

# 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.

## We are changing the way we report investment fees and costs

From **30 September 2017**, we'll change the way we disclose investment fees and costs in both the QSuper Accumulation and Income accounts for our investment options in line with regulatory changes.

**It is important to note that there are no new or additional fees and the way in which we calculate the net returns of our investment options will not change.**

The change requires us to disclose, as either an investment fee or an indirect cost, all expenses incurred in managing our investments and these include operational and transactional costs incurred by our service providers, such as the investment managers of QSuper's assets. Currently some of the costs incurred (for example stamp duty and brokerage) are reflected in the net return to members but not included in our disclosed fees. The QSuper Board has determined that:

- ▲ Investment fees will include the base and performance-related fees that we pay our investment managers and any direct costs incurred in managing our investments, and
- ▲ Indirect costs will include all other costs associated with investing the assets.

The new fees and costs disclosure will be available in the *QSuper Product Disclosure Statement for Accumulation and Income Accounts* from 30 September 2017.

## We're reducing our administration fee

In line with our commitment to keep fees low, we will reduce our administration fee from 0.20 per cent to 0.18 per cent per annum from 30 September 2017.

Any administration fees you pay on your Accumulation and/or Income account/s over the cap of \$1,000 (that's the combined figure for all of these accounts) continue to be rebated back to you in July of the next financial year.




## We have made some changes to our insurance

We have made some changes to the insurance arrangements in our Accumulation account, effective 1 July 2017. The majority of these are changes to definitions and clarifications on insurance rules and conditions.

### 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*.



#### Insured salary

	<b>Previous definition</b>	Your ordinary time earnings (as defined by the <i>Australian Taxation Office Superannuation Guarantee Ruling SGR 2009/2</i> ) over the past 12 months based on <b>superannuation guarantee</b> contributions as received from your employer.
	<b>New definition</b>	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 <b>date of disablement</b> or, if you are <b>gainfully employed</b> on a casual basis, an averaged amount based on the period of 3 months prior to the <b>date of disablement</b> (or over your most recent period of employment, if shorter).
	<b>What this means for members</b>	To better reflect the loss of income the member suffers at the time a claim is made, income protection payments are now based on salary at the date of disablement (or for casual workers over a period of three months) rather than averaged over the preceding 12 months.

### Changes to disability definitions



#### Partial and temporary disablement

Please note the change is only to section (ii) b. of the definition. Please refer to the full definition in Appendix 1 of the *Accumulation Account Insurance Guide*.

	<b>Previous definition</b>	b. are under the regular care of a <b>medical practitioner</b> and, are complying with the advice and treatment given by the <b>medical practitioner</b> ...
	<b>New definition</b>	b. are under the regular care of a <b>medical practitioner</b> whose specialty is appropriate for the illness or injury at a frequency that is appropriate for the condition and in accordance with generally accepted medical standards and is complying with the advice and treatment given by the <b>medical practitioner</b> ...




#### Total and temporary disablement

Please note the change is only to section (ii) b. of the definition. Please refer to the full definition in Appendix 1 of the *Accumulation Account Insurance Guide*.

	<b>Previous definition</b>	b. are under the regular care of a <b>medical practitioner</b> and, are complying with the advice and treatment given by the <b>medical practitioner</b> ...
	<b>New definition</b>	b. are under the regular care of a <b>medical practitioner</b> whose specialty is appropriate for the illness or injury at a frequency that is appropriate for the condition and in accordance with generally accepted medical standards and is complying with the advice and treatment given by the <b>medical practitioner</b> ...

## Total and permanent disablement

The following change is made to section (i) of the definition, under 'Part C- Home duties'. Please refer to the full definition in Appendix 1 of the *Accumulation Account Insurance Guide*.

	<b>Previous definition</b>	(i) are under the regular care of a <b>medical practitioner</b> in relation to the relevant injury or illness...
	<b>New definition</b>	(i) are under the regular care of a <b>medical practitioner</b> whose specialty is appropriate for the illness or injury at a frequency that is appropriate for the condition and in accordance with generally accepted medical standards...
	<b>What this means for members</b>	We have made these changes to the disability definitions so that you can better understand what is required by our claims team to process your claim, which will help ensure claims are processed in a timely manner.

## Graduated return to work additional payment

	<b>Previous definition</b>	<p>The graduated return to work additional payment will be in substitute of current partial monthly benefit payment as follows:</p> <p><b>Salary IP Cover</b></p> <p>(100% - (return to work hours/pre-disability hours)) x (75% of <b>insured salary</b> for benefit + 10% of <b>insured salary</b> for additional payment + 12.75% of <b>insured salary</b> for <b>contribution replacement benefit</b>).</p> <p><b>Unitised IP Cover</b></p> <p>(100% - (return to work hours/pre-disability hours)) x (total units + 10% of total units for additional payment).</p> <p>Where the unitised IP cover exceeds 75% of <b>income</b> the graduated return to work additional payment will be calculated using the salary income protection cover formula.</p>
	<b>New definition</b>	<p>The graduated return to work additional payment will be calculated as follows:</p> <p><b>Salary IP Cover</b></p> <p><math>((\text{Insured salary} - \text{return to employment income}) / \text{insured salary}) \times (10\% \text{ of insured salary})</math>.</p> <p><b>Unitised IP Cover</b></p> <p><math>((\text{Pre-disability income} - \text{return to employment income}) / \text{pre-disability income}) \times (10\% \text{ of monthly benefit})</math>.</p> <p>The combined total of your partial monthly benefit and the graduated return to work additional payment is capped at 100% of your <b>pre-disability income</b>.</p>
	<b>What this means for members</b>	<p>We have changed the definition to make it clear what you may be entitled to receive if you return to work for at least 20% of your substantive hours. The graduated return to work additional payment is a potential payment on top of any partial income protection payments you may receive and is payable for a maximum of eight weeks.</p> <p>The change in the definition now separates the gradual return to work additional payment from the partial income protection payment to make it easier to understand the total insurance benefit that you may receive. To be clear, this does not reduce your income protection benefit in any way.</p>

# Other changes

In addition to the definition changes noted previously, there were some other insurance changes made. Remember, for full details please refer to our *Accumulation Account Insurance Guide*.

## Fixed death cover and total and permanent disability (TPD) cover

If you fix your death cover and TPD cover you will be occupationally rated and pay premiums at the relevant occupational rating. A change has been made to clarify that if you choose fixed cover below your default cover your premiums will be payable at your relevant occupational rating.

## Transfer in of cover

Under our insurance rules, you may be able to transfer across existing death cover, total and permanent disability cover and income protection (IP) cover from another super fund or insurance company.

The change to the transfer in provisions clarify that where your existing IP cover with QSuper does not have the same benefit period or cover expiry age as the IP cover being transferred in, our insurer may offer transfer in cover on terms at its discretion. Further, if you're a Queensland Police Officer, the benefit and waiting period will be the same as that which applies to your current QSuper insurance.

## Reinstatement of default cover that was cancelled

Our insurance rules provide that in some cases we will reinstate your default cover if it was cancelled. If this applies to you, we may still apply default cover to your account if your employer sends us an employer contribution (superannuation guarantee), but a change has been made to clarify that the employer must be either a Queensland Government employer or a default employer. A default employer in this context means an employer that has applied to, and has been accepted by, the QSuper Board to use QSuper as the default super fund for their employees.

If you need more information, we're here to help.  [qsuper.qld.gov.au](https://qsuper.qld.gov.au)