

# Optional life and income protection insured benefit

## mysuper Superannuation Scheme

This document provides a general overview of the optional life and income protection insured benefit offered through my**super** Superannuation Scheme (my**super**). It should be read in conjunction with the Product Disclosure Statement for my**super**, which is available at [mysuper.co.nz/disclose](https://mysuper.co.nz/disclose)

Full details are contained in the policy documents available at [mysuper.co.nz/disclose](https://mysuper.co.nz/disclose) Cover for this benefit is subject to insurance underwriting conditions and acceptance of claims by the insurer.

Interests in my**super** are issued by the Trustee of my**super**, Shamrock Superannuation Limited.

my**super** is governed by the my**super** Trust Deed and the KiwiSaver Act 2006 (**KSA**) (amongst other laws). The provisions in the my**super** Trust Deed and the KSA prevail over anything to the contrary in any other document. The provisions of the my**super** Trust Deed and the KSA may change in the future.

Some terms used in this document are defined in the my**super** Trust Deed or the KSA.

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## 1. Overview

If you are younger than age 65, you can add on an optional life and income protection insured benefit to your benefits in mysuper, with premiums paid from your mysuper account. If you choose the insured benefit within 90 days of joining your employer and you earn under \$150,000, provided you are at work on the day your cover commences or absent from work for reasons other than injury or illness on the day your insurance cover commences, you will be automatically accepted, which generally means no medical tests.

### Life Insurance

If your claim is accepted, your estate will receive a lump sum cash payment of three times your annual insured salary (up to \$450,000) to help cover debts and expenses if you're not around.

There is an expiry age of 70 years.

### Income Protection Insurance

If you suffer from a sickness or injury that prevents you from working, if your claim is accepted you would receive a monthly benefit of up to 50% of your insured salary (limited to 50% of \$12,500 per month, ie up to \$6,250) until you're back on your feet, but subject to deductions for any other insurance or benefits, and subject to assessment for re-employability for any suitable occupation, in some cases. We encourage you to seek your own advice on the tax treatment of the monthly benefit.

There is a 13-week stand-down period, an expiry age of 65 years, and an automatic acceptance limit up to \$6,250 per month (as 50% of insured salary).

## YOUR INSURED SALARY

The amount of your insured salary, for the purposes of calculating your insurance cover and any insured benefit, will be as accepted by the insurer, and may not be the same amount as your total remuneration or your salary for the purposes of mysuper contributions and benefits.

Full details are contained in the policy documents available at [mysuper.co.nz/disclose](https://mysuper.co.nz/disclose) Insurance cover is subject to underwriting conditions and acceptance of any claim by the insurer.

## 2. Applying for cover

You may apply for the group insurance cover arranged by Shamrock Superannuation Limited (**Shamrock**), Trustee of mysuper, at any time while you are a member of mysuper and are younger than age 65. If your application and any claim is accepted, then an insurance benefit will be payable in the event of your death or disablement.

If you decide to apply for insurance cover, you will be applying for combined life (death) and income protection cover. You cannot have one form of cover without the other.

If you apply for insurance cover within 90 calendar days of starting employment with your employer, provided you are at work on the day your cover commences or absent from work for reasons other than injury or illness on the day your insurance cover commences, you generally will not have to provide evidence of your health.

On all other occasions you apply for insurance cover you may be required to provide evidence of your health so that the underwriter can decide on the terms and conditions of accepting you for cover.

## 3. Cancel insurance cover

You may cancel your insurance cover and entitlement to the optional life and income protection insured benefit at any time by providing Shamrock with 30 working days' written notice. Cover ceases when you leave employment. You may be able to apply to the insurer for a continuation of cover under your own policy.

## 4. Leave of absence

If you are granted a leave of absence, eg for parental leave or study leave, cover will cease during that period unless you make arrangements for your premiums to continue being paid (subject to maximum periods set by the insurer). The Trustee will get in touch with you to find out what you want to do, when it is notified about your leave of absence.

## 5. Life insurance benefit

If you die while a member of mysuper, and the underwriter has accepted your application for the optional insurance and the claim in respect of you, your estate will receive a lump sum payment.

The standard amount is three times your insured salary. The amount of your insurance cover will be calculated on the date you join mysuper and then at 1 October each year.

Life insurance cover is provided up to a non-medical limit. The non-medical limit is the maximum amount of life insurance the underwriter will provide for a member without medical evidence being provided.

The non-medical limit is \$450,000 (ie a maximum insured salary of \$150,000 per year). The underwriter can vary this amount from time to time. The non-medical limit is also subject to you:

- joining mysuper within 90 days of first becoming eligible; and
- being at work or absent from work for reasons other than injury or illness on the day your cover commences.

In some circumstances your insurance cover may be less than the standard amount. If this applies to you, you will be advised.

Life insurance cover is available up to 70 years of age.

## 6. Income protection benefit

Should you stop working because of disablement you may be entitled to receive an Income Protection Benefit under the insurance policies. If your claim is accepted, the amount of the Income Protection Benefit will be equal to the lesser of:

- 50% of your gross insured salary at the date you joined mysuper and then at 1 October each year less all other monthly income you are receiving (proceeds from any other insurance policy and any compensation or Government benefits, for example); and
- the amount accepted by the underwriter (see, for example, the limits described in Section One above).

We recommend you seek your own professional tax advice as appropriate. Shamrock does not provide tax advice and does not make any representations to how the Income Protection Benefit is taxed.

### INCOME PROTECTION ELIGIBILITY

To be eligible to receive the Income Protection Benefit you must be assessed by the underwriter as being totally disabled. This would normally mean that the underwriter must be satisfied that you fit the definition of Total Disablement below.

### TOTAL DISABLEMENT MEANS:

- (a) in relation to a Person who is either in management or is an executive (“White Collar Worker”) that by reason solely of injury or sickness the Life Insured:
  - (i) is not engaged in his or her usual profession, business or occupation for more than 10 hours per week;
  - (ii) is not engaged in any other profession, business or occupation for financial gain;

(iii) is under the continuous direction and professional care of a Medical Practitioner.

or

(b) in relation to all other Lives Insured means -

- (i) having been continuously absent from employment in Service with the Employer through injury or illness throughout the Qualifying Period and being under the regular treatment of a registered medical practitioner; and
- (ii) in the opinion of the Underwriter after consideration of medical evidence the continuous inability of the Life insured by reason solely of accident or sickness:

- (A) during the first two years of any one period of disablement to perform the normal duties of the Life Insured's usual occupation; and
- (B) during the remainder of such period of disablement to perform any gainful occupation for which the Life Insured is reasonably fitted by education, training or experience; and

(iii) in the opinion of the Underwriter the injury or illness is not:

- (A) wholly or partially attributable to or a consequence of intentional self-injury;

or

- (B) wholly attributed to normal and uncomplicated pregnancy or childbirth.

The Income Protection Benefit is payable by monthly instalments with the first instalment being due on the first day after the expiry of the waiting period. The first instalment will be paid on the first day of the following month, then monthly in arrears. The waiting period is 13-weeks between the later of:

- your last day at work before leaving as a result of suffering the injury or illness
- the date of the injury or illness
- the date you qualify for the Income Protection Benefit.

Medical evidence will be needed to support a claim for an Income Protection Benefit. The underwriter may request further health evidence while the benefit is being paid to ensure that you continue to qualify for this benefit.

After the Income Protection Benefit has been paid for 12-months, it will be increased by the percentage increase in the Consumers Price Index subject to a maximum increase of 3% per annum.

Existing medical conditions will be covered if the condition is unknown to you at the time the application is made. Known existing medical conditions will also be covered.

- up to the non-medical limit (see below) if the condition is known at the time the application is made but there is a significant and material change in the condition resulting in total disablement; and
- over the non-medical limit, where the condition is known at the time the application is made and is declared to, and accepted by, the underwriter.

The non-medical limit is the maximum amount of Income Protection Benefit the Underwriter will provide for a member without medical evidence being provided. The non-medical limit is an Income Protection Benefit of \$6,250 per month. The underwriter can vary this amount from time to time. The non-medical limit is also subject to you:

- joining **mysuper** within 90 days of becoming eligible
- being at work or absent from work for reasons other than injury or illness on the day your insurance cover commences
- not being terminally ill or disabled to such an extent as to be likely to qualify for Total Disablement on the day you become insured for the Income Protection Benefit.

Should you be hospitalised or undergo rehabilitation in respect of your total disablement, you may be eligible for a hospitalisation or rehabilitation benefit in excess of the basic monthly Income Protection Benefit. Full details are contained in the policy document available at [mysuper.co.nz/disclose](https://mysuper.co.nz/disclose). Cover is subject to underwriting conditions.

If you return to work (whether or not with your employer) and receive reduced salary as a result of your disablement, you may be eligible to receive a proportion of your Income Protection Benefit. The proportion of the Income Protection Benefit would be proportionate to your reduced salary, for example, if your reduced salary was 50% of the insured salary used to determine your Income Protection Benefit, then your reduced Income Protection Benefit would be to 50% of the standard amount of this benefit.

The last instalment of the Income Protection Benefit will be paid on the first day of the month following the first to occur of:

- ceasing to be totally disabled
- reaching age 65
- your death
- travelling or residing beyond New Zealand (**NZ**) (also see exceptions below).

The Income Protection Benefit will continue to age 70. However, after age 65 years the benefit paid in the event of a claim will be reduced to a maximum period of two years ending on reaching age 70.

#### **EXCEPTIONS IN RESPECT OF INCOME PROTECTION BENEFIT**

The Income Protection Benefit will not be paid:

- until the Insurer has accepted the claim
- if you are not receiving or not following proper medical advice from a legally qualified and registered medical practitioner
- if you are engaged in any gainful occupation or employment except where you are eligible to receive a proportionate benefit (see above)
- if you travel or reside beyond NZ for a period exceeding one month (unless such travel is for medical care acceptable to the Insurer in which case the Income Protection Benefit shall be paid for a maximum of six months)
- if the total disablement arises directly or indirectly from intentional self- injury, normal and uncomplicated pregnancy or childbirth or invasion, rebellion or an outbreak of war in which NZ is involved.

The above is a summary only of the terms and conditions of Shamrock's current insurance policy with the Insurer. All claims for an Income Protection Benefit will be considered and, where accepted by the Insurer, paid under the terms of the current policy.