

# Your insurance options with Prime Super (Prime division)



**1 May 2014**

If something were to unexpectedly go wrong, life insurance is a vital safety net to protect your loved ones. Many super funds, including Prime Super, provide Death and Total and Permanent Disability cover as standard to members. Here we provide further detail about your insurance options in Prime Super's Prime division.

## Why is insurance so important?

Insurance is an important element of your super. It is the most secure way of protecting you and your family against the financial strain that serious illness, injury or death can cause. Although we don't want to think that something like this will ever happen to us, Australian families are impacted by these issues every day.

Unfortunately as a nation we are critically under-insured. One 2008 survey by the Australian Institute of Superannuation Trustees and Industry Funds Forum revealed that one in two industry fund members were underinsured by \$100,000 or more.\* It is vital that you make sure you have the right amount of insurance cover for your circumstances and that you review your insurance arrangements regularly.

## What's so special about Prime Super's Prime division insurance arrangements?

Prime Super has worked closely with our insurer, MetLife Insurance Limited\*\*, to ensure that our members have access to a range of competitive insurance options that can be tailored to suit their individual needs.

As many of our members are employed in the rural, farming and manual-labour industries, we have worked hard to negotiate reasonably priced cover for these higher-risk occupations.

We recognise that an individual's insurance needs will vary over time, so our scales are designed to provide our members with the most cover when we think they'll need it most. For example, someone in their early 20s is likely to have limited financial responsibilities compared to someone in their mid-to-late 30s who has purchased assets and may have additional personal and family commitments, therefore needing increased insurance coverage.

## When you reach a milestone, we'll make it easier for you to increase your cover

To help you make sure you have the most appropriate cover, we've made it easier for you to increase your insurance at various 'life stages'.

### What do we mean by life stage?

- Getting married (or commencing a de facto relationship)
- Buying a house
- Having children (this includes where you may become a parent through adoption of a child)

If you pass one of these milestones you're entitled to request an increase in cover of one additional unit of cover without having to complete the normal underwriting process. And these life stages aren't set in stone – if you have passed a significant life stage that isn't listed here, give us a call and we will consider it.

\* Australian Institute of Superannuation Trustees (AIST) Media Release, Tuesday 3rd June 2008, see: [www.aist.asn.au/media/2358/aist\\_2008.06.03\\_media\\_Under-insured.pdf](http://www.aist.asn.au/media/2358/aist_2008.06.03_media_Under-insured.pdf)

\*\* MetLife Insurance Limited, ABN 75 004 274 882, AFSL 238096



## What insurance cover does Prime Super's Prime division offer?

We offer members a range of insurance cover options.

Insurance cover types	What it provides
<b>Default</b> (including terminal illness) cover	Death cover works in two ways. Whilst a member of the Fund, it either provides your family with a lump sum payment when you die, or provides you with a lump sum payment if you become terminally ill. This cover is designed to provide your dependants with money to live on, or to repay your debts.  Cover is available at Standard, White Collar and Professional rates.
<b>Total and Permanent Disablement (TPD) cover</b>	TPD cover provides you with a lump sum payment if the insurer deems you totally and permanently disabled. This amount is designed to replace your future income and provide you and your family with money to live on.  Please note that to take out TPD cover you must also have Death cover.  Cover is available at Standard, White Collar & Professional rates.
<b>Income Protection insurance</b>	Income Protection insurance protects your income when you suffer short term disabilities. It provides you with a regular income up to a maximum of 85% of your monthly income for up to two years.  Please note that where you are insured over 75%, up to 10% is paid to Prime Super as a superannuation contribution to your account.  Cover is available at Standard, White Collar, Professional and Special Risk rates.
<b>Trauma insurance</b>	Trauma insurance cannot be offered through a superannuation fund, but as a member of Prime Super you can apply for trauma insurance directly with MetLife.*  MetLife's trauma insurance product provides you with up to \$250,000 in the event that you suffer (or your partner suffers, if they are covered) a major trauma event, including heart attack, heart disease, stroke, cancer or paraplegia. This can assist you to ease the financial burden that could come with such an event and allows you and your family to focus on your recovery, without having to worry about the financial consequences of being off work or incurring major medical expenses.  Contact us on 1800 675 839 or visit <a href="http://www.primesuper.com.au">www.primesuper.com.au</a> for a copy of the trauma insurance (known as Recovery Plan) Product Disclosure Statement (PDS) and application form.
<b>Private health</b>	Through Prime Super's alliance with nib, you have access to a range of discounted health insurance options.** For further information, contact nib on 1800 131 463 and quote 'Prime Super'.

Payment of insurance benefits is subject to all legal and policy conditions being met.

## Prime Super offers unitised or fixed cover

Each eligible Prime Super member receives four units of Death and TPD insurance when they join the fund. Each unit costs \$1.00 per week and the benefit you receive changes as you age (for example a \$1.00 unit might get a 24-year-old a \$23,800 benefit and a 34-year-old a \$33,100 benefit).

With fixed cover you can apply for a specific amount of cover that will not change as you age. Annual premium rates are calculated per \$1,000 of cover and the premium will vary with age (for example to get a \$300,000 fixed benefit a 34-year-old may have to pay \$471 and a 45-year-old an annual premium of \$741).

\* Premiums are payable directly by you, and not taken out of your super account.

\*\* Premiums are payable directly by you, and not taken out of your super account. nib health funds limited ABN 83 000 124 381.

## Prime Super has four occupation ratings

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Prime Super has four occupational ratings – Standard, White Collar, Professional and Special Risk (Special Risk applies to Income Protection insurance only).

All members are insured under Standard rates but can apply to have their occupational rating changed. If you qualify for White Collar or Professional rates, you receive a higher benefit amount per unit of cover. If you have fixed cover your premium rate will be lower.

The Special Risk classification was negotiated by Prime Super for members who would otherwise not be eligible for Income Protection insurance due to their occupation.

**Standard** – All members who have not been accepted for White Collar, Professional or Special Risk occupational ratings are deemed by the insurer to be Standard. This applies to Death only cover (inc. terminal illness), Death & TPD, fixed cover and Income Protection.

**White Collar** – Members can apply for a white collar occupational rating if they meet the following criteria:

- Work duties must be of a clerical, administrative or managerial nature.
- Work duties are undertaken within an office environment for 80% of the time (excluding travel time between offices).
- Usual work duties must not require them to perform duties of a manual nature.

**Professional** – Members can apply for a Professional Occupational Rating if they meet the following criteria:

- Members must meet all of the conditions set out under White Collar, and in addition must:
- Earn in excess of \$100,000 per annum, and
- Hold a tertiary qualification relevant to their current occupation, or be a member of a professional institute, or be a senior member of their organisation's executive team.

White Collar and Professional occupational ratings apply to Death only cover, Death & TPD, fixed cover and Income Protection.

**Special Risk** – This occupational rating only applies to Income Protection cover. It is for members employed in occupations that carry significant risk. These members may have an extra premium added to their Income Protection insurance rates.

## How much does the insurance cover cost?

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For Death (including terminal illness) and TPD cover, the cost depends on:

- the level of cover you take out;
- your occupation scale/rating; and
- your age (fixed cover only).

For Income Protection cover, the cost depends on:

- the level of cover you take out;
- your age;
- your gender;
- the waiting period you select between the date of your illness and the date you receive your first payment; and
- your occupation scale/rating.

nib and MetLife can provide additional information on the costs associated with their health and trauma insurance cover options.

## Example – amount of Death & TPD cover per single unit – \$1.00 per week

Death & TPD insurance amount per one unit of cover			
Age next birthday	Death only – \$0.67 per unit per week Death & TPD – \$1.00 per unit week		
	Standard	White collar	Professional
25 and under	\$23,800	\$74,100	\$81,500
26	\$25,700	\$75,900	\$83,400
27	\$27,500	\$77,600	\$85,300
28	\$29,400	\$79,300	\$87,300
29	\$31,200	\$81,000	\$89,100
30-40	\$33,100	\$82,800	\$91,000
41	\$31,400	\$78,600	\$86,500
42	\$28,700	\$71,900	\$79,100
43	\$26,800	\$67,100	\$73,900
44	<b>\$24,900</b>	\$62,200	<b>\$68,500</b>
45	\$23,000	\$57,600	\$63,400
46	\$21,200	\$52,900	\$58,200
47	\$19,700	\$49,300	\$54,200
48	\$18,300	\$45,700	\$50,200
49	\$16,900	\$42,400	\$46,600
50	\$15,800	\$39,400	\$43,300
51	\$14,600	\$36,400	\$40,100
52	\$13,100	\$32,800	\$36,100
53	\$12,100	\$30,200	\$33,200
54	\$11,200	\$28,100	\$30,900
55	\$10,100	\$25,300	\$27,800
56	\$9,200	\$23,000	\$25,400
57	\$8,500	\$21,200	\$23,300
58	\$7,600	\$19,100	\$21,000
59	\$6,900	\$17,200	\$19,000
60	\$6,100	\$15,400	\$16,900
61	\$5,400	\$13,500	\$14,900
62	\$4,900	\$12,200	\$13,400
63	\$4,300	\$10,900	\$12,000
64	\$3,800	\$9,400	\$10,400
65*	\$3,200	\$7,900	\$8,700
66-70*	\$2,600	\$6,500	\$7,100

\* For TPD cover Part B of the TPD definition under the Terms and further explanations section of the *Death & Total and Permanent Disablement (TPD) insurance cover (Prime division) fact sheet* applies.

### Example A

Andrew is age 43 and on joining Prime Super is allocated a default level of Death & TPD cover.

The default level of cover = 4 units.

For Andrew, this means standard Death & TPD insurance cover of:

$\$24,900 \times 4 = \mathbf{\$99,600}$ .

This will cost Andrew \$4 per week or **\$208 per year**.

### Example B

As Andrew is an accountant for a large grain distributor, he wishes to apply for cover under the *professional* scale.

He completes an *Insurance application/ Variation form* and is granted cover at the professional rate. This means Andrew gets a higher benefit amount for the same cost.

$\$68,500 \times 4 = \mathbf{\$274,000}$ .

This would *still* cost Andrew only \$4 per week or **\$208** per year.

## Why would I take out insurance through my super fund? Isn't it better to go directly to a life insurance company?

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Here are four reasons why it makes better sense to take out insurance through your super fund rather than directly through an insurance company.

**1. It's low cost** – Prime Super is able to access bulk discount insurance rates. We pass the savings onto you so that your insurance premiums are cheaper.

**2. It's tax effective** – Your premiums are deducted directly from your member superannuation account which is taxed at a low rate of 15%. So if you are in the 30% income tax bracket, paying a yearly premium of \$500 for insurance cover held outside of the super environment, you would need to earn around \$714 before tax to meet this expense. However, the same premium paid through a super account would cost \$588 before tax, a tax saving of \$126 p.a.

**3. It's accessible** – You have access to automatic default cover without having to do anything other than join as a member. Also, as the premiums are deducted from your super account, you won't feel them as much as if you were paying them from your back pocket.

**4. It's simple** – We've designed our products to be easy to understand. Information is provided in our comprehensive insurance guide as well as in our Short-Form Product Disclosure Statement.

## How much life insurance is enough?

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The answer will obviously depend on your individual circumstances, but some basic principles apply.

- Working out the right amount of life insurance requires you to think about how much you would need to pay off all debts, pay funeral costs, and how much you'd like to leave your family to meet their future financial obligations if you were to die.
- According to the Australian Bankers Association, Financial Services Council (formerly IFSA) and the Financial Planning Association, full-time workers in their mid-30s with young children generally need at least 10 times their taxable earnings in life insurance cover. So, for example, if you earn \$50,000 a year, you may consider covering yourself for at least \$500,000.
- As individual circumstances will vary you might like some help determining the right level of cover for your circumstances. If you require further advice we can refer you to a financial planner.

See our 'How much life insurance is enough?' leaflet for more information.

## How do I take out insurance cover with Prime Super?

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If you are already a member, you most likely already have a default level of insurance cover with us. You may however feel like you need more insurance – or a different type of insurance cover also.

It's easy to apply for cover – or additional cover – with Prime Super. However, we recommend you read the *Prime division insurance guide: Are you adequately covered?* and the associated fact sheets, which provide you with essential information in relation to your insurance options. All of the necessary forms are attached to the back of the Guide.



### ■ What's my current level of cover?

If you are registered for online services, you can check your level of cover by logging into your member account at **www.primesuper.com.au**. Registering for an online account is easy to do, just follow the prompts under 'login' on our homepage. If you prefer, give us a call on **1800 675 839** to discuss your insurance coverage.

## How do I apply to change my cover?

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### **Increasing your cover**

It is simple to apply for extra cover. You can either do this online or by filling in some paperwork.

#### **Online Application**

Our online application process allows you to apply for extra insurance cover online without the hassle of filling in mountains of forms. This speeds up the application process and reduces the amount of follow-up that may be required.

You'll find out straight away if your application has been successful or if our insurer requires some extra details from you. If you are required to provide more information, this can be done over the phone in most cases.

To access the online application system you'll need to be registered for an online member services account. You can register by answering a few questions on our website. Visit our website at [www.primesuper.com.au](http://www.primesuper.com.au)

#### **Paper-based forms**

If you don't like transacting online you can apply to increase (or decrease) your cover by filling in the appropriate form. To have a form mailed to you please contact our customer service centre on 1800 675 839. Forms can also be downloaded from our website at [www.primesuper.com.au](http://www.primesuper.com.au).

#### **The Insurance Application/Variation form**

This form allows you to apply to make a number of changes to your insurance coverage.

For example:

- Increase level of cover (this can also be done online).
- Apply for fixed cover (can also be done online).
- Apply for Income Protection insurance.
- Apply to change occupational rating from Standard to White Collar or Professional.
- Reduce or cancel insurance coverage.
- Transfer insurance cover from another fund – an additional form is required to do this and further details are provided below.

## What's transfer cover?

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If you want to consolidate your super into Prime Super but are worried about losing the insurance benefits you receive through the other fund, you can apply to transfer your existing cover to Prime Super when you roll your account into Prime Super. You can apply for up to \$1.5 million of Death & TPD or \$10,000 per month of Income Protection cover.

## How do I apply for transfer cover?

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To apply to transfer your existing insurance to Prime Super you must complete an Application to Transfer Current Insurance Cover form within three months of consolidating your account to Prime Super. The Application to Transfer Current Insurance Cover form is available for download from our website at [www.primesuper.com.au](http://www.primesuper.com.au) or call **1800 675 839** to have one mailed out.

When comparing super funds don't forget to also compare the insurance cover being offered by the various funds. We're pretty confident that our benefits will more than stack up.

### Who can help me determine my personal insurance needs?

#### We can put you in contact with a financial planner to obtain personal advice.

At Prime Super, we provide members with limited financial advice over the telephone. A planner may be arranged to help you determine which superannuation contribution, investment or insurance options are right for you, based on your individual circumstance and needs. And it won't cost you a thing.

Call us today on **1800 675 839**.

If you require further advice and potentially a full financial plan, we can refer you to a financial planner. Prime Super has arrangements with a small number of licensed financial planners who offer low cost, commission-free financial advice and the first consultation with a planner is at no charge.

Call us today on **1800 675 839**.

### Additional help!

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Write to us at:	Locked Bag 5103 Parramatta NSW 2124
Helpline:	1800 675 839
Fax:	1800 023 662
Overseas callers:	+61 2 9374 3967
Email:	<a href="mailto:administration@primesuper.com.au">administration@primesuper.com.au</a>
Website:	<b><a href="http://www.primesuper.com.au">www.primesuper.com.au</a></b>

#### Disclaimer

The information provided in this guide is correct at the time of the guide and subject to change. This guide provides general information only and may not be relied on as personal legal or financial advice. Before acting on this information, you should consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. Prime Super ABN 60 562 335 823 is a Regulated Superannuation Fund issued by Prime Super Pty Ltd ABN 81 067 241 016, AFSL 219723, RSE Licence No. L0000277. A Short-Form PDS can be obtained from the issuer by calling 1800 675 839.



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asfa member

