# Important information from the QSuper Board

## This notice is to inform members of important information from the QSuper Board about regulatory and product changes to the QSuper Accumulation and Income accounts.

### Changes to reduce our administration fee

In line with our commitment to keep fees low, from 1 July 2018, we reduced our administration fee from 0.18% to 0.16% per annum. Further, from this time, the administration fee cap also changed from $1,000 to $900 per annum. From 1 July 2018, any administration fees you pay on your Accumulation and/or Income account/s over the cap of $900 in a financial year (that's the combined figure for all of these accounts) will be rebated back to you in July of the next financial year as long as you still have an account with QSuper at the time of the refund.

### Changes to Self Invest

We are expanding our exchange traded fund (ETF) offering in our Self Invest option available within Accumulation and standard Income accounts. To give you more choice, we are adding two new ETFs to the range available on the Self Invest platform. The new ETFs are iShares Global Consumer Staples ETF and iShares Global Healthcare ETF. More information about these ETFs can be found at **qsuper.qld.gov.au/selfinvest-etfs.** This change was effective from 1 July 2018.

### Change to Socially Responsible investment option

Please note that the asset allocation range for cash within the Socially Responsible investment option changed effective from 27 November 2017. This option now has a cash allocation range of 0 – 20% (previously 0 – 15%).

## Changes to our insurance

For clarification, we have made some changes to insurance definitions and conditions as well as changes to the insurance arrangements for certain members in our Accumulation account, effective 1 July 2018.

### Definition changes

Please note that the terms in **bold** below have very specific meanings, which are explained in Appendix 1 of the *Accumulation Account Insurance Guide*, issue date 1 July 2018.

#### Graduated return to work additional payment

The change to this definition is to make it clear that your **return to employment income** is included when we calculate your graduated return to work benefit, and to make sure that your combined **income** does not exceed 100% of your **pre-disability income**. There is no change to the calculation of the additional payment.

| Previous definition | New definition |
|---|---|
| The graduated return to work additional payment will be calculated as follows:<br>Salary IP cover<br>((**Insured salary** – **return to employment income**)/**insured salary**) x (10% of **insured salary**)<br>Unitised income protection cover<br>((**Pre-disability income** – **return to employment income**)/ **pre-disability income**) x (10% of monthly benefit)<br>The combined total of your partial monthly benefit and the graduated return to work additional payment is capped at 100% of your **pre-disability income**. | The graduated return to work additional payment will be calculated as follows:<br>Salary-based income protection cover<br>((**Insured salary** – **return to employment income**)/ **insured salary**) x (10% of **insured salary**)<br>Unitised income protection cover<br>((**Pre-disability income** – **return to employment income**)/ **pre-disability income**) x (10% of monthly benefit)<br>The combined total of your **return to employment income**, partial monthly benefit, and the graduated return to work additional payment is capped at 100% of your **pre-disability income**. |

## Income

The change to this definition makes it clear how we determine **income** in relation to insurance claims for self employed members.

| Previous definition | New definition |
|---|---|
| (i) Unless you meet the definition of a **self-employed person**, income is the remuneration package paid by your employer including base salary and fees, regular bonuses, regular allowances, regular overtime earnings and regular commissions (but excluding mandated superannuation contributions, irregular bonuses, irregular overtime earnings and irregular commissions and unearned income such as investment or interest earnings).<br>(ii) If you're a **self-employed person** and directly or indirectly own all or part of the business from which you earn your usual income, your income is the gross monthly amount earned by the business in the 12 months immediately before the **date of disablement**, as a direct result of your personal exertion or activities through your usual occupation after allowing for the costs and expenses incurred in deriving that income.<br>Bonuses, overtime earnings and commissions will be calculated based on the average of the last three years received by you from your employer. | (i) Unless you meet the definition of a **self-employed person**, income is the remuneration package paid by your employer including base salary and fees, regular bonuses, regular allowances, regular overtime earnings and regular commissions (but excluding mandated superannuation contributions, irregular bonuses, irregular overtime earnings and irregular commissions and unearned income such as investment or interest earnings).<br>(ii) If you're a **self-employed person** and directly or indirectly own all or part of the business from which you earn your usual income, your income is the gross monthly amount earned by the business in the 12 months immediately prior to the **date of disablement** (or most recent period of self-employment, if shorter), as a direct result of your personal exertion or activities through your usual occupation after allowing for the costs and expenses incurred in deriving that income.<br>Bonuses, overtime earnings and commissions will be calculated based on the average of the last three years received by you from your employer. |

## Insured salary

The change to this definition clarifies the source of the salary we use for calculating insurance cover for members employed by the Queensland Government or a **default employer**.

| Previous definition | New definition |
|---|---|
| Means your salary on which employer contributions are paid to QSuper and for the avoidance of doubt employer contributions do not include salary sacrifice contributions. For the purpose of claims, insured salary will be calculated as at the **date of disablement** or, if you are **gainfully employed** on a casual basis, an averaged amount based on the period of 3 months prior to the **date of disablement** (or over your most recent period of employment, if shorter). | Means your salary on which employer contributions are paid to QSuper by a Queensland Government employer or **default employer** and for the avoidance of doubt employer contributions do not include salary sacrifice contributions.<br>For the purpose of claims, insured salary will be calculated as at the **date of disablement** or, if you are **gainfully employed** on a casual basis, an averaged amount based on the period of 3 months prior to the **date of disablement** (or over your most recent period of employment, if shorter). |

## Prospective benefit

The change to this definition clarifies that **prospective benefit** is defined in the QSuper Deed for State category or Police category members.

| Previous definition | New definition |
|---|---|
| A standard defined benefit category member's prospective membership benefit under section 47 of the QSuper Deed, as calculated on the day the **member** left the standard defined benefit category. | A standard defined benefit category member's prospective membership benefit under section 47 of the QSuper Deed, as calculated on the day the **member** left the standard defined benefit category, or for State category or Police category members, the equivalent provision in the QSuper Deed. |

## Other changes and clarifications

We have made changes to clarify some conditions of our insurance and these are summarised below. Our *Accumulation Account Insurance Guide* issue date 1 July 2018 ('the guide') provides details of the terms and conditions.

## Income protection

### When would my benefit be reduced?

Prior to 1 July 2018, your income protection benefit would be reduced by the equivalent amount for any other benefit payable under another income protection, disability income or accident or sickness policy (excluding any lump sum total and permanent disability (TPD) benefit you have received under any insurance policy). We've made changes to our insurance offering so that if you are entitled to receive any other benefit payable under another income protection, disability income or accident or sickness policy (excluding any lump sum TPD benefit you have received under any insurance policy) we may reduce your income protection payments. Your benefit will be reduced so that the combined total from both benefits is equal to 87.75% of your **pre-disability income** (inclusive of a 12.75% **contribution replacement benefit**).

This means if you have QSuper income protection cover and another insurance policy, your QSuper benefit will not be reduced by the payments made from your other insurance cover if your total disability benefit payments are less than or equal to 87.75% of your **pre-disability income**.

If the total of all insurance policies is greater than 87.75% of your **pre-disability income**, then QSuper will reduce the monthly benefit so the combined benefit from all sources is 87.75% of your **pre-disability income**.

(See page 16 of the guide for full details.)

### What happens if I'm on leave without pay?

Our insurance rules provide that you will be covered with income protection while you're on approved **leave without pay**. If you suffer a **total and temporary disablement** or **partial or temporary disablement** while you're on **leave without pay**, the benefit will be based on your salary immediately prior to commencing your **leave without pay**. The conditions for entitlement to an income protection benefit during periods of **leave without pay** include that prior to your leave, your employer approved a period of leave of no longer than 12 months with a return to work date, and that you have continued to pay your insurance premiums.

(See page 17 of the guide for full details.)

### What happens if I have a recurrence of claim?

If you need to make a claim for an illness or injury that is related to a claimed condition for which you have already received an income protection payment from QSuper, there may not be a **waiting period**. If the **date of disablement** for the recurrence is within 4 weeks of the previous claim ending, the **waiting period** will be waived. If the recurrence is greater than 4 weeks but less than 6 months of the previous claim ending, you will be required to serve your **waiting period** again and your claim will be reopened. Where the recurrence is greater than six months, your claim will be considered a new claim requiring your **waiting period** to be served and will be newly assessed.

(See page 16 of the guide for full details.)

## Transferring your cover from another insurer or fund

You may be able to transfer across existing death cover, TPD cover, and income protection from another Australian insurer, whether held either directly or through an Australian super fund.

We have made changes to this insurance rule to clarify that you can only transfer cover from another Australian insurer or super fund.

(See page 20 of the guide for full details.)

## Changes to your situation

### What happens if I leave my job or my employment situation changes?

If you applied for an Accumulation account directly with QSuper (not through your employer), no automatic changes will be made to your insurance cover, including if you change your job.

(See page 18 of the guide for full details.)

#### Former police officers

### What happens if I leave the Defined Benefit, State or Police account?

If you were previously employed as a police officer in the Queensland Police Service (QPS), and you move from a Defined Benefit account to an Accumulation account, we have clarified the insurance cover automatically provided for some new employment situations as provided in the table below. Please refer to the *Accumulation Account Insurance Guide* for further information about the conditions for cover in other new employment situations.

| My new employment situation | Death cover and TPD cover | Income protection cover |
|---|---|---|
| I ceased permanent employment with a Queensland Government employer or **default employer** and commenced casual employment with a Queensland Government employer or **default employer**. | We automatically give you two units of death cover if you are age 21–69.<br><br>We automatically give you two units of TPD cover if you are age 16–64. | If you are age 16–64, we'll automatically give you salary-based income protection cover of 87.75% of **insured salary** (includes a **contribution replacement benefit** of 12.75% of **insured salary**).This is payable for three years with a 14-day waiting period.<br><br>For members previously employed by the QPS, we'll give you salary based income protection cover of 87.75% of **insured salary** (including a **contribution replacement benefit** of 12.75% of **insured salary**). Your **benefit period** will be three years and the **waiting period** will be 90 days. |
| Any other situation (including not working). | We automatically give you two units of death cover if you are age 21–69.<br><br>We automatically give you two units of TPD cover if you are age 16–64. | If you are age 16–64 we'll give you unitised income protection cover at an equivalent level to the income protection cover you had in the Defined Benefit account. You'll have a **waiting period** of 30 days or **accrued sick leave**, whichever is greater and a **benefit period** of three years, but you can personalise your cover at any time.<br><br>If you had a State or Police account you do not receive automatic income protection cover, however you can apply for cover if you meet eligibility criteria.<br><br>For members previously employed by the QPS, we'll give you unitised income protection cover at an equivalent level to the income protection you had in the Defined Benefit account. Your **benefit period** will be three years and the **waiting period** will be 90 days. |

## We have made some other changes for some of our members with different insurance arrangements:

### Queensland Performing Arts Trust (QPAT) and Queensland Ambulance Service (QAS)

Prior to 1 July 2018, some members employed by QPAT and QAS had different insurance cover arrangements. From 1 July 2018, these members' insurance has been changed to more align with QSuper's default insurance. These QPAT and QAS members who are affected have been contacted separately with the details of the changes.

### Magistrates

From 1 July 2018, we have made a change to the insurance arrangements for Magistrates so they will no longer have income protection cover. This change aligns with Magistrates' employment arrangements.

## If you need more information, please contact us:

**1300 360 750** **qsuper.qld.gov.au**