?

You can purchase:

- Death cover
- Death and total & permanent disablement (TPD) cover
- Income replacement cover.

About death cover

Death cover provides your family with financial security in the event of your death or if you become terminally ill. In the event of your death or terminal illness, your insured benefit may be payable as a lump sum in addition to your member account balance.

There's no limit to the amount of death cover that you can apply for. Remember, the higher the level of cover you choose, the higher the annual premiums you will pay.

To be eligible for death cover you must be under the age of 70.

About death & TPD cover

For an additional cost, you can add TPD cover to your death cover, which provides a lump sum benefit should you become totally and permanently disabled. In some circumstances, depending on which definition of TPD applies, you may not receive your TPD Benefit at the time of claim and your TPD Benefit may be paid into your member account. Keep in mind that you will only be able to access this benefit if you meet a condition of release for super law purposes.

You can apply for TPD cover of up to \$3 million. The higher the level of cover you choose, the higher the annual premiums you will pay.

To be eligible for TPD cover you must be under the age of 65.

About income replacement cover

Income replacement cover provides you with a regular monthly payment if you become totally disabled because of illness or injury.

To be eligible to apply for income replacement cover you must be under the age of 65 and working at least 15 hours per week.

Income replacement cover is not available for non-working spouse members.

Depending on what you apply for and what the Insurer agrees to, income replacement cover can provide you with a benefit payment of up to 75 per cent of your Declared Earned Income with:

- a 30, 60 or 90 day Waiting Period
- a Benefit Payment Period of two or five years or to age 65
- a superannuation contributions benefit of up to 10 per cent of your Declared Earned Income.

Information you must provide – your duty of disclosure

When you apply for insurance cover you are required to disclose to the Insurer and Trustee everything you know or could reasonably be expected to know that is relevant to the Insurer's decision whether or not to accept your application, and if so, on what terms. This is known as your duty of disclosure.

Your duty of disclosure continues until the Insurer advises acceptance of insurance.

If you fail to comply with your duty of disclosure, and the Insurer would not have entered into the contract on any terms had the failure not occurred, the Insurer can avoid the contract – ie treat it as if it never existed, within three years, or at any time if your non-disclosure was fraudulent. If this were to occur, no insured benefit would be payable to you.

Alternatively, the Insurer may reduce your cover based on a formula that takes into account the premium that would have been payable had you disclosed all relevant information.

Treatment of certain occupations

Hazardous occupations

There are certain occupations considered by the Insurer to be hazardous or uninsurable. If you are working in such an occupation at the time you apply for cover or an increase in cover you may not be accepted for income replacement cover or may have a modified definition for TPD cover.

Hazardous occupations include unskilled workers, those involved in hazardous or very heavy manual work and/or specific occupations (such as professional divers, interstate truck drivers, fishermen, labourers, truck drivers, factory workers involved in highly repetitive unskilled duties, mining groups or drilling, exploration and explosive related industries, as well as any underground/underwater workers, forestry workers, workers at heights including riggers, scaffolders, roof workers, antenna erectors, seasonal workers/industries like fruit picking, prison services, firemen, police, ambulance drivers, paramedics, professional sportspeople or entertainers and pilots and crew of commercial airlines).

Once you have been accepted for cover, if you subsequently change employment to a hazardous occupation, your cover will remain in place, provided you remain an eligible member of the Fund.

Casual and contract workers

Casual and contract workers are eligible for death cover, death & TPD cover and income replacement cover. For income replacement cover, you need to be working at least 15 hours per week at the time cover commences. However, when you make a claim, a different definition of TPD and Total Disability will apply where your hours of work fall below 15 hours per week (see the definitions in Section 5 – General information for more information).

Our responsibility

We do not guarantee the payment of an insured benefit or the performance of the Insurer. Any insurance benefit received by us from the Insurer is credited to your cash account. It will only be paid to you in accordance with the Trust Deed of the Fund and all relevant super law requirements.

Privacy and complaints resolution

It's important to read the complaint resolution process in the PDS. Please also take note of the Privacy Policy on our website and the privacy statement which forms part of the insurance application procedure.

Application process

All applications for insurance are subject to acceptance by the Insurer. The Insurer may impose special conditions of acceptance including exclusions and/or an increase in the premium payable for the cover to be provided. It will be your decision then if you still want to go ahead with the insurance.

Interim accident cover applies for up to 90 days from the date that your application is received by us while your application for insurance is being processed.

When does cover commence?

If your application is accepted by the Insurer, we will notify you in writing of the date your insurance cover commenced, premium and other details of your insurance. We will also notify you in the event that your application for insurance is rejected.

Members of an Employer Plan

If you are joining your employer's super arrangements with AustChoice Super, a default level of insurance cover may apply. This means that all employees who are aged 68 or younger (for death cover), and 63 or younger (for death & TPD cover) when they join AustChoice Super may receive a minimum insurance cover based on a premium of \$2.00 per week for death & TPD cover without completing an Insurance Application & Personal Health Statement. This automatic acceptance of cover will be subject to the employee being at work on the day that they become eligible for cover and working in an occupation deemed insurable by the Insurer.

Note: Only one unit (\$2.00 per week) of default cover may be held at any time. In the event that two AustChoice Super accounts are held by a member, only one account will be issued default cover. Additional units of cover may be requested on completion of an Insurance Application & Personal Health Statement.

Section 3 –

How to make changes to your insurance cover

How to increase your cover

You can use the Application for insurance (Form F) to apply to:

- add further insurance – for instance, you may have death cover and would like death & TPD cover
- increase your current level of cover
- make any changes to your insurance cover.

How to cancel or reduce your cover

If you no longer want part or all of your insurance cover, you need to advise us. This request needs to be signed and dated and must specify which cover you want to cancel or the amount by which you want it reduced. Your insurance cover will be reduced or cancelled from the date on which we receive your request.

Premiums cannot be refunded once they are deducted from your account.

How to re-apply for cover

You cannot restart your insurance at any time. You must meet the eligibility conditions and re-apply. Your application will then be assessed by the Insurer. As a result of this assessment, you may not receive the same level of cover, or pay the same premium as you previously paid under the cancelled or lapsed cover.

The Insurer will reinstate any income replacement cover you previously held without the need for underwriting provided you return to gainful employment, at any time within 12 months after your employment ceased.

Section 4 – How much is your insurance cover going to cost?

Estimating insurance premiums

There are a number of factors which affect the calculation of your premium. Your financial adviser can assist you to calculate an approximate premium, and a copy of the premium rates is available on our website.

Factors affecting your insurance premium

It's important to be aware of the various factors that may impact the premiums payable for your insurance cover. These include:

- type of cover you choose (death, death & TPD, income replacement)
- level of cover (sum insured etc)
- occupation
- age
- gender
- state of health
- smoking status
- sporting/recreational activities
- financial adviser commission
- stamp duty.

Level of cover

The amount of cover you choose will affect the premium you pay. As the amount of insured benefit you select increases so does the premium (ie \$500,000 of death cover has a higher premium than \$100,000 of death cover).

Occupation

Your premium rate may also depend on your occupational classification. The following table is intended as a guide to how some occupations might be classified. You should check with us to obtain your own current occupational classification and details of any premium rate adjustment factor that may apply.

After you have been accepted for cover, if you change your occupation, including undertaking employment in a more hazardous occupation, you do **not** need to inform the Insurer.

If you are applying to change your cover you will need to inform the Insurer of your current occupation at the time of completing the application for a change of insurance.

Stamp duty

Your premium rates include relevant Commonwealth and State taxes and/or charges, including stamp duty. Stamp duty is a charge levied by each State Government and is passed on to the appropriate Office of State Revenue. The amount of stamp duty payable may change from time to time. Currently the stamp duty payable for income replacement cover is 8.5%.

Premium for interim accident cover

We do not charge a separate premium for interim accident cover. When an application is approved by the Insurer, premiums will be charged from the effective date of cover.

Occupational classification	Example	Premium rate adjustment factor		
		Death	Death & TPD	Income replacement
Category 1	White collar professionals performing no manual duties (such as lawyer, accountant). Usually those with a tertiary qualification (ie a university degree) or registration by a government body or professional institute. You must be using these qualifications in the occupation you are currently working in. Well established executives and senior managerial white collar workers with incomes in excess of \$150,000 pa without tertiary qualifications may also be included.	0.90	0.90	0.80
Category 2	Clerical, administration and managerial occupations involving office and travel duties only with no manual work. Includes occupations with tertiary qualifications that involve very light physical work (such as osteopath, physiotherapist).	1.00	1.00	1.00
Category 3	Certain qualified tradespeople (eg electrician) who engage in light manual work only. Includes business owners in non-hazardous industries involved in light manual work (such as coffee shop owner) and those who may supervise medium blue collar workers (no more than 25% of their work time). Includes occupations that are not limited to an office, where travel is an essential part of the job (eg field surveyor).	1.00	1.25	1.50
Category 4	Qualified skilled tradespeople in non-hazardous industries wholly involved in manual duties (such as carpenter, plumber, plasterer, mechanic).	1.25	1.60	1.75
Category 5	Heavy manual workers in non-hazardous industry performing higher risk occupations (such as interstate bus driver, warehouse worker, labourer, bricklayer, house removalist).	1.50	2.00	2.50

Payment of premiums

Insurance premiums are deducted each month in arrears from your cash account. As your insurance premiums are deducted from your member account, it's important when choosing the level of cover to consider the effect these regular costs will have on your retirement savings.

Increasing your insurance premiums will reduce your retirement benefit. You can find up to date information on your insurance premium by visiting our online service – AustChoice Online.

Changes in premium

Your insurance premium is reviewed and recalculated each year on 1 July to take into account changes in your age.

We have the ability to increase your premium at any time provided we give you 30 days prior written notice. The changes due to your age or salary may (depending upon benefit design) take place automatically without notification each 1 July.

Any increase in a Government charge may be passed on to you at any time by increasing your premium payable without notification.

Insufficient funds

You should ensure your member account balance is sufficient to cover all fees and charges, including insurance premiums. We may redeem sufficient assets to pay fees, charges and insurance premiums.

If, at the time a premium is due to be deducted your account balance is not sufficient to meet the premium, you will have 90 days to increase your account balance so that the full amount of the premiums can be deducted. **If after 90 days your account balance is insufficient to deduct the total premium owing for the last 90 days, your insurance will be cancelled.** We will normally send you a reminder notification 28 days prior to your cover lapsing. After your cover has lapsed, to reinstate your cover you will need to notify us and go through the underwriting process which begins with a new application for insurance. This application will need to be accepted by the Insurer before you are covered.

The Trustee bears no responsibility and accepts no liability for your insurance cover lapsing as a result of:

- you having an insufficient account balance to pay premiums
- not informing you that your cover is about to lapse or has lapsed.

You should monitor your account balance regularly.

Section 5 – General information

Types of insured benefits payable and the Insurer's definitions of each benefit

The following are all the possible benefits that you may receive if you have taken out insurance through your AustChoice Super. You are only entitled (subject to the satisfaction of relevant criteria) to the benefits applicable to the cover you have taken out. This section also provides the Insurer's detailed definition of each benefit type. It is very important that you understand these definitions and your rights in case you ever need to make a claim.

The payment of any insurance benefit is conditional on the Insurer accepting the claim and paying the benefit to the Trustee (IIML) first. We cannot pay any benefit we have received from the Insurer on your behalf until we have satisfactory proof that you've satisfied a condition of release as outlined in the PDS.

Lump sum insured benefits available

Death Benefit

An insured Death Benefit is payable in the event of your death.

Amount payable

The amount accepted by the Insurer and communicated to you in writing as your insured Death Benefit.

Your Death Benefit is reduced by the amount of any TPD Benefit or Terminal Illness Benefit previously paid to you under the policy that we have with the Insurer.

Terminal Illness Benefit

You may receive an insured Terminal Illness Benefit prior to your death if you are diagnosed as terminally ill.

Definition of terminally ill

You are regarded as terminally ill if you are conclusively diagnosed by a specialist Medical Practitioner, which is confirmed by a specialist Medical Practitioner appointed by the Insurer, that your death is likely to occur within 12 months.

Amount payable

Upon meeting the terminal illness definition for insurance purposes, the insured benefit paid is the amount of your death cover subject to a maximum of \$2.5 million. Provided that you remain an eligible member of the Fund, any Death Benefit you have in excess of \$2.5 million will be paid to your dependant(s) and/or legal personal representative when you die.

If the amount paid for a Terminal Illness Benefit is equal to your Death Benefit, no Death Benefit will be paid when you die.

Total and Permanent Disablement (TPD) Benefit

An insured TPD Benefit is payable to you in the event of your total and permanent disablement.

Definition of TPD

The definition of TPD applicable to you will be determined by the Insurer at the time of claim in accordance with the following criteria:

- you are working 15 hours or more per week (averaged over 13 week period prior to the Date of Disablement or such shorter period if employed for less than 13 weeks immediately prior to the Date of Disablement) or unemployed for a period of less than 6 months must satisfy either Part A, B, C or D(i) below of the definition of TPD; or
- You are working less than 15 hours per week or unemployed for a period of more than 6 months or in unpaid domestic duties must satisfy either Parts A, B, C or D(ii) of the definition of TPD.

TPD means that, in the Insurer's opinion, while insured by the Insurer, you:

Part A. Solely because of illness or injury, have suffered the permanent loss of:

- (i) the use of two limbs (where 'limb' is defined as the whole hand below the wrist or whole foot below the ankle); or
- (ii) the sight in both eyes; or
- (iii) the use of one limb and the sight in one eye.

OR

Part B. Solely because of illness or injury have:

- (i) suffered at least 25 per cent Whole Person Impairment; and
- (ii) are not engaged in any occupation; and
- (iii) are disabled to such an extent as to render you unlikely to ever be engaged in any occupation for which you are reasonably suited by education, training or experience.

Where 'Whole Person Impairment' means the same as detailed in the latest edition of the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', or an equivalent guide approved by the Insurer.

The assessment of Whole Person Impairment will be undertaken by the appropriate certified specialist based on you attaining maximum medical recovery.

OR

Part C. Solely because of illness or injury, are unlikely ever to be able to perform at least two of the following activities of Daily Living:

- a. dressing – the ability to put on and take off clothing without assistance;
- b. bathing – the ability to bathe or shower without assistance;
- c. toileting – the ability to use the toilet including getting on and off without assistance;
- d. mobility – the ability to get in and out of bed and a chair without assistance; or
- e. feeding – the ability to get food from a plate into your mouth without assistance.

Where 'Assistance' means the assistance of another person.

OR

Part D (i). Where at the time of disablement, you were employed for 15 or more hours per week (averaged over the 13 week period prior to the Date of Disablement or a shorter period if employed for less than 13 weeks immediately prior to the Date of Disablement), or was unemployed for less than 6 months; and you have all of the following applying:

- a. you have been absent as a result of illness or injury from employment for six consecutive months; and
- b. after consideration of all relevant evidence you are disabled to such an extent as to render you unlikely to ever again be engaged in any occupation for which you are reasonably suited by your education, training or experience.

OR

(ii). Where at the time of disablement, you were working less than 15 hours per week, or unemployed for a period of more than 6 months, or you were in unpaid domestic duties at home; and you have all of the following applying:

- a. as a result of illness or injury, you are under the care of a Medical Practitioner;
- b. are unable to perform those domestic duties;
- c. are unable to leave your home unaided;
- d. have not engaged in any gainful employment for a period of six consecutive months after the occurrence of the injury or illness; and
- e. at the end of the period of six months, in the Insurer's opinion, after consideration of all relevant evidence, you are disabled to such an extent as to render you unlikely to perform those domestic duties or engage in any gainful occupation for which you are reasonably suited by education, training or experience.

Where 'domestic duties' means the tasks performed by you, whose main occupation is to maintain your family home. For example:

- cooking of meals for your family;
- cleaning of the family home;
- shopping for your family's food;
- doing your family's laundry; or
- taking care of dependant children (if applicable);

but excluding any tasks performed for salary, reward or profit.

Amount payable

The TPD Benefit will be equal to the amount of cover for which you have been underwritten or default cover you received as a member of an Employer Plan.

If the TPD Benefit paid is equal to the Death Benefit your cover will cease. If the TPD Benefit paid is less than the Death Benefit, the remaining balance is payable on the earlier of your death or terminal illness, provided the applicable premium is paid and cover does not cease.

Monthly insured benefits under income replacement

Total Disability Benefit

If you have a continuous period of Total Disability for longer than the Waiting Period, the Insurer may pay a monthly benefit.

Definition of Total Disability

The definition of Total Disability which applies to you is the definition most applicable to you at the time you became totally disabled according to the following criteria:

- Own Occupation – you were working 15 hours or more per week (averaged over the 13 week period prior to the Date of Disablement or such shorter period if employed for less than 13 weeks immediately prior to the Date of Disablement)
- Any Occupation – you were working less than 15 hours per week not due to illness or injury (averaged over the 13 week period prior to the Date of Disablement or such shorter period if employed for less than 13 weeks immediately prior to the Date of Disablement)
- Similar Occupation – you have become unemployed and are actively seeking employment.

Own Occupation definition of Total Disability

Total Disability means that due to suffering an illness or injury you are:

- a. unable to perform at least one important income producing duty of your regular occupation;
- b. not working in any capacity, gainful employment or otherwise; and
- c. under the regular care and following the advice of a Medical Practitioner and are complying with the advice and treatment given by that Medical Practitioner.

Any Occupation definition of Total Disability

Total disability means that due to suffering an illness or injury you are:

- a. unable to perform the important duties of any gainful employment, business, profession for which you are reasonably suited by education, training or experience;
- b. not working in any capacity, gainful employment or otherwise; and
- c. under the regular care and following the advice of a Medical Practitioner and are complying with the advice and treatment given by that Medical Practitioner.

Similar Occupation definition of Total Disability

Total Disability means that due to suffering an illness or injury you:

- a. in respect of the first two years of disability meet the Own Occupation definition above; and
- b. thereafter meet the Any Occupation definition above.

Amount payable

A monthly benefit is payable in arrears by way of instalments of the Total Disability Benefit. If the Total Disability Benefit is payable for a period of less than one month, the amount payable shall be calculated as 1/365th of the Benefit for every day that it is payable.

The Total Disability Benefit is payable from the first day after the Waiting Period until the earliest of:

- the first day upon which you are not totally disabled
- the end of your Benefit Payment Period
- the date you reach age 65
- the date of your death.

If, during the Waiting Period, you return to gainful employment:

- a. for five days or less, and becomes totally disabled as a result of the same illness or injury, then those days for which you were gainfully employed will be added to the Waiting Period
- b. for more than five days, then a new Waiting Period will commence.

The benefit available is up to 75 per cent of your Declared Earned Income (which, together with the Superannuation Contributions Benefit, if selected, cannot exceed \$25,000 per month).

The benefit payable if you become totally disabled while unemployed for up to six months will be based upon the Earned Income definition applicable to you on the last date of your most recent period of employment. The monthly benefit will be paid to us and we will make the applicable tax deductions before forwarding the benefit to you.

Partial Disability Benefit

If you have been totally disabled for at least 14 consecutive days and you return to work, but have not fully recovered you may be entitled to an insured Partial Disability Benefit.

If you are partially disabled, the Insurer may pay an insured monthly benefit from the later of the first day after the Waiting Period and immediately upon you ceasing to be totally disabled.

Definition of Partial Disability

You are partially disabled if you were totally disabled for at least 14 consecutive days and as a result of the same illness or injury that caused your Total Disability all of the following apply:

- a. you cannot work your pre-disability working hours or are unable to perform at least one important income producing duty of your regular occupation or you do not have the capacity to work at the same level you were working at prior to commencement of the Total Disability;
- b. you suffer a reduction of your Earned Income; and
- c. you are under the regular care and following the advice of a Medical Practitioner and, in the Insurer's reasonable opinion, are complying with the advice and treatment given by that Medical Practitioner. All work undertaken by you must be approved by the Insurer and your Medical Practitioner.

Amount payable

A Partial Disability Benefit is a proportionate benefit of the monthly benefit you would receive if you were totally disabled and is calculated as follows:

$$\frac{(A - B) \times \text{Total Disability Benefit}}{A}$$

where

'A' is your Declared Earned Income, and

'B' is your Return to Employment Income

A Partial Disability Benefit ceases on the earliest of:

- a. the first day you are not partially disabled
- b. the date you reach 65 years of age
- c. the end of your Benefit Payment Period
- d. the date of your death.

Superannuation Contributions Benefit

This income replacement option allows you to continue to build your super benefit while you are not at work and entitled to a Total or Partial Disability Benefit. This means the Insurer will make contributions to your member account on your behalf while you are receiving a Total Disability or Partial Disability Benefit.

Amount payable

The maximum Superannuation Contributions Benefit payable is the lesser of the actual percentage of superannuation contributions made by you or your employer on your behalf or 10 per cent of your Declared Earned Income.

For the purpose of calculating your Declared Earned Income for this benefit your employer's mandated and/or voluntary superannuation contributions (but not including any salary sacrifice contributions made at your request) are not included.

Interim accident benefit

Prior to acceptance by the Insurer of an application for insurance, the Insurer may provide you with interim accident cover for the type of cover you applied for (ie death, death & TPD or income replacement cover), where the claim results directly from an accident.

When is an interim accident benefit payable?

You are entitled to an interim accident benefit if the accident occurred after the Insurer receives your fully completed Application for insurance (Form F) and before:

- a. the Application is withdrawn; or
- b. the Insurer advises the Trustee that it has cancelled the interim accident cover (where permitted to do so by law); or
- c. the Insurer declines to accept the cover for you; or
- d. the Insurer accepts the Application, conditionally or unconditionally; or
- e. 90 days pass from the date the Insurer receives the fully completed Application.

If the application is for death or death & TPD, interim accident cover will begin on the date the Insurer receives your fully completed Application for insurance.

If the application is for income replacement then if, as a result of an accident, you have a continuous period of Total Disability for longer than the Waiting Period, an interim disability benefit is payable from the first day after the Waiting Period until the earliest of:

- a. the first day upon which, in the Insurer's reasonable opinion, you are no longer totally disabled or partially disabled;
- b. the date you reach 65 years of age;
- c. the date of your death; or
- d. the end of your Benefit Payment Period.

An accident is defined to be an unforeseen, violent, external and visible event.

Amount payable

The amount of the benefit payable under the interim accident cover will be the amount of the benefit you specify when applying for insurance, subject to a maximum of \$750,000 for death cover and death & TPD cover, or \$15,000 per month for income replacement cover.

Death Benefit when receiving a Disability Benefit

If you die while receiving an insured Total Disability or Partial Disability Benefit you will receive an additional lump sum.

Amount payable

The additional lump sum will be equal to one quarter of the Total Disability Benefit payable for one year.

Automatic reduction of TPD Benefit

Where your TPD Benefit does not reduce as you get older (for example, fixed dollar amount or a fixed multiple of salary), your TPD sum insured shall reduce annually as at 1 July from age 62 next birthday, as shown in the following table.

As at 1 July, your age next birthday	Death Benefit	TPD Benefit
62	100%	80%
63	100%	60%
64	100%	40%
65	100%	20%
66* to 70	100%	Nil
71*	Nil	Nil

* TPD cover will cease on your 65th birthday and your death cover will cease on your 70th birthday

Example: Insurance cover based on a fixed Death & TPD Benefit of \$250,000

As at 1 July your age next birthday	Death Benefit	TPD Benefit
61 or less	\$250,000	\$250,000
62	\$250,000	\$200,000
63	\$250,000	\$150,000
64	\$250,000	\$100,000
65	\$250,000	\$50,000
66 to 70	\$250,000	Nil
71	Nil	Nil

Other insured benefits

Worldwide cover

Subject to certain exclusions and conditions you're covered anywhere in the world, 24 hours a day, 365 days a year.

Upgrade of benefits

Generally, any improvement in benefits which is made to the policy the Insurer has with the Trustee will be provided to all existing members, not just new members. The improvement will only apply to future claims, and not past or current claims or any claims resulting from health conditions or events which began or took place before the effective date of the improvement.

Other income replacement benefits

Type of benefit	Definition	Amount payable
Rehabilitation Benefit	If you are suffering a Total Disability or Partial Disability, the Insurer may pay for the cost of approved rehabilitation if the Insurer reasonably considers the program likely to assist in your rehabilitation.	The cost of the approved rehabilitation program.
Benefit escalation	If you have been receiving a Total Disability or Partial Disability Benefit for a continuous period of 12 months or more, the Insurer will increase your benefit payments from each anniversary date.	The benefit payments will be increased annually, by CPI subject to a cap of 5% pa. The increase will occur on the first payment of the benefit after your benefit payment anniversary.
Premium waiver	The Insurer will waive the insurance premium while you are entitled to a Total Disability or Partial Disability Benefit.	The amount of the premium due at that time.

Limitations and exclusions to your insured cover

Cover while on leave without pay

While on employer approved leave without pay, provided premiums continue to be paid and you remain insured:

- a. your death cover will continue
- b. your TPD cover will continue subject to the following:
 - (i) For the first 12 months of leave without pay you will have your claim assessed in accordance with TPD definition applicable to you based on your occupation before you took the leave without pay.

- (ii) At the conclusion of the 12 months period above, you will have your claim assessed against Parts A, B, C and D(ii) of the TPD definition.
- c. your Total Disability cover will continue for up to 12 months. During this time your pre-leave employment status will be used to assess any claim. Prior written consent from the Insurer is required for cover to continue where leave extends past 12 months.

Cover while unemployed

Where you are unemployed for a continuous period of more than six months, TPD cover will be provided under Parts A, B, C and D(ii) of the TPD definition (as detailed on pages 9 to 11). Where you are unemployed for more than six months and subsequently return to work for at least 15 hours per week for 30 consecutive working days, cover under Part D(i) of the TPD definition will also be included.

The Similar Occupation definition of Total Disability for income replacement cover applies to you while you are unemployed and actively seeking employment. However, if you do not find employment within six months your income replacement cover will cease.

Cover while employed overseas

You are covered worldwide 24 hours a day, seven days a week, subject to the terms of the insurance policy.

If you are temporarily residing, travelling or employed overseas, cover can continue for up to three years. At the conclusion of the three year period all cover will cease unless the Insurer agrees in writing.

Permanently moving overseas

If you permanently leave Australia, your cover will cease.

Limitations to insured Death Benefits

Any Death Benefit paid to your account or your estate, will be reduced by the amount of any benefit you have already received under these insurance arrangements for terminal illness or TPD. It is important to note that in the situation where your cover for death is higher than the TPD or Terminal Illness Benefit, the death cover will continue even after a TPD or Terminal Illness claim has been paid.

Limitations to income replacement benefits

Any insured Total Disability or Partial Disability Benefit payable to you shall be reduced by all amounts paid or payable from the following sources:

- a. Workers' Compensation schemes.
- b. Statutory compensation, pension, social security or similar schemes.
- c. Benefits paid under state or federal legislation, such as the Department of Veterans' Affairs.

- d. Income benefits from other disability income policies or super funds.
- e. Employer funded sick leave entitlements.

Any superannuation contributions benefit payable to you will be reduced by all amounts paid or payable for you from other sources such as the employer's superannuation guarantee obligations, award or industrial agreement obligations or additional voluntary contributions during a period of Total or Partial Disability.

Exclusions

Except for default cover under an Employer Plan, no insured Death, Terminal Illness Benefit or TPD Benefit shall be payable where a claim arises from any of the following:

- a. Suicide occurring in the first 13 months after the date that the cover commences or is reinstated after having lapsed for any reason.
- b. TPD as a result of an intentional self-inflicted act or intentional self-inflicted injury by you.
- c. Any such exclusion as the Insurer may apply to you as a condition of acceptance of cover.

No income replacement benefit of any type is payable if your Total Disability or Partial Disability arises from any of the following:

- a. Intentional self-inflicted injury.
- b. Uncomplicated pregnancy or childbirth.
- c. War or acts of war whether declared or not.
- d. Service in the armed forces of any national or international organisation (other than non-active service within Australian armed force reserve units).
- e. Any such exclusion as the Insurer may apply to you as a condition of acceptance of cover.

When does cover cease?

Your cover will continue without the need to provide any further health evidence subject to the terms and conditions outlined in this addendum.

Your cover will cease, without any notification from us or the Insurer, when any of the following circumstances occur.

	Death	TPD	Income replacement
On the day you reach age 65	N/A	✓	✓
On the day you reach age 70	✓	N/A	N/A
The date the Trustee accepts your advice that your cover is to cease	✓	✓	✓
The date the policy that the Trustee has with the Insurer is terminated	✓	✓	✓
The expiry of 12 months of the approved leave without pay, unless otherwise agreed by the Insurer prior to the expiry of such leave	N/A	N/A	✓
60 days from the date you cease to be a member of the Fund ²	✓	✓	✓
The date the Insurer makes a payment of the total insured amount	✓	✓	N/A
The end of the Benefit Payment Period applicable to you on a claim	N/A	N/A	✓
90 days after the last day of the month during which your member account balance was not sufficient to meet the required premium payments (unless sufficient funds to cover your premiums is received in the meantime)	✓	✓	✓
The date of your death	✓ ³	✓	✓
If you permanently move overseas	✓	✓	✓
Six months from the date you ceased to be last employed	N/A	N/A	✓ ⁴
Retirement from the workforce	N/A	N/A	✓
30 days after the date your employer receives a notification from you electing to join another fund under choice of fund or the date you are accepted by the other fund, whichever is the earliest (if you are a member insured under the default fund cover provided through an employer plan).	✓	✓	N/A

Members who have both TPD and income replacement cover may be able to make a claim for TPD, even if they have claimed a Total Disability Benefit under income replacement, provided the relevant terms and conditions to claim each benefit are satisfied.

What do you need to know about making a claim?

While we hope you do not ever need to make a claim, the following information will assist with the claim process. Any insured benefit to which you may be entitled will be paid in addition to your member account balance (less applicable fees and taxes).

How to make a claim

To make a claim you need to notify us in writing as soon as you can of an event that is likely to give rise to a claim. Once you have informed us about the claim, we will send you (or your legal personal representative in the case of your death) a list of the initial requirements and the claim forms which need to be completed and returned to us. The claim forms will generally require relevant medical certificates, Medical Practitioner's reports, employer reports and relevant evidence for the claim. You are responsible for meeting any costs in completing the claim forms including any associated documents.

² Subject to your options to:

- (a) transfer your cover between funds or between products within the same fund, or
- (b) to purchase an individual death only term life policy or individual income replacement policy from the Insurer.

³ After benefit paid.

⁴ If you are insured for income replacement the Insurer will reinstate the cover you previously held without the need for underwriting, provided you return to gainful employment within 12 months after your employment ceased.

The sending of your claim form by us to the Insurer does not constitute an admission of liability in respect of any claim.

To assist with the assessment of your claim, you may receive a request for additional information or be required to undergo an examination by a Medical Practitioner or relevant professional of the Insurer's choice including pathology tests.

The Insurer will meet the costs in relation to this additional information. If you fail to attend any pre-arranged medical examination then you will be liable to pay any fees incurred. It is important that all information requested is submitted otherwise the claim may be delayed while waiting for that information.

Payment of a claim

After considering the evidence provided, we and the Insurer will decide if you meet the relevant definition of your cover and whether you're entitled to payment.

Payment of your sum insured will be made to us and we will credit the proceeds to your member account. A claim for a Death or TPD Benefit will not be released until the claim is approved by our claims committee.

Income replacement claims, once approved, will be paid to you by us after the applicable tax is deducted.

Please note that as the insurance benefits are underwritten by the Insurer, the payment of the insurance benefit is conditional on the Insurer accepting the claim and paying the benefit to us.

Incorrect age

If your age is incorrectly stated, we and the Insurer have the right to adjust the premium or the benefit based on your correct age.

Claims after your cover has ceased

If a claim event occurs prior to the date your cover ceased or terminated you may still be eligible for that claim to be honoured.

Claims whilst overseas

In the event you suffer TPD whilst overseas, the Insurer may require you to return to Australia at your own expense for assessment of the claim.

If you are receiving a Total Disability or Partial Disability Benefit whilst outside Australia, benefits will cease six months after the date of commencement of the benefit, unless you have permanently returned to Australia at your own expense.

What to do if your claim is rejected

If you are not happy with a decision made about your claim, you can request us to reconsider the decision. Our claims committee will review your claim and may make a representation to the Insurer on your behalf. If you are not satisfied with the outcome you can raise the issues with the Superannuation Complaints Tribunal (SCT). More details about the complaints process and contact details for the SCT can be found in the 'What if you have a complaint?' section in the PDS.

Special conditions relating to income replacement claims

Payment of benefit before notification

The Insurer will not pay a Total Disability or a Partial Disability Benefit for any period more than 14 days before the date that the Insurer is notified of a claim.

Waiting Period

A Total Disability Benefit will only be payable after the expiry of the Waiting Period. If you return to work during the Waiting Period for five days or less, the Waiting Period is extended by this time. However, if you return to work for more than five days, the Waiting Period will start again from the date you again cease work.

Example of a Waiting Period

Joe has income replacement cover with a 90 day Waiting Period, a Benefit Payment Period of five years and a monthly benefit of \$3,000.

On 1 July 2008 Joe was injured and submitted a claim to the Insurer which was accepted. Joe does not receive any benefit during the Waiting Period which ends 90 days after 1 July, being 28 September 2008.

Joe is entitled to receive his first monthly benefit of \$3,000 from 29 September 2008. Benefits are paid monthly in arrears. He continues to receive his monthly benefit payment while he remains totally disabled or a lesser amount if partially disabled until 27 September 2013.

Recurrent claims

If you've been receiving an income replacement benefit payment and return to work, but, within six months of benefit payments ending, you again become totally or partially disabled as a result of the same or related illness or injury, the Insurer will regard it as a continuation of your previous claim. The Waiting Period will not apply and the Insurer will pay the benefit as a continuation of the previous claim. However, your Benefit Payment Period will be reduced by the number of days that were paid under your previous claim.

Moving between products in the Fund

We have a range of products within the Fund. If you move **to** another IOOF super product in the Fund, you may be able to continue your cover without the need for further acceptance by the Insurer.

Applicants transferring **from** another IOOF super product will be entitled to maintain their existing death or death and TPD and income replacement cover without the need for further acceptance by the Insurer subject to the terms and conditions in this addendum and the relevant insurance policies.

Ceasing to be a member of the Fund

When you cease to be a member of the Fund you need to be aware of the following.

Extension of cover

Your insurance cover will continue for up to 60 days from the date on which you ceased to be a member of the Fund. For income replacement cover, this is subject to you maintaining employment during this time.

Section 6 – Significant risks

As with the purchase of any financial product, you should consider the risks that may impact your AustChoice Super insurance arrangement.

Main risks that may affect your insurance

Pre-existing conditions risk	If you apply for cover, or an increase in cover, you must disclose any pre-existing conditions with your request for cover or increase in cover. Non-disclosure could result in a claim being declined or the Insurer avoiding your insurance cover.
Non-disclosure risk	If you fail to comply with your duty of disclosure the Insurer may be able to void your insurance cover or reduce the amount of benefit payable to you.
Variation of terms and conditions risk	The Trustee is able to change the terms and conditions of your insurance arrangements by giving at least 30 days prior written notice.
Variation of premium rates risk	The Trustee has the right to increase your premium rate (outside of the normal age changes which take place automatically each 1 July) by giving you 30 days prior written notice.
Change of Insurer risk	The Trustee has the right to change the Insurer by giving you 30 days prior notice.
Replacing or changing your insurance	The terms and conditions between insurance policies can vary significantly and it is important that you compare the differences when you are looking at replacing or cancelling your insurance cover. There is a risk that your new cover may not provide the same benefits or have pre-existing restrictions or other limitations that did not exist under your old insurance arrangement or policy. It is important that you also consider the risk that you might not be covered for a period of time if you cancel your insurance before the new insurance commences.
Future insurability	There is a risk as you get older that you may not be able to obtain insurance, or insurance without a significant premium loading/restriction. Therefore it is recommended that you consider your insurance needs now or take this into consideration if you are contemplating the cancellation of your cover.
Limitations and exclusions to cover	Insurance policies tend to have various limitations and exclusions which apply that vary between insurance policies. It is important that you understand the limitations and exclusions which apply to your cover.
Low account balance	There is a risk that your cover might lapse if there are insufficient funds in your member account to pay your insurance premiums. To avoid this happening you may need to make further contributions to ensure that there are sufficient funds in your member account to pay the premiums when due.

Section 7 – Key words explained

This section has been included to help explain some of the key terms used in this addendum. For an explanation of terms not listed here, refer to the ‘Key words explained’ section of AustChoice addendum 2: Other information you may find useful.

15 hours per week	15 hours per week is based on the current terms of your employment and the average you have or would usually have worked in every consecutive 13 week period in a full year of employment.
Accident	An unforeseen, violent, external and visible event.
Benefit Payment Period	This is the period for which an income replacement benefit is paid excluding the Waiting Period.
Consumer price index (CPI)	The Consumer Price Index (All Groups Weighted Average Eight Capital Cities) most recently issued by the Australian Bureau of Statistics for the twelve months before the date of calculation.
Declared Earned Income	For the purposes of determining the level of Disability Benefit applicable, means the lesser of: <ul style="list-style-type: none"> • your earnings most recently agreed by the Insurer and the Trustee in writing • the sum calculated in accordance with the Earned Income definition.
Earned Income	<p>If you are employed – means the annual wages or salary last agreed between you and your employer immediately before commencement of Total Disability, plus:</p> <ul style="list-style-type: none"> • any commissions paid by your employer in the twelve month period immediately before commencement of Total Disability; and • all other regular (cash and non-cash) payments or benefits provided to you by your employer in the twelve month period immediately before commencement of Total Disability, which when combined with the above, comprise your remuneration package. <p>For the avoidance of doubt, Earned Income:</p> <ol style="list-style-type: none"> does not include employer superannuation contributions that are required to be made to meet the employer’s: <ul style="list-style-type: none"> • superannuation guarantee obligations; • award or industrial agreement obligations; and • additional voluntary contributions, and includes employer superannuation contributions made under an effective salary sacrifice arrangement. <p>If you are self-employed – means the annual income generated by you as a result of your personal exertion, calculated by averaging your Net Income per year for the two years immediately preceding commencement of Total Disability. For the purposes of this definition, Net Income means your gross income less all expenses incurred by you in connection with earning that income but does not include investment income, profit distributions or similar payments.</p>
Illness	Sickness or disease.
Injury	Bodily injury resulting from an accident.
Medical Practitioner	A Medical Practitioner who is legally qualified and registered to practice in Australia and is not you, or one of your relatives, business partners, shareholders or employees. Where the Medical Practitioner is outside Australia, he or she must have qualifications equivalent to Australian standards.

Pre-existing condition	An illness or injury for which, prior to the application for cover, you (a) had received treatment; and (b) have suffered symptoms; or (c) were aware of.
Policy	The Group Life policy or Group Income Replacement policy issued to the Trustee. The policy does not form part of this addendum and is a legal agreement between the Insurer and the Trustee.
Return to Employment Income	Means either: <ul style="list-style-type: none"> • If you are employed, the annual wages or salary last agreed between you and your employer (including commissions, bonus and other payments that the Insurer reasonably considers form part of your remuneration package) • if you are self-employed, the gross income generated by you as a result of your personal exertion less all expenses incurred by you in connection with earning that income.
Sum insured	The amount of cover you have.
Underwriting/ underwritten	This is the process by which the Insurer reviews your personal, medical, financial and other circumstances to decide if it will accept your application for insurance, and if accepted whether it will apply standard rates or add extra loadings or exclusions to your cover.
Waiting Period	The waiting period is the time you must wait before a claim for Total or Partial Disability is payable. Depending on your cover, the waiting periods are 30, 60 or 90 consecutive days for which you must be totally disabled. The waiting period starts on the day you first became totally disabled. An example of a 90 day waiting period appears in the section entitled 'What do you need to know about making a claim?'

This addendum has been prepared and issued by IOOF Investment Management Limited (IIML) ABN 53 006 695 021 AFS Licence No. 230524. IIML is a company in the IOOF group comprising IOOF Holdings Ltd ABN 49 100 103 722 and its related bodies corporate.

General advice warning

The information contained in this addendum:

- does not and is not intended to contain any recommendations, statements of opinion or advice
- is of a general nature only and does not take into account your individual objectives, financial situation or needs.

You should consider the appropriateness of this information having regard to your objectives, financial situation and needs and you may want to seek advice before making a decision about purchasing insurance through AustChoice Super.

Important notice

This addendum is issued by IIML, as Trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818.

A Product Disclosure Statement (PDS) is available by downloading a copy from our website or by calling us on **1800 333 900**. You should consider the PDS in making decisions about a product.

Insurer

Insurance cover available is provided by TOWER Australia Limited (TOWER) ABN 70 050 109 450 AFS Licence No 237848 or another insurance provider approved by the Trustee (the Insurer/s). TOWER is a member of TOWER Australia Group Limited, a publicly listed specialist Australian life insurance company.

Insurance terms and conditions

The information outlined in this addendum is subject to TOWER or any other insurance provider approved by the Trustee continuing to offer insurance under the terms and conditions contained in the relevant insurance policies. You'll be informed if the terms and conditions change.

The Insurer may accept or reject any request for insurance or impose different terms and conditions based on their assessment of a member's health, occupation and pastimes. All insurance is subject to written acceptance by the Trustee and the Insurer.

The Trustee and the Insurer will assess all claims based on their criteria and in accordance with the terms and conditions of the relevant policy document. The Trustee is only liable to pay (if the Trust Deed and super law permits) the insured component of a benefit upon acceptance of the claim by the Insurer and on receipt of the proceeds from the Insurer.

Please note that while every effort has been made to ensure that the information contained in this addendum is accurate, the terms and conditions of the policy document issued by the Insurer to the Trustee will prevail to the extent that they are inconsistent with the information contained in this addendum.