

Death and TPD insurance changes from 2 March 2015

JANUARY 2015

One of the valuable features of the Scheme is the flexible death and Total and Permanent Disablement (TPD) insurance available to you through the Scheme.

To comply with recent legislative changes, we have taken out a group life insurance policy with OnePath Life Limited ("the policy") to insure the death and TPD cover provided to eligible members.

What this means for you

• The dollar amount of your death and TPD cover is staying the same

When the policy becomes effective from 2 March 2015, there will be some changes to your death and TPD insurance, but the dollar amount of your insured cover will remain the same. The changes to the features and conditions of your death and TPD insurance are summarised below.

• The cost of your death and TPD cover is changing and most members will pay less

While we've negotiated competitive premiums, it's more expensive to insure externally so our gross premium rates will increase from 2 March 2015. However, the Trustee is also introducing a 30% rebate on death and TPD premiums from 2 March 2015 which means most members will actually pay less for their death and TPD cover.

Main changes at a glance

Here's a quick summary of the main changes to your death and TPD insurance from 2 March 2015. These changes only impact any insured component of your death and TPD benefits. They do not impact the payment of your account balance on death or TPD.

Changes to your death and TPD insurance

Appointment of an insurer	The Trustee has appointed OnePath Life Limited to insure the death and TPD benefits offered through the Scheme.	Page 2
New premium rates	With the appointment of OnePath Life Limited as the Scheme's insurer, the premiums charged for your death and TPD cover through the Scheme will change.	Page 2
New rebate on death and TPD premiums	The Trustee is introducing a 30% rebate on death and TPD premiums from 2 March 2015.	Page 3
New definition for TPD	You may need to satisfy a new definition if you make a claim for a TPD benefit.	Page 3
Other changes to insurance features and conditions	There will be a few other changes to the features and conditions of the death and TPD cover provided through the Scheme.	Page 4

The salary continuance insurance offered by the Scheme is not changing.

What do you need to do?

Please read and keep this notice as it provides important information about changes to your death and TPD insured cover through the Scheme.

These changes will apply automatically from 2 March 2015. You do not need to do anything unless you apply to vary your insured cover through the Scheme.

More information

More information will be added to the Scheme website www.anzstaffsuper.com throughout February 2015.

If you have any queries about your insured cover or about making a claim, contact ANZ Staff Super on **1800 000 086**.

Changes to insurance

Flexible death and Total and Permanent Disablement (TPD) cover is available to you through the Scheme.

The following changes will apply to your insured death and TPD cover from 2 March 2015.

Appointment of an insurer

Currently when a death or TPD benefit is paid, the insured component is paid from the Death and Disablement Reserve, which forms part of the Scheme's assets. This is called "self insurance". Under changes to superannuation law, the Trustee will no longer be permitted to self insure these benefits.

To comply with this new law, the Trustee undertook a tender to appoint an insurer to insure the death and TPD benefits offered by the Scheme and has taken out a policy with OnePath Life Limited ABN 33 009 657 176 ("OnePath Life") to provide death and TPD cover to members.

- Your insured cover for death and TPD with the Scheme will be provided through a group life policy with OnePath Life held by the Trustee. Your eligibility for death and TPD insured cover and payment of claims will be subject to the terms and conditions of the policy. The dollar amount of your cover under the existing arrangements will automatically carry across to the policy from 2 March 2015.

As part of the tender, the Trustee negotiated with OnePath Life to achieve premium rates and policy terms that represent the best possible value for members. More information about the changes to premium rates, conditions and features is set out on pages 2 to 4.

- Specific rules apply to the transfer of your cover from the current self insurance arrangements to the new arrangements with OnePath Life. These rules are set out in the policy. When we transfer, you will become covered under the new arrangements for death, Total and Permanent Disablement or terminal illness that occurs on or after 2 March 2015.
- For TPD or terminal illness claims which arise on or after 2 March 2015, OnePath Life will assess your claim and liaise with you directly if more information is needed to assess your claim. If you became totally and permanently disabled or were certified as terminally ill prior to 2 March 2015, the self insurance arrangements will still apply and your claim will continue to be managed by the Scheme Administrator on behalf of the Trustee. This includes claims which were in progress on 2 March 2015.

Regardless of when you became ill or were injured, you should contact ANZ Staff Super in the first instance if you are considering making a claim. We'll then be able to determine whether your particular situation is covered by the old arrangements or the new policy under the transfer rules. If you submit a claim, you'll be allocated a claim manager who you can liaise with directly.

- Death claims will continue to be managed by the Scheme Administrator on behalf of the Trustee.

The Trustee may change insurer at any time.

The Trustee remains responsible for ensuring our members are provided with access to appropriate insured cover and for overseeing the performance of the insurer. To meet these obligations, the Trustee will regularly review the insured cover provided to members and its terms and conditions to ensure they remain competitive and the best possible value for members, and the performance of the insurer including the timely consideration of applications for increased cover and assessment of death and TPD claims to ensure members receive a high standard of service.

New death and TPD premium rates

As the death and TPD cover offered by the Scheme are currently self insured, the current premium rates have been set by the Trustee based on advice from the Scheme Actuary taking into account the death and TPD claims experience of the Scheme. These rates tend to be lower than the premiums charged by a life insurance company for a similar type of cover and insured amount because insurers need to cover operational expenses and margins and make a profit, while the Scheme only needs to cover expected claims and any associated expenses.

With the move to externally insured arrangements, future premium rates will be set by OnePath Life.

From 2 March 2015, premium rates will increase by around 19% on average. However, the actual percentage increase varies by age. Full details of the premium rates effective 2 March 2015 are set out on the back of this notice*. Stamp duty may be payable in addition to these premiums. This increase will be mostly offset by the new 30% rebate on these premiums (see below).

Over the past couple of years, life insurance premiums in Australia have risen significantly and some superannuation funds have experienced increases in excess of 100%. The new premium rates for the Scheme represent a good result in this context and remain very competitive, particularly with the introduction of a premium rebate for members (see below).

These premiums may change in the future.

* To view the current premium rates that are effective until 1 March 2015, see the "Section A in detail" booklet available at www.anzstaffsuper.com under 'Product Disclosure Statements' on the 'Forms & Disclosure' tab.

New rebate on death and TPD premiums

As part of its management of the current self insurance arrangements, the Trustee maintains a Death and Disablement Reserve to cover the insured component of these death and TPD benefits. With the move to externally insured arrangements, the Trustee has reviewed the Scheme's reserving levels and decided to draw on some of this reserve to fund a new 30% rebate on death and TPD insurance premiums.

The introduction of this rebate will significantly reduce the impact of the increased premium rates on members. With this rebate, most members will pay less for their death and TPD insured cover. However, in a small number of cases, there will be a small net increase. This rebate may change in future.

New definition for Total and Permanent Disablement

Under the new insurance policy, a new definition will apply for determining whether a member is eligible to receive his or her Total and Permanent Disablement (TPD) insured benefit.

Benefit	Old definition until 1 March 2015	New definition from 2 March 2015
Total and Permanent Disablement (TPD)	<p>You are eligible to receive your TPD insured benefit if the Trustee is satisfied that you meet the definition set out in the Trust Deed (i.e. such state of physical or mental incapacity as renders you unlikely ever to be able to work again in a job for which you are reasonably qualified by education training or experience. The Trustee may at its sole discretion decide that you are not in a state of Total and Permanent Disablement. Every question of Total and Permanent Disablement shall be decided by the Trustee after receipt of reports by two qualified medical practitioners approved by it).</p>	<p>You are eligible to receive your TPD insured benefit if the insurer is satisfied that you meet the definition set out in the insurance policy. This means that:</p> <ul style="list-style-type: none"> ● You satisfy all of the following: <ul style="list-style-type: none"> ● You are Gainfully Working¹ as a Permanent Employee¹ on the day immediately prior to the Event Date¹; and ● You are Gainfully Working¹ as a Permanent Employee¹ for at least the Minimum Average Hours¹ (generally 15 hours per week averaged over the six months prior to the Event Date¹); and ● In the insurer's opinion based on medical or other evidence satisfactory to the insurer, solely because of injury or illness, you: <ul style="list-style-type: none"> - have not worked during the entire Waiting Period (183 consecutive days); and - as at the Date of Disablement¹ are unlikely ever to work in any Gainful Employment¹ for which you are reasonably suited by education, training or experience, or would be suited by Reasonable Retraining¹ <p>or</p> <ul style="list-style-type: none"> ● In the insurer's opinion based on medical or other evidence satisfactory to the insurer, solely because of injury or illness, you: <ul style="list-style-type: none"> ● are totally and irreversibly unable to perform at least two of the Activities of Daily Living¹; and ● as at the Date of Disablement are unlikely ever to work in any Gainful Employment¹ for which you are reasonably suited by education, training or experience, or would be suited by Reasonable Retraining¹.

¹ These terms are defined in the insurance policy. The Trustee may change insurer or policy terms at any time.

The new TPD definition will apply to any claims which arise on or after 2 March 2015 except if you are not "at work" (as per the definition set out in the policy) on 27 February 2015 (i.e. the last normal business day before 2 March 2015), have not returned to being "at work", and your claim is in respect of an illness or injury that directly or indirectly caused you to be not "at work".

If the new definition does not apply to you, the old definition will continue to apply.

Summary of other changes to insurance features and conditions

Under the new insurance policy, other changes will apply to the features and conditions of your death and Total and Permanent Disablement (TPD) insured cover from 2 March 2015.

Feature or condition	Change from 2 March 2015
Maximum benefit level	<p>Currently the maximum cover available is 7 blocks* of cover or \$2 million, whichever is the lesser. Under the new policy, the maximum cover available depends on the type of benefit as follows:</p> <p>Death 7 blocks or \$5 million, whichever is the lesser</p> <p>TPD 7 blocks or \$3 million, whichever is the lesser</p> <p>Terminal illness 7 blocks or \$2.5 million, whichever is the lesser</p> <p>Remember cover at these levels is not available automatically. You'll need to provide satisfactory health evidence and have your application accepted by the insurer to increase your level of cover.</p> <p>* Up to age 56, each block of cover is equivalent to one times your TEC or Superannuation Salary. From age 57, the amount of cover provided by each block reduces by 10% for each year by which your age exceeds 56.</p>
Individual insurance transfer	<p>You can apply to transfer up to \$1 million of death or death and TPD cover from another superannuation fund (other than a self-managed superannuation fund) to the Scheme as a fixed dollar amount of cover equal to the amount held under the previous insurance:</p> <ul style="list-style-type: none"> ● provided you have not made, and are not entitled to make, a claim and are not eligible for a benefit under the previous cover; and ● the total amount of cover after the transfer is subject to the maximum benefit level. <p>You will be required to provide evidence of the insurance cover held through the other superannuation fund and satisfactorily complete an Individual Insurance Transfer form. Any exclusions, restrictions or limitations that applied under the previous cover will continue to apply and cover under the individual transfer terms is conditional on the cancellation of the previous cover. Cover under individual transfer terms commences on the date the insurer approves your application. Additional premiums will apply for this cover.</p>
Life events	<p>The option to increase your cover in the event of certain "life events" has been updated.</p> <p>You may apply to increase your cover by half a block in the event of certain life events within 90 days of the event occurring (previously 60 days). This application may occur without supplying medical evidence once in any 12 month period on the occurrence of specific life events (i.e. marriage, being in an interdependent relationship for more than two years, birth or adoption of a child, your child starting secondary school, and taking out or increasing the mortgage on your principal place of residence), up to a maximum of three accepted life event applications while you are covered by the policy.</p> <p>The amount of increase is equivalent to half a block of cover, but the increase cannot exceed \$250,000 or cause your insured benefit to exceed the maximum benefit level.</p> <p>This option is not available if:</p> <ul style="list-style-type: none"> ● at the time of applying for the increase in cover you have made or are entitled to make a claim under this policy or any life insurance policy whether it is issued by the insurer or any other insurer; ● you are aged 55 or more at the date of the specific life event; ● you have had a previous application for an increase for marriage accepted and you are applying again for an increase for marriage; ● you have an application for cover previously declined by the insurer; or ● your cover under the policy has ceased. <p>If your application is accepted, the increase will be effective from the date the application is accepted in writing.</p> <p>Within the first six months of an increase to your insured cover under this option, the increased cover is only payable if your death or total and permanent disablement is caused by an accident.</p>

Feature or condition**Change from 2 March 2015**

When cover ceases	<p>Your insured cover will cease on the occurrence of the earliest of the following events:</p> <ul style="list-style-type: none">• you reach age 66;• you advise in writing that you wish to discontinue your cover;• you have been on paid or unpaid leave for longer than two years and the insurer has not agreed to provide cover beyond two years;• you opt to have future contributions and/or all or part of your account balance paid to another superannuation fund during your employment with ANZ; * Cover may continue for up to 30 days after your request is processed if sufficient monies remain in your account to cover the premium.• if you are not an Australian resident, you are no longer permanently in Australia, leave Australia for more than three months or are not eligible to work in Australia (whether that is because you no longer hold a visa or for any other reason);• premiums cease to be paid in respect of you;• the insurer cancels and/or avoids the policy or your cover in accordance with its legal rights;• you commence active service with the armed forces of any country (except where you are a member of the Australian Defence Force Reserves, in which case, cover for all benefits will cease only when the Reservist becomes the subject of a call out order under the Defence Act 1903 (Cth));• you die;• you are paid a TPD benefit under the policy or the Scheme's former self insurance arrangements;• you are paid a Terminal Illness benefit under the policy or the Scheme's former self insurance arrangements;• you are employed overseas for more than five years and the insurer has not agreed to provide cover beyond five years; or• the policy is terminated except in certain circumstances where you were not at work due to illness or injury when the policy terminates. <p>Your cover in Section A will cease when you cease to be a member of Section A. Your death cover may continue in Section A for a maximum of 30 days after ceasing employment with ANZ. If you transfer to the Retained Benefit Account (RBA) Section and previously had cover in Section A, you will then be covered under the RBA Section insurance arrangements.</p>
Exclusions	<p>The insurer may not pay a claim:</p> <ul style="list-style-type: none">• for anything that has been specifically excluded from your cover;• if the event giving rise to the claim is caused directly or indirectly, wholly or partially, by war; or• for TPD that is caused directly or indirectly, wholly or partially by a pre existing condition if a similar benefit could be claimed under another insurance policy or the Scheme's former self insurance arrangements at the time your cover commences under the policy.
Timing of premium deductions	<p>Currently the cost of your death and TPD cover is deducted from your account at the end of each year or on leaving Section A.</p> <p>Premiums for the period from 1 January 2015 to 1 March 2015 will be debited on 27 February 2015. From 2 March 2015, premiums will be deducted from your account monthly on a pro rata basis. The rebate will also be applied monthly.</p>

More information

More information about these changes will be added to the Scheme website at www.anzstaffsuper.com throughout February 2015. You can also access a copy of the Product Disclosure Statement for Section A. An updated version incorporating these insurance changes will be available from 2 March 2015.

If you have other questions about the insurance changes, you can contact ANZ Staff Super by:

Phone:

1800 000 086 (8am to 6pm Eastern Standard Time) or call 61 3 8687 1829 if you are outside Australia

Email:

anzstaffsuper@superfacts.com

Mail:

ANZ Staff Super
GPO Box 4303
MELBOURNE VIC 3001

Important notice

This information provided in this notice is general in nature, is not intended to constitute financial product advice, and does not take into account your investment objectives, financial situation and particular needs. Before acting on any advice contained in this notice, you should assess whether the advice is appropriate in light of your own circumstances and consider contacting your financial adviser. Interests in the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567 RSE R1000863 (the "Scheme") are issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664 AFSL 238268 RSEL L0000543 (the Trustee of the Scheme). You should consider the relevant Product Disclosure Statement available at www.anzstaffsuper.com before making any decisions in relation to your superannuation.

Insurance cover is provided by OnePath Life Limited ABN 33 009 657 176 AFSL 238 341 and subject to the terms and conditions of the insurance policy issued to ANZ Staff Superannuation (Australia) Pty Limited ("the Trustee") by OnePath Life Limited ("the policy"). This notice provides a summary of certain terms and conditions of the policy. Where information is summarised in a brochure, information guide, or document other than the policy itself, it does not represent a complete description of the terms on which the insurance cover is provided.

The policy represents the concluded agreement between the Trustee and OnePath Life Limited and, in the event of an inconsistency with this notice the terms of the policy prevail. You can contact ANZ Staff Super on 1800 000 086 if you would like a copy of the policy.

Annual premium rates per \$1,000 sum insured effective 2 March 2015*

Age next birthday	Annual cost per \$1,000 of cover [#]	Annual cost per \$1,000 of cover (after 30% rebate)	Age next birthday	Annual cost per \$1,000 of cover [#]	Annual cost per \$1,000 of cover (after 30% rebate)
16	\$0.31	\$0.217	42	\$0.93	\$0.651
17	\$0.31	\$0.217	43	\$1.02	\$0.714
18	\$0.31	\$0.217	44	\$1.12	\$0.784
19	\$0.31	\$0.217	45	\$1.22	\$0.854
20	\$0.31	\$0.217	46	\$1.32	\$0.924
21	\$0.31	\$0.217	47	\$1.42	\$0.994
22	\$0.31	\$0.217	48	\$1.64	\$1.148
23	\$0.31	\$0.217	49	\$1.87	\$1.309
24	\$0.31	\$0.217	50	\$2.13	\$1.491
25	\$0.31	\$0.217	51	\$2.39	\$1.673
26	\$0.31	\$0.217	52	\$2.64	\$1.848
27	\$0.31	\$0.217	53	\$2.93	\$2.051
28	\$0.33	\$0.231	54	\$3.36	\$2.352
29	\$0.33	\$0.231	55	\$3.84	\$2.688
30	\$0.33	\$0.231	56	\$4.42	\$3.094
31	\$0.36	\$0.252	57	\$5.07	\$3.549
32	\$0.36	\$0.252	58	\$5.81	\$4.067
33	\$0.38	\$0.266	59	\$6.65	\$4.655
34	\$0.39	\$0.273	60	\$7.61	\$5.327
35	\$0.42	\$0.294	61	\$8.53	\$5.971
36	\$0.50	\$0.350	62	\$9.45	\$6.615
37	\$0.59	\$0.413	63	\$10.36	\$7.252
38	\$0.69	\$0.483	64	\$11.28	\$7.896
39	\$0.76	\$0.532	65	\$12.19	\$8.533
40	\$0.81	\$0.567	66	\$13.11	\$9.177
41	\$0.86	\$0.602			

[#] Before allowing for the new 30% rebate on these premiums.

* These premium rates include stamp duty for all States except Victoria, South Australia and Western Australia. The stamp duty for the TPD component of the premiums for members residing in Victoria, South Australia and Western Australia is payable in addition to these premium rates.

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Issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 680 664 AFSL 238268
as Trustee for the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567

