



Insurance in Industry Super vs Retail Insurance Contract

<i>Fund Feature</i>	<i>Potential Industry Fund Insurance</i>	<i>Potential Retail Fund Insurance</i>
<i>Guaranteed renewability</i>	<p>Not guaranteed renewable contract?</p> <p>This means that your industry fund may be able to change the terms and definitions of your insurance cover any time in the future, importantly they may be able to change to far less favourable terms (ie. Reduce your IP benefit period from 5 years to 2 years) and inform you of the change up to 3 months after they have made the change as long as there is no increase in fees or charges.</p>	<p>Guaranteed renewable cover?</p> <p>Generally, as long as you pay your premiums, your policy is guaranteed to continue up until the end of the benefits you have chosen, regardless of any changes in your health or pastimes.</p>
<i>TPD definition</i>	<p>What options do you have for TPD definitions?</p> <p>Because these policies are all inside super they are bound by the SIS Act (superannuation law) and the best TPD they can offer is any occupation TPD inside super.</p>	<p>What options do you have for TPD definitions?</p> <p>Retail providers TPD policies inside super are also bound by the SIS Act, however they have more flexibility to have linked policies outside super which also give you broader definitions and potentially more certainty at claim time eg. An own occupation TPD or home duties definition.</p>
<i>Underwriting</i>	<p>Is my policy underwritten?</p> <p>Some industry funds will allow you to be underwritten which means your health and pastimes are accessed at application and terms offered and accepted to ensure you have certainty at claim time. However, many may only underwrite you at claim time, which reduces your certainty of claim, especially at the point of time when you need certainty.</p>	<p>Is my policy underwritten?</p> <p>Retail policies are mostly underwritten at application stage which means your health and pastimes are accessed at application and terms offered and accepted to ensure you have certainty at claim time.</p>
<i>Tailored cover</i>	<p>Can I personalise the level of cover I want to suit my needs?</p> <p>Some industry funds will allow this, while others only allow set amounts of cover, not taking into account your personal situation unique to your actual needs.</p>	<p>Can I personalise the level of cover I want to suit my needs?</p> <p>Retail policies allow you to take out cover that is based on your personal situation unique to you.</p>
<i>Level of cover</i>	<p>Does my cover reduce based on my age?</p> <p>Some funds have unit based cover which reduces based on your age and the levels may reduce well before you need the cover to reduce, seeing you becoming underinsured at an important time of your life.</p>	<p>Does my cover reduce based on my age?</p> <p>Retail policies are applied for and offered. These levels of cover are not generally reduced unless requested by you, giving you more certainty.</p>
<i>Occupation assessment</i>	<p>Does my change of occupation affect my policy?</p> <p>Some funds this may not affect your cover, however some may not cover your occupation if it is a higher risk occupation than they would not have covered originally, or an occupation that the fund would not have covered originally at application. You may not find this out until claim time.</p>	<p>Does my change of occupation affect my policy?</p> <p>Retail policies are generally underwritten at application stage based on your occupation at application. If you change your occupation to a higher risk at a later stage your cover is in most cases still covered.</p>

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<i>Income look-back period</i>	<p>How long is the income look back period at start of an IP claim?</p> <p>Typically, some industry funds may look back and take the average income over the past 12 months, however many funds have much shorter periods as short as only the last 1 month which may provide less certainty.</p>	<p>How long is the income look back period at start of an IP claim?</p> <p>Retail IP policies in the current series look back at the average income over the past 12 months, however, may look back further if there was a significant drop in income compared to the 12 months prior. Older IP series may also look back at best 12 months over the last 3 years.</p>
<i>Guaranteed Future Insurability</i>	<p>Does my policy have a Guaranteed Future Insurability option?</p> <p>Some funds will include this which allows you to increase your levels of cover in the future without having to go through further underwriting due to certain life events (eg. Having a child, purchasing a new house or an increase of 15% income). While some funds do not have this option and any increases you apply for in the future you must go through underwriting which may make it hard to attain if your health has declined.</p>	<p>Does my policy have a Guaranteed Future Insurability option?</p> <p>Most retail providers either have this automatically built into your contract or allow you to choose this as an option. This then allows you to increase your levels of cover in the future without having to go through further underwriting due to certain life events (eg. Having a child, purchasing a new house or an increase of 15% income) to give you more certainty.</p>
<i>TPD payout</i>	<p>Will I receive my full TPD payout if I meet the TPD definition?</p> <p>This will depend on the fund, some will pay a 1/5th over 5 years, some may pay 80% based on an any occupation TPD definition and require higher disability to attain the other 20%, while others may pay the full amount.</p>	<p>Will I receive my full TPD payout if I meet the TPD definition?</p> <p>In retail policies the majority of these are paid in full on the successful meeting and acceptance of the TPD claim.</p>
<i>TPD payments & IP benefits</i>	<p>What happens with an IP claim if TPD is also paid?</p> <p>Some funds will continue to pay the IP, however some will stop paying your IP benefits on the event of a successful terminal illness or TPD claim being paid, no matter what IP benefit period you have.</p>	<p>What happens with an IP claim if TPD is also paid?</p> <p>In retail policies the majority will continue to pay your IP benefits even when a terminal illness benefit or TPD benefit has been paid to give more security.</p>
<i>Terminal illness & IP benefits</i>	<p>What happens with an IP claim if a terminal illness claim is paid on my death policy?</p> <p>Some funds will continue to pay the IP claim until you pass, however some will stop paying your IP benefits on the event of a successful terminal illness claim being paid, no matter what IP benefit period you have</p>	<p>What happens with an IP claim if a terminal illness claim is paid on my death policy?</p> <p>In retail policies the majority will continue to pay your IP benefits until you pass even when a terminal illness benefit claim benefit has been paid to give more security</p>
<i>Suicide</i>	<p>How much is payable on a death claim if a result of suicide?</p> <p>There is a 13-month suicide exclusion for most death policies, however some have longer. If someone was to pass away because of suicide or injuries resulting from this, if the suicide exclusion period has been served some would pay the full amount of the death benefit, while others may pay a reduced amount including some as little as 25% of the cover</p>	<p>How much is payable on a death claim if the result of suicide?</p> <p>There is a 13-month suicide exclusion for most death policies. If someone was to pass away because of suicide or injuries resulting from this, if the suicide exclusion period has been served, they would pay the full amount of the death benefit</p>
<i>Career breaks</i>	<p>Can career breaks or times of absence from the workplace impact me at claim time?</p> <p>Some funds this will not impact while others have stricter definitions where they may impose harsher claim requirements if you have been away from the workforce for more than a set period, eg. For some away for longer than 6 months they may invoke an Activities of Daily Living requirement on a TPD claim which is far harder than an any occupation TPD definition.</p>	<p>Can career breaks or times of absence from the workplace impact me at claim time?</p> <p>Generally retail funds will have less harsher requirements if you have been away from the workforce for more than a set period, eg. 6 months.</p>

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Gainful Employment

Can I claim on my IP if I was not gainfully employed at time of claim?

If your policy is inside super only, these policies are bound by the SIS Act and you need to be employed at the time of claim to be a claimable event. If you aren't gainfully employed you cannot claim.

Can I claim on my IP if I was not gainfully employed at time of claim?

If your policy is inside super only, these policies are bound by the SIS Act and you need to be employed at the time of claim to be a claimable event. If you aren't gainfully employed, you cannot claim. However, retail policies can also be held outside super or super-linked (both inside and outside super) to avoid this issue and ensure you can claim (there are also a limited number of retail providers who include a solution inside the super contract to avoid this situation as well).

Benefit Period

Can you take an age 65 benefit period on your IP?

Some funds will allow this, while others may only allow a 2 or 5 year benefit, which may leave you with a large income gap if you were not able to work beyond that period.

Can you take an age 65 benefit period on your IP?

Yes retail policies allow you take out a range of benefit periods as short as 2 years right through to 65 years to give you more certainty in the event of long term disability.

Indexation

Are my insured benefits increased each year with indexation to ensure my insured amount stays ahead of inflation?

Some funds will offer this. However, others will not have this as an option, which would mean that the level of cover you have selected falls behind your potential required level of cover further each year. Eg. Assume you chose a \$10,000 IP benefit, if there was 5% inflation each year but no increase in your benefit to adjust for this, in 10 years' time your insured benefit would be 38% less in value which may impact you at claim time considerably.

Are my insured benefits increased each year with indexation to ensure my insured amount stays ahead of inflation?

Retail providers have an option for benefit indexation which allows your cover to increase each year on a set amount (eg. 5%) or CPI whichever is greater. This increase generally can be accepted each year or declined by you to ensure your decision meets your circumstances

Indexation when on claim

Are my insured benefits increased each year with indexation to ensure my insured amount stays ahead of inflation while I am on IP claim?

Similar to the point above, some funds will offer this. However, others will not have this as an option, which would mean that if you were on IP claim the level you receive will not increase each year while you are on claim affecting your buying power each year. Eg. Assume you had a \$10,000 IP benefit claim, if there was 5% inflation each year but no increase in your benefit to adjust for this, after 10 years on claim your buying power would have reduced by 38% potentially impacting your ability to meet your needs.

Are my insured benefits increased each year with indexation to ensure my insured amount stays ahead of inflation while I am on IP claim?

Retail providers generally have an option you can chose when applying for cover which ensures there is an increase in your claim benefit each year at a set amount (eg. 5%) or CPI whichever is greater. This will help ensure your buying power remains current and not falling behind while on long term claim.

Premium waiver

Are my premiums waived while on IP claim?

Some funds will waive your premiums while on claim, however others will not waive these which will impact your super balance.

Are my premiums waived while on IP claim?

Most retail policies generally will waive premiums while you are on IP claim to improve your cashflow position when it counts.

Casual/contractor employment

If I am a casual employee or contractor at time of claim will this affect my IP outcome?

Even though when you took the cover out you met the requirements of the fund, some funds may assess you differently at claim time if you are now a casual or contractor working less than a required number of hours per week and apply a more rigid definition such as an Activities of Daily Living benchmark to meet.

If I am a casual employee or contractor at time of claim will this affect my IP outcome?

If you changed to a casual employee or contractor in the future after your policy was underwritten, generally this will not change your IP definition in the future making it easier to claim.

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Partial payments

Does your fund pay partial benefits if you are partially unable to work on IP claim?

Some funds do pay partial benefits if you are able to work partially, while others don't which may have large implications at claim time if you are able to work partially.

Does your fund pay partial benefits if you are partially unable to work on IP claim?

Retail policies pay either full or partial claims based on your circumstances.

Flexibility

Is there flexibility with options?

Most industry funds do not have the same fully featured options that are available within a retail solution. They are also limited to what is available inside super only as the product is only available inside super.

Is there flexibility with options?

Yes generally most retail providers allow a much broader range of options within their product suite which allows the cover to be more tailored made to your circumstances. Eg. You can access Trauma cover which is only allowable outside super however most allow you to link it to your Life and TPD inside super to reduce your premiums costs. They also allow a range of buy backs such as Buy Back on Death, which generally means if you have a successful TPD claim and if the Life and TPD are linked (to reduce premiums) it allows you to reinstate the Death cover in the future at a set point in time (not available in industry funds).

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