



The facts about Insurance

Who should read this

Members who want information about Death, Total and Permanent Disability (TPD), and Income Protection (IP) insurance.

What is in this fact sheet?

- > What you should know upfront
- > Why should I have Death, TPD and IP cover?
- > Do I have to have Death, TPD and IP cover?
- > How do I change my cover?
- > What happens if I change my cover?
- > What is my cover if I cease PSS membership and join the PSSap?
- > What happens to my cover if I go on leave without pay?
- > What happens to my cover if I go on an overseas posting?
- > What amount am I insured for and how is it calculated?
- > How are my premiums calculated?

- > Why does my level of Death and TPD cover decrease as I get older?
- > Who pays the premiums, and when?
- > Are there any exclusions to my cover?
- > Is my family covered?
- > What documents are required to prove Death, TPD or IP claims?
- > Where can I get more information?

What you should know upfront

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read our **Product Disclosure Statement** and consider seeking advice from a licensed professional such as a financial adviser, accountant or solicitor.

Why should I have Death, TPD and IP cover?

Insurance can help you protect your current lifestyle and provide for your family in the event of your sickness, disablement, injury or death.

Do I have to have Death, TPD and IP cover?

In most cases you will automatically receive basic Death, TPD and IP cover (with a two year maximum benefit period for your IP cover) on starting employment and becoming a member of the PSSap, if you joined within the required timeframe. You can change the level of your Death and TPD cover. You can vary the waiting period for your IP cover, or opt out at any time.

How do I change my cover?

Simply tell us what you want by completing the **Insurance variation** form available on our website at www.pssap.gov.au

What happens if I change my cover?

Your cover will be adjusted accordingly, subject to any approval or underwriting required by AIG Life.

You may apply to increase your level of cover, however this will be subject to normal underwriting provisions.

What is my cover if I cease PSS membership and join the PSSap?

If you cease PSS membership and join the PSSap you will automatically receive a default level of Death, TPD and IP cover. However, for the first 12 months you will only be covered for events or conditions occurring after you start your PSSap membership. In addition, no benefit would be payable from an event caused as a result of any self-inflicted injury or suicide. Once you have been in PSSap for 12 months and satisfy the At Work requirement (i.e. performing your usual work duties) you will then be provided with full cover.

You may apply to increase your level of cover, however this will be subject to normal underwriting provisions.

You will only be covered once you completed the **PSS Election to cease membership** form (available at www.pss.gov.au), submit it to your employer and your employer confirms receipt of your completed form.

What happens to my cover if I go on leave without pay?

This will depend on how long you will be on leave. You are covered for the first 12 months of your leave without pay but you need to apply in writing to have that cover extended beyond 12 months. Our insurer, AIG Life, will assess your application and determine whether to extend your cover.

What happens to my cover if I go on an overseas posting?

Both Death, TPD and IP cover will continue automatically for an unlimited period of time where an insured member travels, is seconded or posted overseas subject to payment of premiums.

What amount am I insured for and how is it calculated?

This depends on the type of cover you have based on your employment type. Full-time and part-time employees have death and TPD cover based on their salary and prospective years of service (option 1). Casual employees have insurance based on units (option 2).

Death and TPD cover option 1: based on annual salary and prospective years of service

The amount you are insured for is based on a percentage of your annual salary and years to age 65.

Example 1

Emily is a permanent employee, aged 35 years. Her default cover is 15% of her base salary multiplied by years to age 65. Her base annual salary is \$60,000. She has 30 more years to go, before she reaches the standard retirement age of 65.

Emily's sum insured is $15\% \times 60,000 \times 30$ years until retirement = \$270,000.

Death and TPD cover option 2: based on units of \$2 per week and age

The amount you are insured for is based on your age and the number of units you hold.

Example 2

Anthony is a casual employee, aged 35 years. His default cover is 1 unit @ \$2 per week. His base annual salary is \$60,000.

Based on his next birthday, Anthony's sum insured is \$124,200

Income Protection

The amount you are insured for is based on a percentage of your salary. The default cover is 75% of your base annual salary, with a 90-day waiting period, up to a \$10,000 monthly benefit.

Example 3

Jessica is aged 35 years. Her default income protection is 75% of her base salary with a 90-day waiting period. Her base annual salary is \$60,000. Therefore,

Jessica's annual benefit is
 $75\% \times \$60,000 = \$45,000$ and
 monthly benefit is \$3,750.

How are my premiums calculated?

This will depend on the cover you have:

Death and TPD cover option 1: based on annual salary and prospective years of service

Your premium is based on your age next birthday and level of cover.

Example 1 shows how Emily's level of cover is calculated.

The annual premium Emily pays for her cover is, according to age next birthday,
 $0.84 \times 270\,000/1,000 = \226.80 . Monthly premium = $\$226.80/12 = \18.90 .

Death and TPD cover option 2: based on units of \$2.00 per week and age

Your premium is based on how many units you hold.

Example 2 shows how Anthony's level of cover is calculated.

The annual premium Anthony pays for his cover is, according to the number of units he has,
 $\$2 \times 52 \text{ weeks} = \104 . Monthly premium = $\$104/12 = \8.67 .

IP

Your premium is based on your age next birthday and level of cover.

In Example 3, the annual premium Jessica pays for her income protection is based on her age next birthday, $\$3,750 \text{ per month}/100 \times \$2.47 = \$92.625$. Monthly premium is $\$92.625/12 \text{ months} = \7.72 per month .

If you wish to calculate the cost of your insurance cover, refer to rate tables set out in the **Product Disclosure Statement**.

Why does my level of Death and TPD cover decrease as I get older?

For Death and TPD cover option 2, cover decreases with age and the premiums increase, as it has been proven statistically that as individuals get older there is a higher probability that they will develop illnesses and be involved in accidents. The older you get the higher the risk.

Who pays the premiums, and when?

Your premiums are deducted from your PSSap account at the end of each calendar month.

Are there any exclusions to my cover?

Yes. No benefit is payable by the insurer for claims arising as a result of any of the following

Death and TPD exclusions:

- > active service in the armed forces of any country or international organisation
- > any intentional, self-inflicted act, whilst either sane or insane, within 13 months from the date the insurer has accepted an increase in the insured amount; in this case the benefit payable is the amount prior to the increase in benefit.

Income Protection exclusions:

- > any intentional self-inflicted injury or attempted suicide or self-destruction while sane or insane
- > uncomplicated pregnancy, childbirth or miscarriage

- > any injury or illness resulting from active service in the armed forces of any country or international organisations; or
- > war or act of war.

Is my family covered?

No, only you are covered. However, you can nominate family members to be your beneficiaries upon your death. Please refer to the **Beneficiary nomination** fact sheet.

What documents are required to prove Death or TPD claims?

Death claims

The insurer requires the following information and documentation to assess your Death claim:

- > certified copy of the birth certificate of the deceased
- > certified copy of the death certificate of the deceased
- > coroner's report (if applicable)
- > certified copy of the deceased member's Will or letters of administration
- > certified copy of Probate (if estate more than \$50,000)
- > certified copy of the birth certificate(s) of the nominated beneficiaries (if you have nominated beneficiaries).

You need to be aware that further information may be requested at any time during the assessment of a claim by AIG Life.

TPD claims

The insurer requires the following information and documentation to assess your TPD claim:

- > **Total and permanent disablement claim** form (which includes a **Medical attendant's statement** and a **Privacy statement**)
- > **Employer statement** form
- > certified proof of age (eg. a driver's licence or a passport)
- > CV or resume.

You need to be aware that further information may be requested at any time during the assessment of a claim by AIG Life.

PSSap will be your point of contact for all enquiries regarding your claim.

IP claims

The insurer requires the following information and documentation to assess your IP claim:

- > **Income protection claim** form (including **Medical attendant's statement** and a **Privacy statement**)
- > **Tax File Number declaration** form
- > certified proof of age (e.g. a driver's licence or a passport).

Your employer will need to provide:

- > **Employer statement** form
- > leave and pay history (last 12 months).

You need to be aware that further information may be requested at any time during the assessment of a claim by AIG Life.

PSSap will be your point of contact for all enquiries regarding your claim.

For more information on making an IP claim see the **Income protection claims** form at www.pssap.gov.au

Where can I get more information?

EMAIL members@pssap.gov.au

PHONE 1300 725 171

FAX 1300 662 406

MAIL PSSap
PO Box 22
Belconnen ACT 2616

WEB www.pssap.gov.au

Warning - This Document Contains General Advice or Information Only

Any advice in this document has been prepared without taking account of your personal objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. You may wish to consult a licensed financial planner to do this.

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