

PDS Fact Sheet

The information in this document forms part of the Super Solutions Product Disclosure Statement dated 1st January 2012, Version 4.0.

Income Protection

The following insurance information is only a guide. If you're interested in the full Terms and Conditions, please contact us for copies of the Insurance Policy documents (the Policy).

Having insurance cover with LGSP, members are provided with:

- » Insurance premiums being deducted directly from your superannuation account.
- » The ability to apply for additional cover to meet your needs.

What types of Insurance cover are offered?

The Fund offers you three types of insurance, Death only, Death & Total and Permanent Disablement (TPD) and Income Protection (IP) to help you and your family manage financially in the event of your death and disablement due to illness or injury:

- » **Death:** In the event of your death while you're a member of the Fund, a lump sum amount consisting of your super and your insured cover amount may be paid to your dependants, or legal personal representative.
- » **Total and Permanent Disablement (TPD):** In the event of your disablement while you're a member of the Fund, a lump sum amount consisting of your super and your insured cover amount may be paid to you. TPD is only available with death cover; it is not a standalone product.
- » **Income Protection (IP):** This insurance helps to protect your income and provides you with a monthly benefit based on a percentage of your salary, if you're unable to work due to illness or injury and satisfy the conditions for a total or partial disability benefit.

This fact sheet is about Income Protection Cover only. If you want more information on Death and TPD please view the "Death and TPD" Fact Sheet available our website at www.walgsp.com.au/PDS.

What are the levels of cover?

If you're eligible, you can choose from four levels of cover:

Insurance Type	Description	Level of Cover	Benefit Payable Term	Waiting Period			
				30 days	60 days	90 days	180 days
Income Protection	Basic Cover [^]	50% of Insured Salary	2 years	✗	✗	✓	✗
	2 Year cover	75% of Insured Salary	2 years	✓	✓	✓	✓
	5 Year cover	75% of Insured Salary	5 years ^{^^}	✓	✓	✓	✓
	Long Term Cover	75% of Insured Salary	To age 65 ^{^^}	✓	✓	✓	✓

[^]Default Cover ^{^^} Indexed after the first year of payment by the lesser of 5% or the Consumer Price Index (i.e. indexation).

Cover that is not "default Cover" will require you to complete the Insurance Application or Variation form and be assessed for your selected type and amount of cover.

The maximum monthly benefit is the lesser of \$25,000 per month or 75% of insured salary. Subject to underwriting.

The percentages of Insured salary quoted above relate to your total package salary, including super contributions.

If you make a claim, the salary level used to calculate your entitlement (Insured Salary) will be the lesser of your salary at the date of disablement or 110% of the most recently advised salary (Declared salary).

So it is really important that you keep us informed of any change in your salary or you might be underinsured or insured for less than you think.

Who is eligible?

To be eligible for Income Protection cover you must be:

- » A member of, or applying for membership with the fund
- » An Australian resident;
- » At least 15 years of age;
- » A Permanent employee ;
- » Under the age of 65;
- » Not currently employed as a Police Officer;
- » Must not have received, or have a current or pending claim to receive a TPD or Terminal Illness Benefit from any insurance policy;
- » The Insurer has agreed in writing that they will insure you under the policy.

When does default cover start?

If you're eligible for Automatic Acceptance, your cover will start from either of the following dates:

- » For Public Offer members, the date you joined the Fund; or
- » For employees of a participating employer, the date you commence employment with your participating employer as a permanent or contractual employee, as notified to us, or the date you join the Fund, whichever is later. Please refer to Limited Cover provisions if you join the Fund 6 months after commencing employment with your Employer.

If you're not eligible for Automatic Acceptance or you're applying to increase your cover above the AAL, your cover will start from the date of insurer approval, subject to the eligibility criteria or if cover is subject to a condition, premium or loading, the date you notify us in writing that you accept the insurer's offer.

When does cover stop?

Income Protection cover will automatically cease at the earliest of you:

- | | |
|---|---|
| <ul style="list-style-type: none">» No longer being eligible and any Extended Cover ceases;» Turning 65;» Cancelling your cover;» Ceasing to be a member;» Death; | <ul style="list-style-type: none">» Within 120 days of joining the Fund if the initial Employer Contribution is not received;» 60 days after premiums remain unpaid;» The date the policy terminates;» Your period of unpaid leave or employment overseas exceeds two years. |
|---|---|

Total or partial disablement benefits will automatically cease at the earliest of:

- | | |
|---|---|
| <ul style="list-style-type: none">» You no longer being totally or partially disabled, whichever is applicable;» You turning 65; | <ul style="list-style-type: none">» Your benefit period expiring (i.e. either two years, five years or at age 65, whichever is applicable);» Your death. |
|---|---|

How do I change my level of cover?

You may apply to change your level of cover at any time by completing an Insurance Application or Variation Form which includes a Personal Statement.

For cover outside Automatic Acceptance, any increase or reduction in your level of cover and premium rate will be effective from the date of insurer approval. If you cancel your insurance cover, the cancellation will be effective from the date we receive your written notice of cancellation. Premiums will continue to be deducted up to the date of cancellation.

Limited Cover

If you are an employee of a participating employer and you joined the Fund after six (6) months of you commencing employment with your participating employer; or if you joined the Fund as a Public Offer member then your cover will be subject to Limited Cover conditions.

Limited Cover Conditions will apply to you from the date your cover commences and will continue for a period of twelve (12) months. You must have been at work for the 10 consecutive working days immediately prior to the expiry of that twelve (12) month period. Where you have not been at work for the ten (10) consecutive working days immediately preceding the twelve month period, Limited Cover will continue until you have been at work for 10 consecutive working days after the period.

Limited Cover Conditions means cover for claims arising from an illness that first becomes apparent or an injury which first occurred on or after the date the cover commenced, recommenced or increased under the policy. In other words you are not covered for pre-existing conditions.

What is the Automatic Acceptance Limit?

The Automatic Acceptance Limit (AAL) is the maximum amount you're automatically covered for, if you are eligible and depends on your employment status.

If you're an eligible person, the AAL is \$9,000 per month. If you're eligible for Automatic Acceptance, but don't let us know what cover you'd like; you will automatically be covered for Basic Cover, known as Default cover.

Who is eligible for Automatic Acceptance?

Automatic Acceptance means you're automatically covered for a certain level of insurance without having to provide medical evidence. Here's how it works.

If you're a permanent full time or part time employee you'll automatically be covered for insurance provided you meet all the following conditions:

- » You are "at" work on either of the following dates:
 - For public offer members (members whose employer has not nominated WALGSP as their default super fund), the date you joined the Fund; or
 - For employees of a participating employer, the date you commence employment with you participating employer as a permanent full time, part time or contractual employee as notified to us.
- » You were less than age 60 on the day you first became a Member of the Fund;
- » Your employer is paying superannuation guarantee contributions on your behalf into the Fund;
- » You are not a former police officer; and
- » You are not self-employed.

"At Work" means you are actively at work and competently performing all the essential duties of your usual occupation without restriction, or are on approved leave other than leave which is taken for reasons related to illness or injury; and you are not receiving or claiming and/or entitle to claim income support benefits, statutory transport accident benefits and disability/Centrelink income benefits.

What is Interim Accident Cover?

If you're not eligible for Automatic Acceptance and you wish to apply for cover or you want to increase Income Protection cover, you'll need to complete an Insurance Application or Variation form, which includes a Personal Statement. The insurer may also require you to provide additional information to enable them to assess your cover.

The good news is that, while the insurer is assessing your application, if eligible you'll be covered in the meantime effective from the date they receive your Personal Statement for the lesser of the amount of total disability cover you're applying for (less your current monthly benefit) or \$10,000 per month.

The benefit period is limited to a maximum period of 24 months and the amount of Interim Accident Cover is reduced by any applicable benefit offsets.

When does Interim Accident Cover stop?

Interim cover automatically ceases on the earliest of:

- » 90 days after the insurer received your fully completed Personal Statement;
- » The insurer accepting or rejecting the cover you applied for;
- » You withdrawing your application for cover;
- » The Fund receiving your acceptance of all terms which the insurer applied to their offer of cover;
- » You no longer being eligible;
- » You turning 65;
- » The policy ending.

What's Extended Cover

This is Total Disability cover, which is as the result of an injury from an accident (i.e. not an illness) which starts on the date you ceased to be an Eligible Person and stops on the earliest of:

- » Sixty (60) days after cover would have otherwise stopped under the heading **"When does cover stop?"** (See page 2)
- » the date you reach age 65;
- » The date you start alternative insurance for the same or similar benefits; or
- » The date the Policy is terminated.

Other Insurance Information

What happens if I change Employer?

If you leave your employer, your insurance cover and premiums will continue to be deducted from your account. Should you find employment (including self employment) during this time, let us know so we can recalculate your cover and premiums based on your new salary details. Any increase in cover will then be provided automatically, up to the AAL.

If you'd rather cancel your insurance, let us know by completing an Insurance Cancellation Form. Just be aware that cancelling your cover will mean having to provide medical evidence for future applications of insurance.

If, after leaving your employer, you become unemployed and your period of unemployment extends beyond 60 days, you can do one of two things:

- 1) You can cancel or reduce your cover. Using this option will require medical evidence for future applications of insurance or increased cover.
- 2) You can continue to pay premiums based on the level of cover you had prior to leaving your employer. However, you will not be eligible to claim for any Income Protection benefits if you remain unemployed beyond the 60 day period.

If you choose option 2 and become employed or self-employed, let us know immediately so we can recalculate your cover and premiums based on your new salary details. Any increase in cover will then be provided automatically, if you are eligible, up to the AAL.

If you make a claim, the salary level used to calculate your entitlement (Insured salary) will be the lesser of your current salary or 110% of the most recently advised salary (Declared salary).

What happens if I am transferred into Super Solutions – Personal?

As long as you're still eligible, your existing insurance cover will continue, subject to the policy conditions. This means you'll be paying the same premium rates as when you were an Employer member. So, if your employment situation changes let us know, so we can adjust your cover and premium rates accordingly.

Can I transfer existing cover?

If you have existing insurance cover through another fund, insurer or employer, you may be able to transfer that insurance cover. Simply fill in the Transfer of Insurance Cover form (available on our website) and send it to us.

Our insurers will make an assessment and let you know if any additional information is required. We will advise you of the Insurer's decision.

What happens to my super contributions?

Your super contributions are included in the overall package salary used to calculate your total benefit. Your chosen level of cover (i.e. either 50% or 75%) determines the percentage of contributions invested into your super. This ensures that contributions can still continue while you're unable to work.

What happens if I'm on a package?

Your package salary will be used to calculate your cover and premiums. It includes all items which may be "lost", including super contributions and fringe benefits, if you're unable to work for any length of time. Similarly, any Income Protection benefit payable is based on the package that you have lost due to your disablement. Any non-cash benefits you're still receiving from your employer aren't included as part of the calculation of your benefit entitlement.

What happens if I am self-employed?

If you are self-employed please contact the fund for assistance in determining your income level for the purpose of insurance.

What if I have cover elsewhere?

If you have cover under any other policy or your employer has cover for you under any other policy, your entitlement under that policy is to be claimed first and offset against any entitlement under this cover.

What happens if I take Employer approved unpaid leave and employment overseas cover?

If you're planning on taking employer approved unpaid leave, you can continue your insurance for a maximum period of two years. Your occupation and salary before you took leave will be the basis for your cover. If you'll be travelling or working overseas, the Worldwide Cover rules apply.

Worldwide Cover

All Insured Members are covered worldwide 24 hours a day, 7 days a week.

If you make a claim from outside Australia, the Insurer may require you to return to Australia at your expense before your claim is assessed.

Tailored Cover

If you have some specific requirements which are not covered here, contact us and we will work with you and the insurer to see whether we can tailor a package to suit you.

Exclusions

General Exclusions

Income Protection benefits won't be paid if the disablement arises directly or indirectly from war or act of war (even if the disability manifests after the war or act of war), intentional self-inflicted act or injury by the Insured Person, pregnancy* or any exclusions the insurer has provided in relation to your cover.

** Unless disability continues for longer than three months after the end of the pregnancy, in which case the disability will be considered to have started at the date the pregnancy ends.*

Interim Accident Cover Exclusions

Income Protection benefits will not be paid if disablement:

1. Occurs more than ninety (90) days after the date of Accident which resulted in disability, or
2. any event in respect of which the insurer has placed an individual exclusion on cover;
3. Is caused by a Pre-existing Condition.

Premiums and Costs

How much does Insurance cost?

Premiums are automatically deducted from your account and differ depending on your level of cover, age, gender and occupation.

With the exception of basic cover, we use your salary and occupation type as last advised to us (declared salary) to work out your premiums.

If you make a claim, the salary level used to calculate your entitlement (Insured salary) will be the lesser of your salary at the date of death or disablement or 110% of the most recently advised salary (Declared salary).

So it is really important that you keep us informed of any change in salary or you might be underinsured or insured for less than you think.

Insurance Administration Fee

The insurance premiums include a 15% administration fee to cover costs of implementing and maintaining insurance, managing claims, legal costs, and obtaining independent advice in relation to claims.

Income Protection Insurance – Basic Cover

Waiting Period	Amount of Benefit	Benefit Payable	Premium per week
90 Days	Up to 50% of Insured salary	2 years	\$1.44

Income Protection Insurance – rates per \$100 Monthly Benefit

Amount of Benefit Payable – Up to 75% X Insured salary

Age next birthday	30 Day Wait 2 Year Benefit		30 Day Wait 5 Year Benefit		30 Day Wait to age 65 Year Benefit	
	Level One Occupation		Level One Occupation		Level One Occupation	
	Male	Female	Male	Female	Male	Female
16	1.69	2.44	2.82	4.00	4.90	7.49
17	1.69	2.44	2.80	4.01	4.90	7.49
18	1.69	2.44	2.80	3.99	4.90	7.49
19	1.69	2.44	2.77	3.97	4.90	7.49
20	1.69	2.44	2.76	3.92	4.90	7.49
21	1.70	2.47	2.79	3.95	4.99	7.63
22	1.70	2.50	2.82	4.05	5.08	7.90
23	1.70	2.53	2.84	4.16	5.18	8.17
24	1.70	2.56	2.87	4.25	5.30	8.48
25	1.71	2.60	2.92	4.38	5.44	8.80
26	1.57	2.58	2.92	4.42	5.47	8.94
27	1.66	2.58	2.95	4.50	5.58	9.20
28	1.66	2.61	2.99	4.64	5.72	9.56
29	1.68	2.66	3.06	4.80	5.93	10.00
30	1.71	2.73	3.18	5.01	6.19	10.56
31	1.77	2.82	3.31	5.28	6.50	11.21
32	1.81	2.95	3.46	5.60	6.88	11.96
33	1.89	3.08	3.66	5.96	7.31	12.83
34	1.98	3.23	3.87	6.37	7.80	13.80
35	2.06	3.41	4.14	6.83	8.37	14.91
36	2.17	3.60	4.41	7.35	8.99	16.12
37	2.29	3.81	4.72	7.90	9.69	17.44
38	2.41	4.04	5.07	8.55	10.45	18.89
39	2.55	4.29	5.44	9.22	11.29	20.46
40	2.72	4.55	5.59	9.52	12.20	22.13

Age next birthday	30 Day Wait 2 Year Benefit		30 Day Wait 5 Year Benefit		30 Day Wait to age 65 Year Benefit	
	Level One Occupation		Level One Occupation		Level One Occupation	
	Male	Female	Male	Female	Male	Female
41	2.88	4.85	5.83	9.92	13.19	23.93
42	3.07	5.16	6.13	10.43	14.24	25.84
43	3.26	5.49	6.61	11.24	15.37	27.84
44	3.48	5.83	7.13	12.13	16.56	29.94
45	3.71	6.22	7.70	13.03	17.84	32.12
46	3.98	6.63	8.28	14.02	19.17	34.37
47	4.25	7.06	8.92	15.05	20.58	36.67
48	4.55	7.53	9.60	16.12	22.04	39.01
49	4.89	8.04	10.33	17.24	23.54	41.35
50	5.25	8.58	11.08	18.43	25.08	43.69
51	5.64	9.18	11.91	19.67	26.66	45.99
52	6.07	9.81	12.79	20.97	28.23	48.21
53	6.55	10.51	13.70	22.32	29.79	50.31
54	7.08	11.27	14.69	23.72	31.31	52.26
55	7.65	12.10	15.75	25.23	32.83	54.10
56	8.29	12.99	16.83	26.73	34.16	55.56
57	8.99	13.98	17.95	28.23	35.27	56.56
58	9.77	15.08	19.05	29.70	36.04	56.96
59	10.65	16.29	20.11	31.05	36.33	56.57
60	11.60	17.62	21.60	33.00	36.89	56.55
61	12.68	19.09	21.45	32.40	35.70	53.90
62	13.88	20.73	19.85	29.55	33.03	49.16
63	15.18	22.50	16.87	24.75	28.07	41.18
64	15.36	22.70	15.36	22.70	21.81	31.81
65	8.24	12.24	8.24	12.24	11.31	16.64

Waiting period factor

Multiply the above rates by the factor below depending on the waiting period required.

30 Days	1.000
60 Days	0.815
90 Days	0.530
180 Days	0.440

Occupation Loading Factor

Multiply the above rates by the factor below depending on occupational rating level.

Level 1	1.0
Level 2	2.0
Level 3	3.2

Level 1 – e.g. administration and management

Level 2 – e.g. works supervisor

Level 3 – e.g. trades and manual workers

Need help working out your premiums?

The easiest way to work out the annual premium is to use our online premium calculator on our website at www.walgrp.com.au. You can find it under the Members tab then Calculators.

However, if you are unable to access the web here is how we manually work out the annual premium:

Let's assume you are male and you'll be 35 on your next birthday, your occupation fits into the level 2 category and you want 5 year cover with a 60 day waiting period. Your package salary is \$40,000 pa.

$\$4.14 \times 0.815$ (waiting period factor) $\times 2$ (the level 2 factor) = \$6.75 pa per \$100 monthly benefit.

$75\% \times \$40,000 = \$30,000$ pa which is \$2,500 per month.

$\$2,500/\$100 \times \$6.75 = \168.75 annual premium.

Definitions and Key terms

What does total disability mean?

Total disablement means that as a result of an illness or injury:

- » During the first two years, you're unable to perform at least one of the important duties of your occupation which involves at least 20% of the working time that is necessary to produce income;
- » After the first two years, because of the same illness or injury, you're unable to perform any occupation for which you are reasonably suited by education, training or experience (this condition only applies for Five Year Cover and Long Term Cover);
- » You're not working in any occupation; and
- » You're under the care of a medical practitioner.

When is a Total disability benefit payable?

A total disability benefit becomes payable when you suffer total disability which has been solely caused as a result of an injury or illness and you meet all of the following conditions:

- » You have been totally disabled for 14 consecutive days; and
- » You are totally disabled for the balance of the waiting period; and
- » At the conclusion of the waiting period you remain totally disabled.

During the waiting period you may return to your primary duties of your occupation once, for up to five consecutive days without having to recommence the waiting period. If this occurs, the days worked will be added to the waiting period.

Total disability benefits are paid monthly in arrears, after the conclusion of your waiting period.

When is a Partial disability benefit payable?

A partial disability benefit becomes payable when you suffer partial disability which has been solely caused as a result of an injury or illness and you meet all of the following conditions:

- » You have been totally disabled for 14 consecutive days; and
- » You are either totally or partially disabled for the balance of the waiting period; and
- » At the conclusion of the waiting period you remain partially disabled and have returned (or you are capable of returning) to your own or any other occupation; and
- » You're under the care of a medical practitioner.
- » As a result of the disability, your income is less than your income before the disability; and

Partial disability benefits are paid monthly in arrears and on you providing the insurer proof of your return to work earnings.

How is the partial disability benefit calculated?

The amount of the benefit is determined by the following benefit formula:

$$\frac{(PDS - REI)}{PDS} \times MB$$

PDS = Pre-Disability Salary **REI** = Return to Employment Income **MB** = Monthly Benefit

Where the Return to Employment Income is greater than 80% of your Pre-Disability Salary, a Partial Disability Benefit is not payable Pre-Disability Salary shall mean the lesser of your:

- » Insured Salary; or
- » The Monthly Benefit divided by the Benefit Formula if your Pre-Disability Salary is higher than your Automatic Acceptance Limit and your Monthly Benefit has been restricted to the Automatic Acceptance Limit.

If you make a claim, the salary level used to calculate your entitlement (Insured salary) will be the lesser of your salary at the date of disablement or 110% of the most recently advised salary (Declared salary).

What is a waiting period?

This is the period of time which must pass before an Income Protection benefit can be paid. Once the insurer admits liability on your claim, payments are then made monthly in arrears. The waiting period is not included in the benefit period.

What is a Benefit Period?

This is the period of time in which an Income Protection benefit can be paid for. The Benefit Period will cease after a chosen 2 or 5 year period, or otherwise upon you reaching 65 years (even if this occurs during a Benefit Payment period).

Benefits offsets

The amount of your total or partial disability benefit will be reduced by:

- » Sick leave (you can choose to offset or partially offset sick leave, subject to you not receiving more than 100% of your packaged salary. If you elect to take sick leave and the Insurer reimburses your employer, your benefit period starts to accrue);
- » Social security, workers compensation, motor accident compensation or other similar compensation paid under State or Federal or Territory legislation (including benefits payable from the Department of Veterans' Affairs);
- » If you have Basic cover, any Centrelink or Department of Veterans' Affairs payments will not be offset until total income, including the Centrelink payments exceeds 75% of your Packaged salary;
- » Any income benefit paid under any insurance policy held by you or your employer.

The insurer will not reduce a benefit by any lump sum payment unless a portion of the lump sum relates to income, in which case your benefit will be reduced.

What happens if I have a recurring disability?

If total or partial disablement recurs, it will be deemed to be a continuation of your previous claim provided:

- » The recurrence is within six months of the date you were entitled to receive either a total or partial disablement benefit, whichever is applicable;
- » The cause of the recurring disability is the same as or related to the previous claim;
- » Cover has not stopped for the reasons set out under the heading "when does cover stop?" (See page 2).

If there is a recurrence, no waiting period will apply and the successive periods of either total or partial disability will be regarded as continuous for the purpose of determining the maximum benefit period.

The maximum period in respect of any total or partial disability claim from one or related cause is the Benefit Period.