Super Informed

Accumulation 2

This special edition of *Super Informed* should be read together with your personalised letter and *cover estimate*, which together form a Significant Event Notice.

October 2014

ABOUT THIS BOOKLET

We've set out the main features of the external insurance cover that Accumulation 2 members will receive upon transition, including a summary of the key conditions and eligibility criteria. Your external insurance cover may be subject to other conditions set out in the group insurance policies. You will be able to request a copy of the new group insurance policies containing the full terms and conditions from 3 January 2015 at our *My insurance* webpage, **www.unisuper.com.au/my-insurance**, or by calling us on **1800 029 810**.

In this booklet:
- UniSuper Ltd (ABN 54 006 027 121) is referred to as UniSuper or the Trustee.
- UniSuper Management Pty Ltd (ABN 91 006 961 799, AFSL No. 235907) is referred to as the Administrator
- UniSuper (ABN 91 385 943 850) is referred to as UniSuper or the Fund.

This booklet has been prepared by the Administrator on behalf of the Trustee and is current as at the date it was prepared. To the extent that it contains any information that is inconsistent with the Group Life Insurance Policy and the Group Salary Continuance Policy (collectively referred to as the Group Insurance Policies) that will be issued to the Trustee by TAL Limited with an effective date of 3 January 2015, the Group Insurance Policies will prevail.

The Administrator of the Fund is licensed to provide financial advice, which is provided under the name of UniSuper Advice. UniSuper Advice is a service dedicated to UniSuper members and their spouses which is provided by UniSuper Management Pty Ltd, the entity licensed to provide financial advice. For further information about UniSuper Advice, please visit the UniSuper website at www.unisuper.com.au, access the Financial Services Guide and, for any further enquires, contact the UniSuper Helpline on 1800 331 685.

The information in this booklet is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement (PDS) for your membership category and whether to consult a licensed financial adviser.

To obtain a copy of the PDS relevant to your membership category, visit the UniSuper website at www.unisuper.com.au or contact the UniSuper Helpline on 1800 331 685.

Contents

Before we get started ...

Hello and welcome to this special edition of *Super Informed*.

Accumulation 2 members are currently provided with inbuilt benefits which are self-insured by UniSuper. Due to 'Stronger Super' legislative changes, UniSuper will no longer be allowed to self-insure benefits for accumulation members. As a result of this change your inbuilt benefits will cease on 3 January 2015 (*transition day*) and you will be provided with insurance cover through our external insurer, TAL Life Limited (TAL). We refer to this change from inbuilt benefits to external insurance cover as 'the transition'.

This is a significant change to your UniSuper benefits and it's therefore important that you read this edition of *Super Informed*, together with the other information in this pack.

When your inbuilt benefits have been transitioned, you will have the flexibility to scale your cover up or down, opt out of cover altogether, or mix and match the level and type of cover you have to suit your personal circumstances.

We have worked closely with TAL to achieve the best possible outcome for members through the transition—including introducing some enhancements to our existing insurance offering.

It's also important to be aware that on *transition day* there will be an increase in the premiums TAL currently charges for external insurance cover. We believe that the premiums will provide good value even after the increases have been applied.

What does this change mean for you?

With this edition of *Super Informed*, you'll find *Your cover estimate* which shows your existing inbuilt benefits and estimated cover after it has transitioned.

Inbuilt benefits

Your inbuilt benefits are part of your Accumulation 2 membership and do not include your account balance or any external insurance cover you may have through UniSuper.

CHECK THE GLOSSARY

Insurance—and super generally—can be complex, and this edition of *Super Informed* contains a number of technical terms that you might not be familiar with. We've *italicised* a number of these terms throughout this booklet—see the Glossary on page 38 for more information.

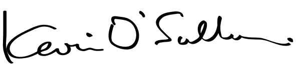
Kevin O'Sullivan, CEO

We're here to help

This transition may seem overwhelming, and we understand that you might have questions or want to talk to someone about your options. Please refer to the list below for the information or support you need:

- To speak to a Member Services Consultant, call **1800 029 810** or email **enquiry@unisuper.com.au**
- For up-to-date online information about the changes, go to **www.unisuper.com.au/my-insurance**
- For information on your current inbuilt benefits, refer to the *Defined Benefit Division and Accumulation 2 Product Disclosure Statement (PDS)* available at **www.unisuper.com.au/pds**
- To meet with an On-Campus Consultant, check your employer's tab on our website to see if they offer this service and follow the links to make a booking
- If you'd like to consider receiving financial advice from a UniSuper Adviser, call our Member Services team on **1800 029 810** or email **enquiry@unisuper.com.au**
- To attend a live 40-minute webinar (online seminar)—during which we'll explain the changes in more detail and answer questions—check **www.unisuper.com.au/learning-centre/webinars** for session details or to register.

Thank you for your continued support,
Kevin



Receiving an inbuilt benefit?

If you're currently receiving ongoing inbuilt disablement benefit payments, or ongoing inbuilt temporary incapacity benefit payments, these payments will continue after *transition day* provided you remain eligible for them.

FIND OUT MORE

In this booklet we've set out the main features of the external insurance cover that Accumulation 2 members will receive upon transition, including a summary of the key conditions and eligibility criteria. Your external insurance cover may be subject to other conditions set out in the group insurance policies. You will be able to request a copy of the new group insurance policies containing the full terms and conditions from *transition day* by calling us on **1800 029 810**.

An overview of the changes

On 3 January 2015 (*transition day*), we will be transitioning Accumulation 2 members' inbuilt death, disablement and temporary incapacity benefits to unitised Death, Total and Permanent Disablement (TPD) and Income Protection cover with our external insurer, TAL (our Insurer). For members who currently have fixed insurance cover, your inbuilt death and disablement benefits will be transitioned to fixed insurance cover on *transition day* (except for Income Protection cover which is unitised). More information about this can be found on page 15.

See page 7 opposite for a brief overview of the changes, or read on for further details.

In addition to the transition of benefits (see page 7 opposite) and changes to premiums (see page 25), on *transition day* we are introducing a range of enhancements to the insurance products we have on offer. These are detailed in the adjacent table.

Important

Please note, any members who are currently receiving an inbuilt benefit payment will continue to receive this benefit after *transition day*. If eligible, they will receive external Death cover on *transition day* and external TPD and Income Protection cover subject to policy restrictions.

WE'LL SOON BE OFFERING...	DETAILS
An expanded range of Life Events from which you can apply for additional cover without underwriting	Page 33
The ability to choose Death-only or TPD-only insurance cover, meaning more flexibility for members: mix and match to suit your needs	Page 33
The ability to change the waiting period and benefit period for Income Protection insurance cover	Page 16
'Salary increase' cover, allowing members who have a salary increase to apply for more Income Protection cover without full underwriting	Page 19
Improvements to the rules about how and when insurance cover ceases and recommences	Page 34
Automatic updates to Income Protection cover to make sure you have enough	Page 19

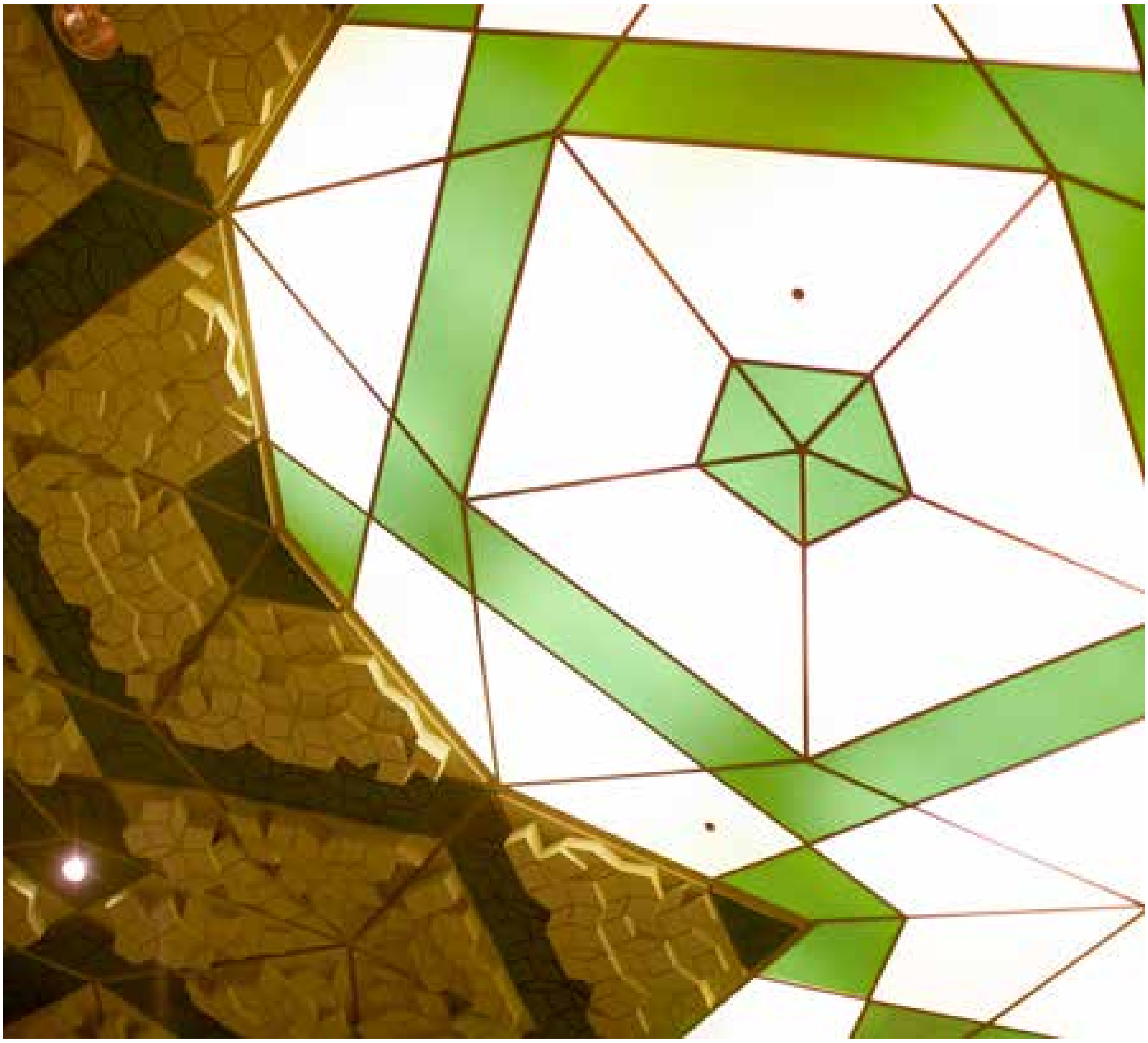
INBUILT BENEFITS	EXTERNAL INSURANCE COVER	WHAT DOES THIS MEAN?
Death benefit up to age 60 ⇢ Paid as a **lump sum**	Death cover up to age 75 ⇢ Paid as a **lump sum**	⇢ You will have cover for an extra 15 years ⇢ The value of your cover on transition will be the same or better than your inbuilt benefit
Disablement benefit to age 65 ⇢ Paid as an **income stream** ⇢ The benefit is calculated based on a formula	TPD cover to age 70 ⇢ Paid as a **lump sum** ⇢ The level of cover will be equivalent to your Death cover	⇢ This is a significant change to your benefits. Your TPD benefit will be paid as a lump sum instead of as an income stream ⇢ It's difficult to compare a long term income stream with a lump sum benefit. The lump sum TPD benefit may be more **or** less beneficial than the inbuilt disablement benefit depending on your personal circumstances ⇢ You will have the flexibility to increase or decrease your TPD cover or opt out of it all together ⇢ Your cover period will be longer
Temporary incapacity ⇢ Paid as an **income stream** for a maximum of two years with a waiting period of 90 days	**Income protection** ⇢ Paid as an **income stream** with a default benefit period of five years and default waiting period of 90 days	⇢ If you are in *active employment*, you'll have the flexibility to choose the benefit payment period (two years, five years or to age 65) and waiting period (30, 60 or 90 days) that suit you ⇢ Any change in the waiting and/or benefit period will result in a change in the cost of cover
Cost of benefits is based on your **salary**	Cost of Death and TPD cover will be based on your **age and the number of units of cover you have** Cost of Income Protection cover will be based on your **age, the benefit and waiting period, and the number of units of cover you have**	⇢ The premiums for external cover will be calculated differently to the charges you currently pay for inbuilt benefits. Depending on your age and salary at transition, the cost of the external cover may result in an increase or decrease in costs compared to the charges you currently pay for inbuilt benefits. Refer to your enclosed *cover estimate* for a comparison ⇢ See page 14 for information about unitised cover, and the 'Insurance premiums' section on page 25 for information about the premium rates that will apply to your transitioned Death, TPD and Income Protection cover
Cover **can continue for 90 days** after ceasing employment	Cover **can continue** after ceasing employment, provided you continue to meet eligibility criteria outlined in the 'Product enhancements from *transition day*' section on page 32	⇢ You can keep your cover after you leave your job so long as you remain a UniSuper member and have sufficient funds in your account to cover premiums

Changing inbuilt benefits to insurance cover with our Insurer

As an Accumulation 2 member, you're currently provided with inbuilt benefits, subject to you meeting certain conditions. Inbuilt benefits can provide you (and/or your dependants) with benefits payable on death, disablement, temporary incapacity, or terminal medical condition.

These inbuilt benefits are self-insured by UniSuper and are calculated using formulae set out in the Trust Deed (UniSuper's governing rules). At the moment, you can't opt out of receiving and paying for inbuilt benefits.

You may also be entitled to a benefit if you die or suffer *disablement* or *temporary incapacity*, or are diagnosed with a *terminal medical condition* within 90 days from the date you cease employment. You might know this as a 'continued inbuilt benefit'.



What's changing?

The Government's 'Stronger Super' legislation means that UniSuper can no longer provide inbuilt benefits to Accumulation 2 members. This means that from *transition day,* if you're an Accumulation 2 member, we'll be transitioning your inbuilt death, disablement and temporary incapacity benefits to unitised[1] Death, Total and Permanent Disablement (TPD) and Income Protection cover with TAL (our Insurer). This means your cover will no longer be based on a formula. Cover will be provided to you automatically if you meet the eligibility criteria.

If you currently have existing insurance cover through our Insurer and have chosen to fix your cover, you will receive fixed Death & TPD cover (rather than 'unitised' cover) on transition.

The terms of any existing additional insurance cover you have with us through our Insurer are not changing, unless you apply for a change. However, new premium rates will apply to your existing cover from *transition day.*

If you decide that the amount of cover provided to you is not the ideal amount of cover for your personal situation, you can apply to change your level of cover from *transition day.*

The transition of each benefit is detailed on pages 10-11. Please note if you're over age 60, unfortunately you no longer have an entitlement to inbuilt death benefits under the Trust Deed and will therefore not receive transitioned Death cover or TPD cover. If you're under age 64 and 9 months on *transition day* you will be provided with default Income Protection cover. For more information, refer to pages 16-20.

ELIGIBILITY CRITERIA ON TRANSITION DAY

To receive transitioned cover, on *transition day* you must be:

- be aged 15 or over at your next birthday
- younger than the cover cessation age, and
- an Australian resident.

If you do not meet these criteria on *transition day*, you will not receive transitioned cover. If you want to apply for cover from *transition day*, find out if you're eligible by visiting MemberOnline at **www.unisuper.com.au**.

Important terms

Transition day: 3 January 2015.

Our Insurer: TAL Life Limited (TAL).

Unitised cover: the cost of each unit of cover stays the same as you get older, but the amount of insurance you get for that cost will reduce over time. See 'What is unitised cover?' on page 14.

Fixed cover: your level of cover stays the same, but the cost or that cover changes as you get older. See 'What is fixed cover?' on page 15.

Transitioned cover: the dollar value of your inbuilt cover plus any uplifted cover.

Uplifted cover: when we transition your inbuilt death benefit to insurance cover through our Insurer, we will provide you with the equivalent or greater amount of unitised (or fixed) cover. For some members, to make sure you receive equivalent or better Death cover, we will round up your unitised cover to the nearest whole unit. The difference between the dollar value of your inbuilt benefits on *transition day* and the dollar value of your 'rounded up' cover is referred to as your 'uplifted' cover.

IMPORTANT

The insurance cover you receive on *transition day* will only cover you for events occurring **from** *transition day* onwards. Some of this cover may be subject to a *pre-existing condition (PEC)* restriction. For more information about PEC restrictions, refer to page 21.

Your inbuilt benefits will continue to cover you for events occurring **before** *transition day.*

[1] For members who currently have fixed cover provided by our Insurer, inbuilt benefits will be transitioned to fixed insurance cover. More information about this can be found on page 12.

THE TRANSITION OF YOUR INBUILT DEATH BENEFIT

Inbuilt death benefit	External insurance cover	What does this mean?
Death benefit up to age 60 Paid as a **lump sum**	Death cover up to age 75 Paid as a **lump sum**	You will have cover for an extra 15 years The value of your cover on transition will be the same or better than your inbuilt benefit

The dollar value of your inbuilt death benefit will be calculated as at *transition day*—using the formula set out in the Trust Deed—and transitioned to a number of units. These units will then be rounded up to the next closest unit, subject to the *maximum cover limit*. The difference between the dollar value of the inbuilt death benefit and the dollar value of the units that are rounded up is referred to as 'uplifted cover'.

Members who currently have fixed cover provided by our Insurer will have their inbuilt death benefit transitioned to fixed cover. See page 15 for more information.

If you are eligible for Death cover, a terminal illness benefit is also payable if you become terminally ill and our Insurer accepts your claim.*

I'm over 60 and no longer have inbuilt death benefits

If you're over age 60, unfortunately you no longer have an entitlement to inbuilt death benefits under the Trust Deed. This means that on transition day you **will not be provided with any Death and TPD cover**. However, because our Insurer provides Death cover to age 75 and TPD cover to age 70, if you're eligible you may apply for one or a combination of Death and/or TPD cover. You will need to provide health evidence and be accepted for cover by our Insurer before any cover commences.

FIND OUT MORE

Your uplifted cover may be subject to a *pre-existing condition (PEC)* restriction. To find out more about PEC restrictions, refer to page 21.

Uplifted cover: an example

John, 34, is an Accumulation 2 member with one unit of external Death insurance cover with our Insurer prior to *transition day*.

JOHN'S EXISTING INBUILT BENEFITS AND INSURANCE COVER ON 2 JANUARY 2015

Type of cover	Inbuilt benefits	Existing external insurance cover	Total
Death	$525,000	1 unit = $232,000	$757,000

As part of the transition, John's inbuilt Death benefit will be transitioned to unitised Death insurance cover.

This is done by calculating John's inbuilt Death benefit as a dollar value (in John's case, this is $525,000, shown above), and converting that value into units:

$525,000 ÷ $232,000 = 2.26 units

As units are then rounded up to the next whole unit, John will receive three units of Death cover.

Three units of Death cover is equal to $696,000, meaning there is a difference of $171,000 between the dollar value of John's inbuilt Death benefit before transition, and his 'rounded up' transitioned Death cover on *transition day*.

This $171,000 difference is known as John's 'uplifted' cover.

* Payment of a terminal illness benefit is considered an advance payment of any Death cover you may have. If your insurance death benefit exceeds $3 million, the amount exceeding $3 million will be payable upon death as a death benefit in instances where a terminally ill member continues to be insured after the payment of a terminal illness benefit.

THE TRANSITION OF YOUR INBUILT DISABLEMENT BENEFIT

Inbuilt disablement benefit	External insurance cover	What does this mean?
Disablement benefit to age 65 ⇢ Paid as **an income stream** ⇢ The benefit is calculated based on a formula	TPD cover to age 70 ⇢ Paid as a **lump sum** ⇢ The level of cover will be equivalent to your Death cover	⇢ This is a significant change to your benefits. Your TPD benefit will be paid as a lump sum instead of as an income stream ⇢ It's difficult to compare a long term income stream with a lump sum benefit. The lump sum TPD benefit may be more **or** less beneficial than the inbuilt disablement benefit depending on your personal circumstances ⇢ You will have the flexibility to increase or decrease your TPD cover or opt out of it all together ⇢ Your cover period will be longer

Currently, if you qualify for an inbuilt disablement benefit by becoming permanently incapable of employment for which you are qualified, you would receive an income stream.

When inbuilt benefits are transitioned to insurance cover through our Insurer, Accumulation 2 members will no longer be provided with inbuilt disablement benefits. If you are under age 60, you will be provided with TPD cover, which will provide you with a lump sum payment in the event you become totally and permanently disabled. Your TPD cover will be the same value as your transitioned Death cover. It's important that you check your new insurance arrangements after *transition day* to ensure you're adequately covered for TPD going forward.

The definition and terms and conditions for TPD cover are different to those of the inbuilt disablement cover. Please see the *Defined Benefit Division and Accumulation 2 PDS* or go to **www.unisuper.com.au/glossary** for the full definition of TPD under the external insurance policy and the definition of Disablement under the Trust Deed.

THE TRANSITION OF YOUR INBUILT TEMPORARY INCAPACITY BENEFIT

Inbuilt temporary incapacity benefit	External insurance cover	What does this mean?
Temporary incapacity ⇢ Paid as **an income stream** for a maximum of two years with a waiting period of 90 days	Income protection ⇢ Paid as **an income stream** with a default benefit period of five years and default waiting period of 90 days.	⇢ If you are in *active employment*, you'll have the flexibility to choose the benefit payment period (two years, five years or to age 65) and waiting period (30, 60 or 90 days) that suit you ⇢ Any change in the waiting and/or benefit period will result in a change in the cost of cover

On *transition day,* inbuilt temporary incapacity benefits for eligible members aged 64 years and 9 months and under will be transitioned to Income Protection cover.

If you meet the eligibility requirements on *transition day* (see page 9), you will automatically be provided with Income Protection cover of up to 85% of your income[3] for a default five-year benefit payment period with a default 90-day waiting period. Further information about Income Protection cover is provided on pages 16-20.

From transition day you will have the flexibility to vary your Income Protection cover to suit your needs. You'll be able to dial up your benefit period to age 65 or dial it down to two years—similarly, you'll be able to change your waiting period to 30 days or 60 days. Or, if you prefer, you'll be able to cancel your Income Protection cover completely. To do any of this, go to MemberOnline or complete the application form available from *transition day* at **www.unisuper.com.au**. Note that applying to increase your benefit period or reduce your waiting period may require you to provide health evidence to our Insurer.

Some members will be eligible to apply to extend their Income Protection benefit period to age 65 without having to provide health evidence. This is called the Income Protection Early Bird Offer. Limited underwriting requirements apply and the offer is only available **until 12 December 2014**. More information on the Income Protection Early Bird Offer is on page 17.

[3] Any amount above 75% of your pre-disability monthly income will be paid as a superannuation contribution.

Transitioning benefits: Death and TPD cover

Death and TPD cover provides you with the comfort that, subject to eligibility, you or your beneficiaries will receive a lump sum payment in the event you:

- are unable to work as a result of TPD,
- are diagnosed with a terminal illness, or
- die.

If you have existing inbuilt death cover on *transition day* and are under age 60, you will receive an equal or higher amount of Death insurance cover that provides at least the dollar value of your inbuilt death benefit on *transition day*. Death cover is available until you reach age 75. You will receive the same amount of externally-insured TPD cover as your transitioned Death cover. Death and TPD benefits are paid as lump sums to eligible members or their beneficiaries.

Unless you already have fixed insurance cover, your transitioned Death and TPD cover will be unitised and the amount of cover you have will reduce as you get older. Refer to 'What is unitised cover?' on page 14 for the value of each unit of Death and TPD cover at each age from *transition day*.

A terminal illness benefit may also be payable if you become terminally ill and our Insurer accepts your claim. Refer to the *Defined Benefit Division and Accumulation 2 PDS* for more information.

If you want to opt out of Death and TPD cover, you'll be able to do this from *transition day* by logging into MemberOnline or completing the application form at **www.unisuper.com.au**.

FIND OUT MORE

For information about when Death and TPD cover ceases, refer to the *Defined Benefit Division and Accumulation 2 PDS* currently available at **www.unisuper.com.au/pds**.

LIMITS ON DEATH AND TPD COVER

On *transition day*, any Death and TPD cover you have will be subject to a *maximum cover limit* of $3 million. Any existing external insurance cover you may have, as well as your transitioned cover will go towards determining if you have reached the *maximum cover limit*. After *transition day*, you can apply for additional Death cover with our Insurer, but it will be subject to underwriting and the *maximum cover limit*.

This means that if your total Death insurance cover is greater than $3 million on *transition day*, you will only be provided with cover up to $3 million. If you want to apply for Death cover above this limit, you will need to provide adequate health evidence to our Insurer and be underwritten for cover above the limit.*

If you already have more than $3 million of external Death cover with our Insurer prior to *transition day*, you will retain this cover but receive no further automatic Death cover on *transition day*.

See page 13 opposite for an example.

* TPD cover has a maximum cover limit of $3 million.

Maximum cover limit: an example

Janine is an Accumulation 2 member, aged 30.

JANINE'S EXISTING INBUILT BENEFITS AND INSURANCE COVER ON 2 JANUARY 2015

Type of cover	Inbuilt benefits	Existing external insurance cover	Total
Death	$2,700,000	1 unit = $232,000	$2,932,000
TPD	n/a	1 unit = $232,000	$232,000

On *transition day*, Janine's inbuilt Death benefit will be transitioned into units:

$2,700,000 ÷ $232,000 (the cover provided by one unit) = 11.64 units

As units are then rounded up to the next whole unit, Janine would receive 12 units of Death cover ($2,784,000). However, when added to her 1 unit of existing Death cover, Janine's total Death cover would equal $3,016,000—exceeding the $3 million *maximum cover limit*.

We will therefore round down the number of units of transitioned Death cover Janine receives so her Death cover doesn't exceed $3 million.

On *transition day*, Janine's cover will consist of 11 units of transitioned cover plus her existing one unit of external Death & TPD cover. She can apply for additional units, but her application will be subject to underwriting.

JANINE'S INSURANCE COVER ON 3 JANUARY 2015

Type of cover	Insurance cover	+	Existing external insurance cover	=	Total
Death	11 units = $2,552,000		1 unit = $232,000		12 units = $2,784,000
TPD	11 units = $2,552,000		1 unit = $232,000		12 units = $2,784,000

What is unitised cover?

Unitised cover is based on an insurance benefit scale that determines the benefit value you will receive, per unit, if a benefit becomes payable.

It means the cost of each unit of cover stays the same, but the amount of cover you get reduces as you get older.

The table below shows the amount of Death and TPD cover for one unit of cover from *transition day*, depending on your age. These levels of cover per unit of Death and TPD insurance will not be changing on *transition day*.

DEATH AND TPD BENEFIT PER UNIT OF COVER† FROM TRANSITION DAY

Age (next birthday)	Amount of cover ($)	Age (next birthday)	Amount of cover ($)
15 to 35	232,000	56	28,000
36	222,000	57	26,000
37	211,000	58	24,000
38	196,000	59	22,500
39	181,000	60	21,000
40	164,000	61	19,000
41	149,000	62	17,000
42	134,000	63	15,000
43	120,000	64	14,000
44	105,000	65	13,000
45	94,000	66	11,500
46	85,000	67	10,000
47	77,000	68	9,000
48	68,000	69	8,000
49	62,000	70	7,000
50	55,000	71	6,000^
51	49,000	72	5,000^
52	45,000	73	4,000^
53	40,000	74	3,200^
54	36,000	75	2,500^
55	32,000		

Insurance premiums and the level of insured benefits are not fixed and can be expected to change from time to time. We will write to you before any changes occur.

Transitioning inbuilt benefits to unitised external insurance cover: an example

John, 34, is an Accumulation 2 member with one unit of Death and TPD cover with our Insurer prior to *transition day*.

JOHN'S EXISTING INBUILT BENEFITS AND INSURANCE COVER ON 2 JANUARY 2015

Cover type	Inbuilt benefits	Existing external insurance cover	Total
Death	$525,000	1 unit = $232,000	$757,000
TPD	n/a	1 unit = $232,000	$232,000

On *transition day*, John's inbuilt death benefit will be transitioned into units:
$525,000 ÷ $232,000 = 2.26 units

As units are then rounded up to the next whole unit, John will receive three units of Death cover. His inbuilt disablement benefit will cease on *transition day* and in its place he will receive TPD cover equivalent to the value of his transitioned Death cover, which means he will also receive three units of transitioned TPD cover on *transition day*.

On *transition day* John will have insured cover which consists of his transitioned cover of three units plus his existing one unit of Death and TPD cover.

JOHN'S INSURANCE COVER ON TRANSITION DAY

Cover type	Insurance cover +	Existing external insurance cover	= Total
Death	3 units = $696,000	1 unit = $232,000	$928,000
TPD	3 units = $696,000	1 unit = $232,000	$928,000

† If Death-only cover is selected, the amount of insured benefit per unit of Death-only cover is the same as for Death and TPD in the table—however, there is no cover for TPD where Death-only cover is selected. If TPD-only cover is selected, the amount of the insured benefit per unit of TPD only cover is the same as for Death and TPD in the table, however there is no cover for Death where TPD-only cover is selected.
^ Death-only paid; no TPD benefit is payable.

What is fixed cover?

If you don't want your insurance cover to reduce each year, you can retain a fixed level of cover.

Fixed cover allows you to choose the level of cover you want in multiples of $1,000.

Your chosen level of cover will not vary according to your age and will remain the same each year until you reach age 75 for Death-only cover, or age 70 for TPD cover. Your premium will, however, increase each year according to your age. For information about the premiums for fixed cover, refer to pages 28-29.

ON TRANSITION DAY

If you have fixed cover with our Insurer on *transition day*, your inbuilt benefits will be transitioned to additional fixed Death and TPD cover.* Your inbuilt formula-based benefits will be rounded up to the nearest $1,000 for ease of conversion.

Transitioning inbuilt benefits to fixed external insurance cover: an example

Jenny, 32, is an Accumulation 2 member with $232,000 of fixed Death and TPD cover with our Insurer prior to *transition day*.

JENNY'S EXISTING INBUILT BENEFITS AND INSURANCE COVER ON 2 JANUARY 2015

Cover type	Inbuilt benefits	Existing external insurance cover	Total
Death	$524,500	$232,000	$756,500
TPD	n/a	$232,000	$232,000

As part of the transition, Jenny's inbuilt Death benefit will be transitioned to fixed Death insurance cover.

This is done by calculating Jenny's inbuilt Death benefit as a dollar value (in Jenny's case, this is $524,500, shown above), and converting that value into additional fixed death cover.

Jenny's inbuilt disablement benefit will cease on *transition day* and in its place she will receive TPD cover equivalent to the value of her transitioned Death cover, which means she will receive $525,000 of transitioned TPD cover on transition day ($524,500 rounded up to the nearest $1,000).

On transition day Jenny will have insured cover which consists of her transitioned cover plus her existing fixed Death and TPD insurance cover.

JENNY'S INSURANCE COVER ON TRANSITION DAY

Cover type	Insurance cover +	Existing external insurance cover =	Total
Death	$525,000	$232,000	$757,000
TPD	$525,000	$232,000	$757,000

* Fixed cover is subject to a reducing scale from age 61. For more information, refer to the updated DBD and Accumulation 2 PDS from 3 January 2015.

Transitioning benefits: Income Protection cover

Many Accumulation 2 members currently have inbuilt benefits intended to provide assistance in the event that they become temporarily incapacitated. From *transition day*, when inbuilt benefits cease for Accumulation 2 members, the types of events covered by 'temporary incapacity' will generally be covered by Income Protection cover. It's important to remember that any Income Protection cover you receive on *transition day* will have a *pre-existing condition (PEC)* restriction applied to it. Please see page 21 for further information.

Income Protection cover provides a monthly payment (paid in arrears)—also referred to as an 'income stream'—if you're assessed under the policy as temporarily unable to work. Please note that if you're currently receiving an inbuilt disablement benefit, you won't receive Income Protection cover on *transition day*.

Income protection cover: an example

Bertha has a salary of $80,000 p.a. and has 14 units of Income Protection cover.

Her 14 units of cover will provide a maximum monthly benefit of $6,066.67 (14 units x $100 x 52 weeks ÷ 12 months).

However, Bertha's monthly benefit would be limited to $5,666.67 ($80,000 x 85% ÷ 12 months) as her benefit cannot exceed 85% of her salary.

Bertha's $5,666.67 monthly benefit, including her superannuation contribution, would be made up of the following:

BERTHA'S TRANSITIONED DEFAULT MONTHLY INCOME PROTECTION COVER ON TRANSITION DAY

Cash payment	+	Superannuation contribution	=	Total
$80,000 x (75%÷12 months)		$80,000 x (10%÷12 months)		$80,000 x (85%÷12 months)
$5,000.00		$666.67		$5,666.67

ON TRANSITION DAY

Eligible members under age 64 and 9 months will be provided with Income Protection insurance cover. This cover will have a default benefit period of five years and a waiting period of 90 days. In the event of a claim, an Income Protection benefit will be paid monthly and will comprise up to 85% of your pre-disability monthly income, with any amount over 75% of your pre-disability monthly income being paid as a super contribution to your UniSuper account.

From *transition day*, eligible members can apply to extend their Income Protection benefit period to age 65 (instead of only two or five years), elect a shorter 30 or 60-day waiting period or opt out of cover altogether. You can do this through MemberOnline or by completing the application form available at **www.unisuper.com.au**.

To be eligible to make changes to your Income Protection cover from *transition day*, you must:

- be an Accumulation 2 member,
- be aged 15 or over at your next birthday, but
- under 65 years, and
- be an Australian resident.

For a limited time, eligible Accumulation 2 members can apply to extend the benefit payment period to age 65 by completing a short health questionnaire, also known as limited underwriting. This is called the Income Protection Early Bird Offer. See page 17 or your enclosed letter and *cover estimate* for more information on the Income Protection Early Bird Offer.

LIMITS ON INCOME PROTECTION COVER

Any Income Protection cover you receive as a result of your inbuilt benefits being transitioned to insurance cover with our Insurer will be subject to the *maximum cover limit* of $29,900 per month—equivalent to 69 units of Income Protection cover. This means the maximum number of Income Protection cover units available is 69.

If you don't already have the maximum Income Protection cover available you'll be able to apply for additional Income Protection cover from *transition day*, but you'll have to provide health evidence as part of your application. Applications can be completed through MemberOnline, or by completing the application form available at **www.unisuper.com.au**.

INCOME PROTECTION EARLY BIRD OFFER

For a limited time, eligible Accumulation 2 members will be able to apply to extend the default benefit period from five years to up to age 65 through a limited (i.e. shorter and simpler) underwriting process. To take up this offer you will need to complete the *Income Protection Early Bird Offer* application form which also includes a short health questionnaire

If you're eligible for the Early Bird Offer, we have enclosed an *Early Bird Income Protection Offer* application form that provides more information and instructions on how to apply.

Please remember that any variation in the benefit period or waiting period you choose will change the premiums you pay for Income Protection cover.

Because eligible applicants will be going through a limited underwriting process before receiving the Income Protection Early Bird Offer, no PEC restrictions will be applied to any extended cover you receive as part of the offer.

ELIGIBILITY CRITERIA

To be eligible for the Early Bird Offer, on *transition day* you must be an Accumulation 2 member and:

- be aged 15 or over at your next birthday
- be under 59 years and 9 months of age
- be an Australian resident
- have not had a claim approved for a terminal medical condition, temporary incapacity or TPD, and
- be in *active employment* on the day you complete and sign the member application form.

If you're eligible to apply for the Income Protection Early Bird Offer, use the application form provided with your enclosed *cover estimate*. The application form contains a number of questions that you will need to answer in order for our Insurer to confirm your eligibility and assess your application. Please complete the application form and return it to us in the reply paid envelope provided **by Friday, 12 December 2014**. We will write to you after we've assessed your application, prior to *transition day*.

After *transition day,* you can still apply to change the benefit period of your Income Protection cover—although you'll need to go through our Insurer's full underwriting process—by applying through MemberOnline or by completing and returning the relevant form from our website.

WAITING PERIODS

From *transition day*, Accumulation 2 members will be provided with Income Protection cover with the default waiting period of 90 consecutive days. This is different to the way inbuilt benefits are provided, where you need to have been absent from work for three months over a 12 month period. From *transition day*, eligible members will be able to apply for a 30 or 60-day waiting period if preferred.

The waiting period commences on the date a medical practitioner examines you and certifies that you are totally disabled or partially disabled. If you suffer from certain illnesses during the relevant waiting period—including (but not limited to) cancer, heart attack and stroke—you'll be entitled to a monthly insured benefit known as a 'specific illness benefit'. For a list of the illnesses covered by 'specific illness benefits', see our *My insurance* web page, **www.unisuper.com.au/my-insurance**.

WHAT IF YOU RETURN TO WORK DURING THE WAITING PERIOD?

If you return to work during the waiting period and it proves unsuccessful because of the illness or injury causing total disability, the waiting period will continue as though there was no return to work as long as you do not return to work for more than nine days in total. If the return to work is for more than nine days, the waiting period will recommence. If you return to partial work, or are capable of doing so, after 14 consecutive days of suffering total disability, a partial disability benefit may be payable once the waiting period has ended, provided you meet the criteria for partial disability.

HOW WILL YOUR INCOME PROTECTION BENEFIT BE PAID?

If you make a claim and it is accepted, you will receive a monthly benefit that is the lesser of:

- the amount represented by the number of units of cover you have under the policy
- up to 85% of your pre-disability income—with any amount over 75% of your pre-disability monthly income being paid as a super contribution to your UniSuper account
- the maximum cover that can be obtained under the policy.

Income Protection benefits are indexed every 12 months by the lesser of the annual Consumer Price Index (CPI) and 7.5%, in cases where total disability or partial disability benefits have been paid for more than 12 continuous months.

If you are receiving a total disability or partial disability benefit and you die, our Insurer will pay a lump sum benefit of $10,000.

Our Insurer may also pay a rehabilitation benefit—to the provider of the rehabilitation—in addition to benefits otherwise provided. The maximum rehabilitation benefit—if approved by our Insurer in writing before rehabilitation expenses are incurred—that will be paid in respect of a disability claim will be the lesser of four times your monthly benefit and $100,000, less the amount of reimbursement of these expenses from another source. This amount will be paid in addition to the disability benefit.

A pro-rata disability benefit will be paid if a disability benefit is payable for less than a whole month. The insured disability benefit is paid by electronic funds transfer to your nominated financial institution account. The employer superannuation contribution of up to 10% will be paid into your UniSuper account.

If you are eligible for Income Protection cover but have had no income in the last 12 months, then no benefit is payable.

If you are partially disabled, you will receive a portion of the monthly benefit that takes into account any income you are earning. PAYG tax will be deducted from each monthly benefit payment.

WHAT COVER DO YOU HAVE WHILE YOUR APPLICATION IS BEING ASSESSED?

Interim accident cover
You can apply for additional Income Protection cover. While your application is being assessed you may be covered if you suffer total disability as a result of an accident occurring during this interim accident cover period. If you qualify, you will receive a monthly benefit (for up to the benefit period you applied for) equal to the lesser of:

- the level of additional cover you have applied for
- $15,000 per month less any amount payable for the same event under another condition of the policy, and
- 85% of your salary at the date of the application for additional cover.

Your interim accident cover starts when UniSuper receives your application form for additional cover. It ceases on the earlier of 120 days after it started, and the date your application for additional cover is accepted, declined, cancelled or you withdraw it.

There is no interim accident cover if you suffer partial disability during this period.

Reduced Income Protection benefit
The monthly Income Protection benefit you receive may be reduced by any other income you are earning, if you are receiving a partial disability benefit, and any other disability income payments that you or your employer receive on your behalf. These include workers' compensation payments, social security, accident, disability, and income replacement benefits. Your monthly income may be reduced by 1% of any lump sum TPD or superannuation benefit. A monthly benefit will not be paid if this other income exceeds 75% of your pre-disability monthly income.

WILL I RECEIVE AN INSURED BENEFIT IF MY DISABILITY RECURS?

If you have been receiving a total disability or partial disability insured benefit and you return to your full pre-disability duties, but within six months of the claim ending the same disability recurs, it will be considered to be a continuation of your earlier claim (provided you still have Income Protection insurance cover in place). The waiting period will not reapply and the insured benefit period will be reduced by the number of days you were paid under the earlier claim.

KEEPING YOUR COVER UP-TO-DATE

We don't want you to wait until it's too late! Could you get by financially without working? Could you afford ongoing medical treatment with your current savings? Could your family (or whoever relies on you) get by financially if you weren't able to provide for them?

We want to help you keep your Income Protection cover up-to-date in the event of regular salary increases as you may need additional cover to ensure you have the right amount of cover to meet your personal circumstances. In the event of a salary increase, our automatic update option can help you to ensure you have enough units of Income Protection cover to provide you with up to 85% of your salary in the event of illness or injury.

Conversely, if you decide to work less hours, you may need less cover to make sure you're not over-insured and paying for cover that you don't need.

Subject to you meeting certain eligibility requirements, we will automatically update your Income Protection cover every two years to ensure that your cover is kept up-to-date. If you don't want us to automatically update your cover, you will have the ability to opt out of this process after *transition day*. Please visit **www.unisuper.com.au/my-insurance** for more information.

Please note that Income Protection cover is subject to an *Automatic Acceptance Limit (AAL)* of 34 units. Automatic updates will never increase your cover above 34 units but may in fact decrease your cover to the *AAL* of 34 units.

Automatic updates will not occur in the following circumstances:

- within six months of receiving salary increase cover (see opposite)
- if your cover is subject to loadings or exclusions
- if you're on claim or entitled to a claim
- if you're no longer an Accumulation 2 member
- if you don't already have Income Protection cover
- if you've previously had an application to increase your Income Protection cover declined
- if you're not in *active employment*.

SALARY INCREASE COVER

You now have the flexibility to apply to increase your Income Protection cover by one unit with limited underwriting outside the biannual automatic update if you receive a salary increase. This is known as 'salary increase cover'. You will be eligible for salary increase cover without having to meet the full underwriting requirements if:

- you have insured cover on the date of your salary increase
- you are less than age 55 on the application date;
- your cover is not subject to any special conditions such as premium loadings, restrictions or exclusions (other than a PEC restriction)
- you have not previously been declined additional cover
- you have not applied for salary increase cover in the previous 12 months
- we receive your completed application form for salary increase cover within 90 days of your salary increase occurring
- you provide us with evidence of your salary increase, and
- your insured cover (including the salary increase cover) does not exceed the *maximum cover limit*.

Salary increase cover will commence if and when your application is accepted by our Insurer.

If a claim arises within the first six months of your salary increase cover, you will only receive a benefit for the salary increase cover amount if the claim is as a result of an accident.

EXCLUSIONS AND SPECIAL CONDITIONS

Most members' transitional Income Protection cover will generally be subject to a PEC restriction.

The following exclusions and special conditions also apply to Income Protection cover with UniSuper. No Income Protection benefit will be payable if the injury or illness is caused directly or indirectly by one of the following:

- self-inflicted harm or attempted suicide, regardless of whether you were sane or insane at the time
- normal and uncomplicated pregnancy or childbirth. For the purposes of this exclusion, multiple pregnancy, threatened or actual miscarriage, participation in an IVF or similar program, discomfort commonly associated with pregnancy, such as morning sickness, backache, varicose veins, ankle swelling or bladder problems are not considered to be abnormal or complications of pregnancy
- engaging in an excluded occupation that the Insurer does not cover (where the Insurer has not given prior approval)
- participation in a criminal act
- service in the armed forces (excluding the Australian Defence Force Reserve)
- active participation in militant activities
- war (whether declared or not), revolution, invasion, rebellion or civil unrest, or
- pandemic illness, subject to the Insurer providing UniSuper with at least 14 days' prior notice.

Income Protection benefits will only be paid for a maximum of six months while you are overseas, unless otherwise agreed between the Trustee and our Insurer. You must return to Australia at your own expense for Income Protection benefits to continue. You must advise UniSuper in writing about any periods of employer-approved leave to ensure that your Income Protection cover continues during these periods. If your Income Protection cover stops you will generally need to re-apply (and provide health evidence to our Insurer) on your return to work.

Please note that if you're currently receiving an inbuilt disablement benefit, you won't get Income Protection cover on transition.

HOW DO I CANCEL MY INCOME PROTECTION COVER?

From *transition day*, you can cancel your Income Protection cover at any time through MemberOnline or by advising us in writing using the *Cancelling or decreasing your insurance cover* form available from **www.unisuper.com.au**. Your cover will stop on the day we receive your request or on the date nominated by you, whichever is later.

WHEN DOES MY INCOME PROTECTION COVER CEASE?

Income Protection insurance cover ceases when:

- you cease to be a UniSuper member
- you permanently retire from the workforce
- you advise us in writing that you wish to cancel your cover (your cover will cease on the day UniSuper receives your request or the date nominated by you, whichever is later)
- you cease to be an Australian citizen, a New Zealand citizen residing in Australia, a holder of an Australian permanent visa or a person who resides in Australia on an approved working visa
- your account has insufficient funds to pay your premiums
- you turn 65 (the cover cessation age)
- you join the armed forces of any country (the Australian Defence Force Reserve is excluded for this purpose)
- you cease to satisfy the relevant conditions for continuation of cover whilst on employer-approved leave
- you reside overseas outside our Insurer's agreed conditions
- your superannuation benefit in UniSuper is less than $2,000 and you have not received any contributions or rollovers into your account for 12 consecutive months
- you are the subject of a fraudulent claim
- the Trustee gives our Insurer notice to the effect that it would like cover in respect of you to cease
- the Trustee terminates the policy with our Insurer
- you have been in receipt of Income Protection benefits for the maximum benefit period, or
- you die.

Pre-existing condition (PEC) – restrictions to your cover

On transition, a PEC restriction will generally apply to your external insurance cover. The application of the restriction will depend on whether or not you have served the 3-year PEC restriction which applies to your inbuilt benefits.

PEC-RESTRICTED COVER REMAINING ON INBUILT COVER PRIOR TO TRANSITION DAY

If you have a PEC restriction on your inbuilt cover prior to *transition day*, it will continue to apply to your transitioned death, TPD and Income Protection cover from *transition day* and you will be required to serve the balance of your three-year restricted period.

Any existing insurance cover you may have with our Insurer will not be impacted by the conversion, but if you have existing restrictions or loadings on that cover, these will continue.

WHEN PEC-RESTRICTED COVER HAS BEEN COMPLETED AT TRANSITION DAY

From *transition day*, if you have already served a three-year restricted period on your inbuilt benefits, a 12-month PEC restriction will apply to the **increased cover (uplift) you receive as a result of the conversion from your inbuilt death benefit to external Death and TPD cover**. This means no Death or TPD benefits will be payable on uplifted cover for pre-existing conditions (i.e. conditions or injuries that existed at the time your cover was transitioned) for 12 months from *transition day*.

For the change from inbuilt temporary incapacity benefits to Income Protection cover, a 12-month PEC restriction will apply **all of your transitioned Income Protection cover** if the three-year restricted period has already been served prior to *transition day*.

Important note

After *transition day*, if you become an Accumulation 2 member because your employment circumstances change and you're eligible to recommence Accumulation 2 membership from Accumulation 1 membership, a new three-year PEC restriction will apply to your converted insurance cover.

PEC restriction: an example

John is 34 and has a salary of $96,000. He joined UniSuper as a DBD member five years ago, then soon after transferred to Accumulation 2 where he remains today.

On *transition day*, John was provided with 2.26 units of converted Death and TPD cover—rounded up to three units which has a dollar value of $696,000. The dollar value of his uplifted cover is $171,000.

John also receives nine units of Income Protection cover on *transition day*.

As John has been a DBD and Accumulation 2 member for more than three years, he does not have a PEC restriction on his inbuilt benefits, so on *transition day*, a 12-month PEC restriction will apply just to the uplifted cover of $171,000.

A 12-month PEC restriction will also apply to his full nine units of Income Protection cover for a period of 12 months.

Note: If you currently have fixed additional Death and TPD cover, your inbuilt benefits will be transitioned to fixed external Death & TPD cover and no PEC restriction will apply to this cover if you have completed your three-year restricted period.

ACCUMULATION 2 MEMBER FOR 5 YEARS

JOHN'S PEC RESTRICTION ON HIS TRANSITIONED COVER ON TRANSITION DAY

Cover type	Number of units provided	PEC restriction on cover
Death & TPD	3	12 months on uplifted cover
Income Protection	9	12 months on the entire amount of transitioned Income Protection cover

What if John was still serving his three-year PEC restriction period?
Let's say John had only commenced in the DBD 12 months ago before transferring to Accumulation 2 where he remains today. A PEC restriction would therefore apply to his inbuilt benefits for a further two years to satisfy his three-year PEC period. This would mean a PEC restriction would apply to all of his transitioned $696,000 Death & TPD cover —as well as his nine units of Income Protection cover—for the remainder of his existing three-year PEC period (so for a further two years).

ACCUMULATION 2 MEMBER FOR 1 YEAR

JOHN'S PEC RESTRICTION ON HIS TRANSITIONED COVER ON TRANSITION DAY

Cover type	Number of units provided	PEC restriction on cover
Death & TPD	3	2 years (24 months) on all transitioned Death & TPD cover
Income Protection	9	2 years (24 months) on all transitioned Income Protection cover

WHEN THE PEC RESTRICTION IS REMOVED

The PEC restriction will be removed on the date you are in *active employment* after the end of your PEC period. If you are not in *active employment* at the end of your PEC period, you must complete two consecutive months of *active employment* in order for the PEC restriction to be removed.

LIMITED COVER

If you currently have any existing TPD cover it may be provided as *Limited TPD cover* in certain circumstances. Refer to the existing *Defined Benefit Division and Accumulation 2 PDS* for more information about Limited Cover.

On *transition day*, members with existing Limited TPD cover will continue to serve out the balance of their limited cover period. However, Limited TPD cover will no longer apply to new or additional TPD cover that commences from *transition day*. Instead of Limited TPD cover, TPD cover may be subject to a 12-month PEC restriction where applicable.

When your inbuilt benefits become insurance cover with our Insurer on *transition day*, this could mean some of your TPD cover may be Limited TPD cover, and some of your TPD cover may be subject to a PEC restriction.

PEC and Limited TPD cover: an example

Liz is 34. She was an Accumulation 2 member some years ago and transferred to Accumulation 1 when she ceased employment. In Accumulation 1 her insurance ceased, but due to renewed employer contributions, she had one unit of Death cover and one unit of Limited TPD cover commence on 3 July 2014. On 3 August 2014 Liz was again eligible to recommence her Accumulation 2 membership and received inbuilt benefits in addition to her existing cover.

Note: because Liz recommenced Accumulation 2 membership, her three-year PEC restriction period restarted.

On *transition day*, at Liz's age, each Death and TPD unit will provide $232,000 of cover. When her inbuilt benefits are transitioned to cover with our Insurer, Liz's salary is $50,000 p.a. and her inbuilt Death benefit is $273,000—so she'll receive nine units of Income Protection cover and two units of Death & TPD cover.

On *transition day*, Liz will have completed six months of the 12-month Limited TPD cover period and five months of the three-year inbuilt benefit PEC restriction period. The remaining two years and seven months of her PEC restriction period will apply to all of her transitioned cover, while the conditions applying to her existing cover with our Insurer remain unchanged. Liz will then have different conditions applying to her existing insurance cover and her transitioned insurance cover.

See the adjacent table for a snapshot of Liz's position on *transition day*.

COVER WITH OUR INSURER	AMOUNT	CONDITIONS
Existing external Death cover	1 unit = $232,000	None
Transitioned Death cover	2 units = $464,000	PEC restriction for a further two years and seven months on the entire amount of transitioned Death cover
Total Death cover	**3 units** = **$696,000**	
Existing Limited TPD cover	1 unit = $232,000	Limited TPD cover for a further six months*
Transitioned TPD cover	2 units = $464,000	PEC restriction for a further two years and seven months on the entire amount of transitioned TPD cover
Total TPD cover	**3 units** = **$696,000**	
Transitioned 9 units of Income Protection cover	9 units = $3,900 per month	PEC restriction for a further two years and seven months on the entire amount of Income Protection cover

* Limited TPD cover would revert to standard TPD cover provided Liz was in *active employment* after the end of the 12-month period.

See 'We're changing how insurance cover is reinstated or recommenced after ceasing' on page 34 for an overview of how pre-existing conditions may apply if your cover lapses or ceases and then recommences.

FIND OUT MORE

Need help understanding PEC restrictions or anything else that's changing? Call us on **1800 029 810**.

Insurance premiums

Overview

The charge for inbuilt benefits you have as an Accumulation 2 member is calculated very differently to the way premiums are calculated for external insurance cover available through our insurer. When your inbuilt benefits transition to external cover on *transition day*, the cost of your cover will be based on the number of units you have, and the total cost you pay will include the premiums for any existing external cover you may already have.

In this section we outline:

- how the premium structure will be changing from *transition day*
- how premiums for the transitioned cover will be calculated
- the premium cost per unit that will apply to both transitioned and existing insurance cover you have through our Insurer.

Change in premium structure

The current charge for Accumulation 2 inbuilt benefits is calculated according to your salary. This charge is equivalent to $9.24 per $1,000 of salary upon which your employer contributions are calculated.

Once inbuilt benefits are transitioned to external insurance cover, the premium you pay will depend on a number of factors including your age and the amount of cover you have. Generally, insurance premiums will decrease for younger members and increase for older members when compared to the insurance charge that is currently applied to inbuilt benefits.

Cost of cover before and after transition day: example 1

Tim, 40, is an existing Accumulation 2 member working full-time and has a salary and benefit salary of $100,000. Prior to *transition day*, Tim had inbuilt death and disablement benefits provided by UniSuper. Tim's charge for inbuilt benefits is calculated as $9.24 for each $1,000 of salary. Based on his salary of $100,000 his weekly inbuilt benefit charge would be $17.77 (calculated as $100,000 ÷ 1,000 x $9.24 ÷ 52).

INBUILT BENEFITS	AMOUNT	COST PER WEEK
Death	$420,000	$17.77
Disablement and Temporary Incapacity	$5,000 per month	

On *transition day*, Tim's inbuilt Death benefit will be transitioned into units:
$420,000 ÷ $164,000 = 2.56 units

As units are then rounded up to the next whole unit, Tim will receive three units of Death cover. Tim will receive TPD cover equivalent to the value of his transitioned Death cover, which means he will also receive three units of transitioned TPD cover on *transition day*. Additionally, Tim will receive Income Protection cover as follows:
$100,000 x 85% ÷ 52 ÷ 100 = 16.35 units

As units are rounded up, Tim will receive 17 units of Income Protection cover.

INSURANCE COVER	UNITS	AMOUNT	COST PER WEEK##
Death & TPD	3 units	3 x $164,000 = $492,000	3 x $1.76 = $5.28
Income protection*	17 units	17 x 5,200 ÷ 12 = $7,366.67 per month^	17 x $24.58 ÷ 52 = $8.04
Total			$5.28 + $8.04 = **$13.32**

Cost of cover before and after transition day: example 2

Rupert, 50, is an existing Accumulation 2 member working full-time and has a salary and benefit salary of $90,000. Prior to *transition day*, he had inbuilt death and disablement benefits provided by UniSuper. Rupert's charge for inbuilt benefits is calculated as $9.24 for each $1,000 of salary. Based on his salary of $90,000 his weekly inbuilt benefit charge would be $15.99 (calculated as $90,000 ÷ 1,000 x $9.24 ÷ 52).

INBUILT BENEFITS	AMOUNT	COST PER WEEK
Death	$189,000	$15.99
Disablement and Temporary Incapacity	$4,500 per month	

On *transition day*, Rupert's inbuilt Death benefit will be transitioned into units:
$189,000 ÷ $49,000 = 3.86 units

As units are then rounded up to the next whole unit, Rupert will receive four units of Death cover. He will receive TPD cover equivalent to the value of his transitioned Death cover, which means he will also receive four units of transitioned TPD cover on *transition day*. Additionally, Rupert will receive Income Protection cover as follows:
$90,000 x 85% ÷ 52 ÷ 100 = 14.71 units

As units are rounded up, Rupert will receive 15 units of Income Protection cover.

INSURANCE COVER	UNITS	AMOUNT	COST PER WEEK##
Death & TPD	4 units	4 x $49,000 = $196,000	4 x $1.76 = $7.04
Income protection*	15 units	15 x 5,200# ÷ 12 = $6,500 per month^	15 x $52.87 ÷ 52 = $15.25
Total			$7.04 + $15.25 = **$22.29**

* 90 day waiting period and five year benefit period.
^ Monthly benefit paid will limited to 85% of salary, including up to 10% super.
\# One unit of Income Protection cover equals $100 per week or $5,200 per annum.
\## Refer to the premium rate tables on pages 27 and 30.

Increase in premiums

You may be aware that insurance premiums have increased across the superannuation industry over the past 12 months, reflecting an increased level of claims, increased costs of administering insurance and increases in State Government stamp duty rates. While UniSuper and our Insurer are not immune to these effects, we have been able to limit premium increases for Death & TPD cover. New higher premium rates for external insurance cover will apply from *transition day*.

The revised premium rates for unitised cover are outlined in the table on this page. These revised rates will apply to the transitioned cover you will receive when your inbuilt benefits cease on *transition day*. Depending on a variety of factors such as your salary and age, the premiums you will pay for your transitioned cover may be more or less than the charge you currently pay for your existing inbuilt benefits. The fixed cover rates shown in the table on page 29 will apply if you have existing fixed external cover.

If you also currently have existing external Death & TPD cover through our Insurer, the revised premium rates represent an **increase in premium** costs you will pay for this cover going forward. You can check *Your cover estimate* sheet which is included in this pack, to compare your current estimated inbuilt charge and the estimated cost of external cover that will apply from *transition day*.

Premium structure and rates for unitised Death & TPD, Death-only and TPD-only cover

Currently our Insurer has two separate premium rates depending on whether you have combined Death & TPD cover or Death-only cover. To give members more flexibility and control over the type and level of cover they have, from *transition day* our Insurer will be introducing three different premium rates: one for Death-only cover, one for TPD-only cover and another for combined Death & TPD cover. The premium rate for combined Death & TPD cover will be discounted and therefore will be lower than the sum of the separate Death-only and TPD-only premium rates as set out in the table below.

	DEATH -ONLY	TPD -ONLY	DEATH & TPD
Current pricing per unit per week#	$1.00	n/a	$1.60
New pricing per unit per week#	$1.08	$0.89	$1.76

Premiums shown include an administration fee of 11% of the insurance premium charged by our Insurer to cover the costs associated with administering the insurance arrangements. The administration fee is inclusive of GST and the benefit of any tax credits that are applicable to the Trustee. Please note, insurance premiums are not fixed and can be expected to change from time to time. Members will be given written notice of any changes.

The discounted premium will be calculated automatically when you have an equal number of Death and TPD units, with any additional Death or TPD units calculated at the Death-only or TPD-only rate as applicable. The discounted Death & TPD premium will apply whether you have fixed or unitised cover. The example overleaf illustrates how the new premium rates and structure will apply from *transition day*.

Premium increase: an example

Let's look at Tim again and assume, prior to transition, that he had one unit of external Death & TPD insurance cover.

TIM'S EXISTING EXTERNAL INSURANCE COVER ON 2 JANUARY 2015

Cover type	Cover amount	Cost per week
Death & TPD	1 unit	1 x $1.60 = $1.60

The cost of cover for the existing one unit of Death & TPD cover Tim has with our Insurer will increase from $1.60 per unit per week to $1.76 per unit per week. When his inbuilt death and disablement benefits are transitioned on *transition day* Tim will receive an additional three units of Death & TPD cover, bringing his total to four units. Because Tim has equal units of Death & TPD cover, the new discounted Death & TPD premium rates will apply.

TIM'S INSURANCE COVER ON TRANSITION DAY

Cover type	Cover amount	Cost per week
Death & TPD	4 units	4 x $1.76 = $7.04

After *transition day* Tim decides he wants to increase the amount of TPD cover he has to six units. His application for the two additional units is successful and the increased cover takes effect from 1 February 2015. The additional two units of TPD cover will cost Tim an additional $1.78 per week ($0.89 x 2 units). From 1 February 2015 the total cost of Tim's external insurance cover—comprising four units of Death cover and six units of TPD cover—will be $8.82 ($7.04 for discounted Death & TPD cover plus $1.78 for the additional 2 units of TPD-only cover).

TIM'S INSURANCE COVER ON 1 FEBRUARY 2015

Cover Type	Cover Amount	Cost per week
Death & TPD	4 units	4 x $1.76 = $7.04
TPD only	2 units	2 x $0.89 = $1.78
		Total = **$8.82**

Premium structure and rates for fixed Death & TPD, Death-only and TPD-only cover

As outlined in the 'What is fixed cover?' section on page 15, you can choose to change your cover from unitised-cover to a fixed level of cover. Fixed cover allows you to choose the level of cover you want in multiples of $1,000. The level of cover will not vary with age, but the premiums you will pay for that cover will increase as you get older.

The fixed cover annual premium rates will increase from *transition day*. The table on page 29 opposite shows the annual premium cost per $1,000 of fixed Death and/or TPD insurance cover that will apply from *transition day*. You can find the current fixed cover annual premium rates in the *Defined Benefit Division and Accumulation 2 Product Disclosure Statement (PDS)* available at **www.unisuper.com.au/pds**.

Fixed Death & TPD cover: an example

Suzie is 55 years old and wants to make sure she has $250,000 of Death and TPD cover. As she will be 56 on her next birthday, she must use the premium rate for '56' (see opposite). Here's how she works out the weekly cost of her fixed cover premiums:

($250,000 ÷ 1000) x ($3.27 ÷ 52 weeks) = $15.72

At age 56 next birthday, to have $250,000 in Death & TPD cover, Suzie will pay premiums of $15.72 per week.

Note: Suzie's premiums will increase as she gets older, and her TPD cover will be subject to a reducing scale from age 61.

FIXED COVER ANNUAL PREMIUM RATES# PER $1,000 INSURED BENEFIT FROM TRANSITION DAY

Age (next birthday)	Death-only ($)	TPD-only ($)	Death and TPD ($)	Age (next birthday)	Death-only ($)	TPD-only ($)	Death and TPD ($)
15-35	0.24	0.20	0.40	56	2.02	1.65	3.27
36	0.26	0.21	0.41	57	2.18	1.78	3.53
37	0.28	0.22	0.43	58	2.35	1.93	3.83
38	0.29	0.23	0.47	59	2.50	2.05	4.07
39	0.31	0.26	0.51	60	2.68	2.21	4.37
40	0.34	0.29	0.56	61	2.96	2.43	4.83
41	0.38	0.31	0.61	62	3.31	2.72	5.39
42	0.42	0.36	0.69	63	3.75	3.09	6.12
43	0.48	0.39	0.77	64	4.02	3.31	6.56
44	0.53	0.44	0.88	65	4.33	3.55	7.06
45	0.61	0.50	0.98	66	4.90	4.02	7.98
46	0.67	0.54	1.08	67	5.63	4.62	9.18
47	0.74	0.61	1.19	68	6.25	5.14	10.20
48	0.83	0.69	1.35	69	7.04	5.77	11.48
49	0.92	0.75	1.48	70	8.03	6.60	13.11
50	1.02	0.84	1.67	71	9.37	n/a	9.37^
51	1.15	0.94	1.88	72	11.24	n/a	11.24^
52	1.25	1.03	2.04	73	14.05	n/a	14.05^
53	1.41	1.15	2.30	74	17.56	n/a	17.56^
54	1.57	1.29	2.55	75	22.48	n/a	22.48^
55	1.75	1.44	2.86				

Premiums shown include an administration fee which covers the costs associated with administering the insurance arrangements. The administration fee is inclusive of GST and the benefit of any tax credits that are applicable to the Trustee. Please note, insurance premiums are not fixed and can be expected to change from time to time. Members will be given written notice of any changes.

^ Death-only paid; no TPD benefit after age 70 next birthday.

Premium rates for Income Protection cover

From *transition day* Accumulation 2 members will receive external Income Protection cover for the first time. The premium rates for the Income Protection cover will vary depending on the benefit period and waiting period that applies to your cover.

Income Protection cover is provided as units of cover in multiples of $100 of cover per week. The premiums are based on your age and your level of cover. Income Protection cover is not available as fixed cover.

The following tables show the cost of Income Protection cover for all of the waiting periods and benefit periods available from *transition day*.

AGE (NEXT BIRTHDAY)	ANNUAL PREMIUM ($) PER UNIT OF INCOME PROTECTION COVER OF $100 PER WEEK, WITH A 90 DAY WAITING PERIOD		
	2-year benefit period	5-year benefit period	To age 65 benefit period
15-39	8.32	14.85	32.53
40-44	13.77	24.58	53.83
45-48	21.13	37.74	82.64
49-51	29.62	52.87	115.79
52-54	34.18	61.03	133.65
55-57	47.72	85.20	186.59
58-60	51.45	91.88	201.21
61-63	63.28	94.45	94.45
64	50.27	50.27	50.27
65	16.77	16.77	16.77

AGE (NEXT BIRTHDAY)	ANNUAL PREMIUM ($) PER UNIT OF INCOME PROTECTION COVER OF $100 PER WEEK, WITH A 60 DAY WAITING PERIOD		
	2-year benefit period	5-year benefit period	To age 65 benefit period
15-39	11.29	18.86	41.44
40-44	18.69	31.22	68.58
45-48	28.68	47.93	105.28
49-51	40.19	67.15	147.53
52-54	46.38	77.51	170.27
55-57	64.76	108.20	237.72
58-60	69.83	116.69	256.33
61-63	75.57	115.24	115.24
64	62.35	62.35	62.35
65	20.80	20.80	20.80

AGE (NEXT BIRTHDAY)	ANNUAL PREMIUM ($) PER UNIT OF INCOME PROTECTION COVER OF $100 PER WEEK, WITH A 30 DAY WAITING PERIOD		
	2-year benefit period	5-year benefit period	To age 65 benefit period
15-39	16.20	27.04	59.56
40-44	26.79	44.74	98.57
45-48	41.14	68.68	151.33
49-51	57.63	96.24	212.02
52-54	66.52	111.07	244.72
55-57	92.87	155.07	341.66
58-60	100.15	167.21	368.43
61-63	102.01	156.80	156.80
64	87.48	87.48	87.48
65	29.19	29.19	29.19

Premiums are deducted from your account monthly in arrears. The number of weeks in the month is based on the number of Fridays in the month. You cannot claim a tax deduction for insurance premiums that are paid from your superannuation account. The premiums are paid to our Insurer by the Trustee on your behalf and are not payments made directly by you to our Insurer.

Insurance premiums and the amount of insurance you get are not fixed and can be expected to change from time-to-time. Members will be given written notice of any changes as required by law.

Income protection cover premium costs: an example

We first met John on page 10. He's 34, works full time and his salary is $96,000 p.a.

Here are the steps John can follow to work out the cost of his Income Protection cover on *transition day* (based on the default cover for Accumulation 2 members of a 90-day waiting period and five-year benefit period):

1. John calculates his weekly benefit—annual income last agreed with his employer x 85% ÷ 52 (rounded up to the nearest $100). **Note:** this is subject to the *maximum cover limit*.
2. John divides his weekly benefit by $100 to determine the number of units of cover he has.
3. He then multiplies the number of units from Step 2 by the annual premium by referring to the premium table on the previous page.
4. Finally, John divides his annual premium from Step 3 by 52 to determine his weekly premium.

John's Income Protection cover and weekly premium will be calculated as follows:

COST OF JOHN'S INCOME PROTECTION COVER

	Calculation	Total
Total weekly benefit	$96,000 x 85% ÷ 52	$1,569, rounded up to $1,600
Units of cover	$1,600 ÷ $100	16 units
Annual Premium for cover	16 x $14.85	$237.60 p.a
Weekly premium for cover	$237.60 ÷ 52	$4.57 per week

John is also mindful that any Income Protection benefit he receives will be the lesser of:

- the amount represented by the number of units our Insurer last accepted for him
- 85% of his pre-disability monthly income (with any amount above 75% of his pre-disability monthly income to be paid as a superannuation contribution)
- the maximum that can be purchased under the policy (i.e. $29,900 per month or 69 units of cover).

NOT SURE HOW THIS WORKS?

Call us on **1800 029 810** and we can help you with any questions you have. Your enclosed *cover estimate* also provides an overview of your estimated transitioned Income Protection cover and costs.

Product enhancements from transition day

Increased flexibility

Your inbuilt benefits are calculated using formulae that draw on values including your benefit salary and average service fraction (ASF). They also take into account things such as your contributing service. Being formula-based, your inbuilt benefits have been part of the 'structure' of your overall UniSuper benefits—so you haven't been able to opt out of or 'decouple' these benefits.

After your inbuilt benefits transition to external insurance cover with our Insurer on *transition day*, you will be able to adjust your cover to suit your needs (within the terms and conditions in the policies we have with our Insurer)—including opting out of this cover altogether if you want to.

The changes mean you'll be able to:

- apply for increased cover
- choose Death-only or TPD-only cover—or bundle them together to enjoy discounted premiums (see page 27)
- apply for the Income Protection waiting period and payment period that best suits you, and
- decrease or opt out of part or all of your insurance cover.

We're also expanding the Life Events cover you can apply for. See page 33 opposite to find out more.

You'll be able to apply to make these changes through MemberOnline in the week following *transition day* or by completing and returning the *Cancelling and decreasing your insurance cover* form available from our website.

Our updated DBD and Accumulation 2 PDS, available from 3 January 2015, will outline all of the eligibility criteria for these enhancements. You can access a copy from **www.unisuper.com.au/pds**.

Increased portability

At present, if you leave your employment your inbuilt benefits will cease after 90 days. From *transition day*, as long as you have sufficient funds in your account to pay the premiums, have not permanently retired and remain a UniSuper member, your insurance cover will not cease—regardless of whether or not you're employed with a UniSuper employer.

Transfer your cover from another fund online

From *transition day*, you'll be able to use MemberOnline to apply to transfer any existing Death, TPD or Income Protection insurance cover you may have with another super fund to UniSuper. Applying to transfer cover online is generally quicker than filling out a paper application form and can avoid the delays often associated with using regular mail.

Transferring cover to UniSuper is subject to you meeting a number of conditions including:

- You agree to cancel the cover you have with the other super fund
- You transfer your total account balance from the other fund to UniSuper
- At the date you make the application to transfer cover you are gainfully employed and physically capable of undertaking gainful employment for at least 30 hours a week, and
- You have properly completed the application form and provide any other documentation we require to transfer the cover.

TPD-only insurance cover

The types of external insurance cover currently available to UniSuper members are Death-only and Death & TPD cover.

From *transition day*, we're introducing the option to have TPD-only cover. Any TPD cover you have will be able to exceed the amount of Death cover you have. The maximum amount of TPD cover you have can't exceed $3 million.

See the 'Insurance premiums' section for information on the cost of cover, including the discounted rate that will apply from *transition day* for purchasing Death & TPD cover together.

Expanded life events cover

UniSuper provides a straightforward process for increasing your Death & TPD cover, Death-only cover or TPD-only cover, as applicable, if you:

- purchase a home for your permanent residence and take out a mortgage on that residence
- get married, or
- either you or your partner give birth to or adopt a child.

From *transition day*, we're pleased to offer an expanded range of circumstances in which you may apply for Life Events cover. These are:

- commencing a de facto relationship
- getting divorced or terminating a de facto relationship
- having a dependent child starting tertiary education, or
- the death of a spouse (including a de facto spouse).

The eligibility requirements described on page 37 of the current *Defined Benefit Division and Accumulation 2 PDS* (available from **www.unisuper.com.au/pds**) continue to apply to Life Events cover, but an additional eligibility requirement also applies: a member must not have applied for Life Events cover in respect of the same life event.

For example, if you have previously married and successfully applied for Life Events cover, you will be eligible to apply again if you are married for a second time to a different person.

EVIDENCE REQUIRED

As always, if you wish to apply for life events cover under one of our new range of circumstances, you will need to provide evidence—see table below.

LIFE EVENT	EVIDENCE REQUIRED	TIME LIMIT
Commencing a de facto relationship	Statutory declaration form	90 days after the commencement of the relationship
Divorcing or terminating a de facto relationship	One of the following: - for legal marriages: divorce orders - for de facto: statutory declaration form	90 days after the: - the date of divorce - the effective date of the termination of the relationship
Death of a spouse including a de facto	Death certificate	90 days from the death of the person
Dependent child starting tertiary education	Enrolment details or acceptance letter from school	90 days from starting at the tertiary institution

If you want to apply for Life Events cover, please read the Life Events cover fact sheet and form available at **www.unisuper.com.au/forms-and-documents**.

We're changing how insurance cover is reinstated or recommences after it ceases

COVER THAT CEASES BEFORE TRANSITION

Until 2 January 2015, if your cover ceases but is then reinstated within 180 days, there is a gap in cover for the period between when your cover ceased and when it was reinstated.

We will charge premiums for the reinstated insurance from the date cover was reinstated.

COVER THAT CEASES AFTER TRANSITION

From *transition day*, if your cover ceases* it may be reinstated or recommenced depending on whether an employer contribution is received into your account and your account balance reaches $2,000 within 180 days or after 180 days of cover ceasing.

Note: existing rules will apply if your cover ceases prior to *transition day* and it is reinstated or recommenced after *transition day*.

If you satisfy these conditions within 180 days of cover ceasing
From *transition day*, if your cover ceases* and we receive an employer contribution into your account and your balance reaches $2,000 within 180 days of your cover ceasing, your cover will be reinstated from the date it originally ceased to the same level and type of cover it was previously, provided:

- you are in *active employment* on the date that your cover is reinstated
- you are not applying, entitled to or have been paid a TPD benefit under any superannuation or insured benefit arrangement (if you don't satisfy this criterion you will only be eligible for Death-only cover), and
- you are not applying for, entitled to or have been paid a terminal illness benefit under any superannuation or insured benefit arrangement (if you don't satisfy this criterion you will not be eligible for any Death-only, TPD-only or Death and TPD cover at all).

If you satisfy the conditions after 180 days of cover ceasing
From *transition day*, if we receive an employer contribution into your account **after 180 days** of your insurance originally ceasing*, your cover will recommence provided that:

- **within 180 days** of UniSuper receiving the employer contribution your account balance is $2,000 or more
- you are in *active employment* on the date that your cover recommences
- you are not applying for, entitled to or have been paid a TPD benefit under any superannuation or insured benefit arrangement (if you don't satisfy this, you will only be eligible for Death-only cover), and
- you are not applying for, entitled to or have been paid a terminal illness benefit under any superannuation or insured benefit arrangement (if you don't satisfy this, you will not be eligible for any Death-only, TPD-only or Death and TPD cover at all).

Your cover will recommence on the later of the date we receive the employer contribution and the date your account balance reaches $2,000. If your account balance does not reach $2,000 within 180 days of UniSuper receiving the employer contribution, your cover will not recommence. You will, however, be able to apply for insurance cover but you will need to go through our Insurer's full underwriting process.

Upon recommencement you will be provided with one unit of Death cover and, for 12 months only, one unit of TPD cover with a 12-month PEC restriction attached. Provided you are in *active employment* after the 12-month period, the 12-month PEC restriction will not longer apply and you will have one unit of standard death and TPD cover.

In all other circumstances where cover ceases, you can only recommence your cover by making an application to our Insurer and going through the underwriting process.

Reinstated or recommenced cover is subject to the terms, conditions or restrictions our Insurer considers appropriate at the time of reinstatement or recommencement.

The table on page 35 opposite shows how the current rules work and how the new rules will work.

* Your cover may be reinstated or recommenced if your cover ceased because a) your account balance is less than $2,000 and no contribution or rollover has been received into your account for 12 consecutive months, or b) you have insufficient funds in your account to pay for your insurance premiums.

CURRENT RULES TO CONTINUE IF YOUR COVER CEASES PRIOR TO TRANSITION DAY	NEW RULES TO BE APPLIED IF YOUR COVER CEASES FROM TRANSITION DAY ONWARDS
Reinstatement rules	
For cover to be reinstated the following need to be satisfied: - Employer contribution is received within 180 days of cover ceasing - You are in active employment when cover is reinstated - You have not applied for or not entitled to or have not been paid a TPD benefit, and - You have not applied for or are not entitled to or have not been paid a terminal illness benefit.	For cover to be reinstated the following need to be satisfied: - Employer contribution is received and your account balance is above $2,000 within 180 days of cover ceasing - You are in active employment when cover is reinstated - You have not applied for or are not entitled to or have not been paid a TPD benefit, and - You have not applied for or are not entitled to or have not been paid a terminal illness benefit.
Cover is reinstated to the previous level and type **from the date the employer contribution is received**.	Cover is reinstated to the previous level and type **from the date cover ceased** including any remaining period left on the PEC restriction criteria that existed prior to cover ceasing.
Recommencement rules	
For cover to recommence the following need to be satisfied: - Employer contribution received after 180 days of cover lapsing - You are in active employment when cover recommences - You have not applied for or are not entitled to or have not been paid a TPD benefit, and - You have not applied for or are not entitled to or have not been paid a terminal illness benefit.	For cover to recommence the following need to be satisfied: - An employer contribution is received after 180 days of cover ceasing and within 180 days of UniSuper receiving the employer contribution your account balance is at least $2,000 - You are in *active employment* when cover recommences - You have not applied for or are not entitled to or have not been paid a TPD benefit, and - You have not applied for or are not entitled to or have not been paid a terminal illness benefit.
Cover recommences on the date the employer contribution is received. Cover on recommencement is: - one unit of Death cover - one unit of Limited TPD cover for 12 months which becomes full TPD cover on the date you are in active employment after end of the 12-month period	Cover recommences on the later date of the employer contribution being received or your account balance reaching at least $2,000. Cover on recommencement is: - one unit of Death cover - one unit of TPD cover with 12-month PEC - Death and TPD cover can both be increased but will be subject to full underwriting.

Reinstated or recommenced insurance cover: an example

Flynn has two units of Death and TPD insurance cover and 15 units of Income Protection cover that ceased because his account balance was too low to pay insurance premiums on 1 June 2015. In order to have insurance cover again, Flynn needs to have an account balance of $2,000 or more and be at work so that an employer contribution is received into his account.

- If an employer contribution was received on 31 July 2015 and a rollover was received on 31 August 2015 which caused his account balance to exceed $2,000, Flynn has satisfied both conditions **within** 180 days of his insurance cover ceasing. Flynn's two units of Death and TPD insurance cover and 15 units of Income Protection cover would be reinstated as though his cover had not ceased on 1 June 2015. When this happens, insurance premiums will be charged back to 1 June 2015.
- If an employer contribution is received on 31 July 2015 and a rollover was received on 31 December 2015, causing his account balance to exceed $2,000, Flynn has satisfied both conditions **after** 180 days of his insurance cover ceasing and his insurance would recommence on 31 December 2015. Flynn would not automatically have the same cover again—instead, he'd receive one unit of Death insurance cover and one unit of TPD insurance cover that has a 12-month PEC restriction. When this happens, insurance premiums will be charged from the date this cover commenced. Flynn will not be covered during the period his insurance cover had ceased.
- If an employer contribution is received on 1 January 2016 and a rollover causing Flynn's account balance to exceed $2,000 is received on 1 August 2016, even though Flynn has satisfied both conditions **after** 180 days of his insurance cover ceasing, his account balance did not exceed $2,000 within 180 days of his employer contribution. Flynn would not be eligible for insurance cover to recommence and would have to go through our Insurer's underwriting process if he wanted insurance cover.

Changes to fees and costs

Following an annual review of our fees and costs, the following fee and cost changes will apply from 1 January 2015.

FEE NAME	FEE PRIOR TO 1 JANUARY 2015	FEE FROM 1 JANUARY 2015
Switching fee	The first investment switch per account in each financial year is free of charge. All subsequent switches are charged a fee of $20 per switch.	The first investment switch per account in each financial year is free of charge. All subsequent switches will be charged a fee of $16.50 per switch.
Administration fee	$115 per annum, deducted from your account each quarter. The final quarterly payment will be for the quarter ending 31 December 2014.	$115 per annum, deducted from your account each month. The first monthly payment will be for the month ending 31 January 2015.

Glossary

ACTIVE EMPLOYMENT

In general terms, active employment means that you're actively performing—or capable of actively performing—all of the duties of your usual occupation on a full-time basis, and capable of performing your usual occupation free from any limitation due to illness or injury on a full-time basis.

For the full definition of active employment, refer to **www.unisuper.com.au/glossary** or your PDS.

AUTOMATIC ACCEPTANCE LIMIT (AAL)

For Accumulation 2 members, the AAL is the lesser of:

- 34 units, or
- the highest number of units which equates to 85% of the member's salary at the date their cover commenced.

CONVERSION

From *transition day*, if you're an Accumulation 2 member, we'll be changing your inbuilt death, disablement and temporary incapacity benefits to unitised Death, Total and Permanent Disablement (TPD) and Income Protection cover with our Insurer.

DISABLEMENT

A state of health which, in the opinion of the Trustee, renders a member permanently incapable of performing duties or engaging in employment for which they are reasonably qualified by training and experience where:

- the member has been absent from employment through injury or illness for three months within a period of twelve consecutive months immediately before ceasing service, and
- the Trustee is satisfied that the state of health is not due to or induced by any wilful action on the part of the member to obtain a benefit.

FIXED COVER

Your chosen level of cover will remain the same each year but your premium will vary each year according to your age.

INBUILT BENEFITS

Inbuilt benefits refers to the death, terminal medical condition, disablement and temporary incapacity benefits which are self-insured by UniSuper and calculated using a formula set out in the Trust Deed.

Inbuilt benefits do not include the value of members' account balances or any external insurance cover.

LIMITED TPD COVER

Cover for an illness which first became apparent—or an injury that first occurred—on or after the date your cover last commenced, recommenced or increased.

MAXIMUM COVER LIMIT

Means in respect of:

- Death cover
  - **on** *transition day*: $3 million
  - **after** *transition day*: unlimited
- TPD cover – $3 million; and
- Income Protection – $29,900 per month, or 69 units

PRE-EXISTING CONDITION (PEC)

Means that our Insurer will not pay a claim that relates to an illness or injury:

- in respect of which, prior to the relevant date, the member or a reasonable person in their position:
  - was aware of or was aware of symptoms related to the illness or injury, or
  - should have sought advice or treatment or should have sought advice or treatment in relation to symptoms related to the illness or injury (conventional or alternative) from a medical practitioner or other allied health professional (in circumstances where a reasonable person in their position would have sought advice or treatment), or
  - has had a medical consultation or been prescribed medication or therapy

and

- which existed, or any symptoms related to the injury or illness which existed at any time prior to the relevant date.

SALARY

The annual remuneration last agreed between the insured and the member's employer. This can be different to the Salary previously used to calculate your inbuilt benefits.

TEMPORARY INCAPACITY

A state of health which, in the opinion of the Trustee, renders a member unable to perform their own duties or any other duties for which they are reasonably qualified by education and experience and available at the member's employer where:

- the member has been absent from employment through injury or illness for three months within a period of twelve consecutive months immediately before making a claim for the benefit, and
- the Trustee is satisfied that the state of health is not due to or induced by any wilful action on the part of the member to obtain a benefit.

TERMINAL MEDICAL CONDITION

A condition in relation to the member where the Trustee is satisfied that the following circumstances exist:

- two registered medical practitioners have certified separately that the person suffers from an illness, or has incurred an injury, where it is likely to result in the death of that person within a period that ends not more than 12 months after the date of the certification,
- at least one of the registered medical practitioners is a specialist practising in the area related to the illness or injury suffered by the person, and
- for each of the certificates, the 12-month period has not ended.

TOTAL AND PERMANENT DISABLEMENT (TPD)

TPD means while insured by the Insurer under the policy:

- in the Insurer's opinion, solely because of illness or injury you have suffered ill-health (whether physical or mental) which makes it unlikely that you will engage in gainful employment for which you are reasonably qualified by education, training or experience and, unless an exception applies (see 'Is there a waiting period before insured benefits are paid?' in the PDS), you have been absent from employment for six consecutive months (if you were in gainful employment or on employer approved leave without pay at the date of disablement) or you have otherwise suffered ill-health for six consecutive months;

or

- in the Insurer's opinion, solely because of illness or injury, you are unlikely ever to be able to perform at least two of the Activities of daily living;

or

- if you are a member who was not, at the date of disablement, gainfully employed but was, at that date, engaged in domestic duties:
  - you are under the care of a medical practitioner;
  - unless an exception applies (see 'Is there a waiting period before insured benefits are paid?' in the PDS), you are absent from performing domestic duties for six consecutive months; and
  - in the Insurer's opinion, solely due to illness or injury, you are:
    - unable to perform those domestic duties;
    - unable to leave home unaided; and
    - disabled to such an extent as to render you unlikely to perform domestic duties or engage in gainful employment for which you are reasonably suited by education, training or experience;
- if you are a member who, immediately prior to 1 July 2014, was a member:
  - with TPD cover under the policy; or
  - who was covered under the in-built self-insured arrangements under the Fund;

in the Insurer's opinion, solely because of illness or injury, you have suffered the permanent loss of the:

- use of two limbs;
- total sight in both eyes; or
- use of one limb and the total sight in one eye.

TRANSITION DAY

3 January 2015

UNITISED COVER

The cost of each unit of cover stays the same as you get older, but the amount of cover you get reduces over time.

UPLIFTED COVER

When we convert your inbuilt benefits to insurance cover through our Insurer, to ensure you receive equivalent or better Death cover, we will round up your cover to the nearest whole unit. The difference between the dollar value of your inbuilt benefits on *transition day* and the dollar value of your 'rounded up' cover is referred to as your 'uplifted' cover.

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