# Important notice from the QSuper Board of Trustees

## Welcome to QSuper

You've just joined one of Australia's largest super funds, so whatever your retirement goals may be, you're now one step closer to achieving them.

As part of our ongoing commitment to champion better retirement outcomes for our members, we've recently made some changes to enhance our product offering even further.

## Changes to your Accumulation account default investment option

We've created a new investment option called QSuper Lifetime. This option meets the Federal Government's MySuper legislative requirements.

QSuper Lifetime uses a lifecycle investment strategy that's designed to meet your investment needs throughout the different stages of your life.

This option will consider your age and account balance to determine when it may be appropriate to focus on seeking higher returns at a greater level of risk, and when safeguarding your funds from volatility may become more important.

This option will replace the QSuper Balanced (Default) as our default investment option.

If we have not received a switch from you by 5pm on 13 December 2013 to change your investment preference, it will change to QSuper Lifetime on 16 December 2013.

To find out more about QSuper Lifetime go to page 3, or visit qsuper.qld.gov.au/lifetime.

> We're proud to announce QSuper was awarded Pension Fund of the Year at the Chant West Conexus Financial Super Fund Awards 2013.

## What's changing?

Below is a summary of upcoming QSuper changes that may affect you.



## Other changes

As part of our ongoing commitment to champion better retirement outcomes for our members we're also making changes to:

- some of our investment options for the Accumulation and QSuper Pension accounts
- our insurance offering for the Accumulation account, which includes automatically providing death and total and permanent disability (TPD) cover to more members
- QSuper's fee arrangements for personal financial advice provided by QInvest.[1]

Please take the time to read the information in this notice to understand the changes and what they mean for you. You may need to make some important decisions.

**1** QInvest Limited (ABN 35 063 511 580, AFSL and Australian Credit Licence number 238274) is ultimately owned by the QSuper Board (ABN 32 125 059 006) as trustee for the QSuper Fund (ABN 60 905 115 063), and is a separate legal entity which is responsible for the financial services and credit services it provides.

# Some of our investment options are changing

We review our investment options regularly to match them to our members' needs. We also recognise expected asset class returns change over time and so, from 16 December 2013, some of our investment option objectives will change. See the boxes below for more information on what the changes may mean for you.

## QSuper Balanced (Default) option

From 16 December 2013 we'll be renaming this option the QSuper Balanced option. This will no longer be our default investment option for Accumulation accounts.

**Current investment objective for QSuper Balanced (Default) option**

To achieve a return of CPI + 4% p.a. after fees and tax, measured over rolling ten-year periods.

**Investment objective from 16 December 2013 for the QSuper Balanced option**

To achieve a return of CPI + 3.5% p.a. after fees and tax, measured over rolling ten-year periods.

## QSuper Moderate option

**Current investment objective**

To achieve an average return of CPI + 3% p.a. after fees and tax, measured over rolling three-year periods.

**Investment objective from 16 December 2013**

To achieve a return of CPI + 2.5% p.a. after fees and tax, measured over rolling three-year periods.

See below for information on asset allocation ranges.

## QSuper Aggressive option

**Current investment objective**

To achieve an average return of CPI + 5% p.a. after fees and tax, measured over rolling ten-year periods.

**Investment objective from 16 December 2013**

To achieve a return of CPI + 4.5% p.a. after fees and tax, measured over rolling ten-year periods.

## Diversified Bonds option

**Current investment objective**

To capture the return of a broadly diversified portfolio of global fixed interest investments, after fees and tax.

**Investment objective from 16 December 2013**

To match the return of a 40% Australian and 60% International Diversified Bond Index (hedged in $AUD) after fees and tax.

## Other changes to the QSuper Moderate option

In addition to the changes to the investment objective, the asset allocation ranges for the QSuper Moderate option will change from 16 December 2013. However the standard risk measure will stay the same. The QSuper Moderate option aims to provide some exposure to growth assets with potential for moderate returns, while offering greater short to medium-term stability. Changing the asset allocation ranges will provide greater flexibility in managing the assets and aims to minimise the potential effects of volatility of returns within the investment option. The table below shows the changes to the asset allocation ranges.

| Current asset allocation ranges (%) | | Asset allocation ranges (%) from 16 December 2013 | |
|---|---|---|---|
| Cash | 40 - 70 | Cash | 40 - 70 |
| Fixed interest | 0 - 12.5 | Fixed interest | **2.5 - 17.5** |
| Property | 0 - 10 | Property | 0 - 10 |
| Australian shares | 10 - 20 | Australian shares | **2.5 - 15** |
| International shares | 7.5 - 17.5 | International shares | **2.5 - 22.5** |
| Alternative assets | 0 - 10 | Alternative assets | **0 - 12.5** |
| Infrastructure | 0 - 10 | Infrastructure | 0 - 10 |

If you need more information visit qsuper.qld.gov.au/investments

## Closure of the QSuper Indexed Mix option

The QSuper Indexed Mix option will close on 16 December 2013. One of the reasons for the closure is that the QSuper Balanced (Default) option has become closely aligned to the QSuper Indexed Mix option. The QSuper Balanced (Default) option is a lower risk investment option than QSuper Indexed Mix, with a similar return objective.

## What does the closure of the QSuper Indexed Mix option mean for my investment?

Any funds invested in the QSuper Indexed Mix option at 5pm on 13 December 2013 will be transferred to the QSuper Balanced option on 16 December 2013. If you are invested in this option and don't want your funds moved into the QSuper Balanced option, you will need to make an investment switch before 5pm on 11 December 2013.

# Introducing QSuper Lifetime

## Our MySuper product

If you're a new QSuper Accumulation account member your contributions are invested in the QSuper Balanced (Default) option unless you have made an investment switch. QSuper is required by the MySuper legislation to transfer certain amounts to an approved MySuper product unless a member opts out. QSuper's MySuper product is the QSuper Lifetime option.

If we have not received a written instruction from you by 5pm on 13 December 2013 for the investment of your future contributions, your future contributions will be invested in the QSuper Lifetime option from 16 December 2013. Your Accumulation account balance (including past contributions), as at 15 December 2013, will remain in the QSuper Balanced option. We will write to you in the future to let you know if we must also transfer your balance to QSuper Lifetime and what your options are.

From 16 December 2013 the QSuper Lifetime option will become our default investment option for the Accumulation account and is our MySuper product.

However if you make any investment switch before 5pm on 13 December 2013 (including an instruction to change or confirm your investment preference or investment mix to 100% QSuper Balanced (Default)), your funds will not be transferred to QSuper Lifetime. Your investment direction to us will mean that your Accumulation account funds at 15 December 2013, and how your future contributions are invested, will not change on 16 December 2013.

## What makes QSuper Lifetime different?

We recognise that a one-size-fits-all default investment strategy may not be appropriate for all members, so we've established QSuper Lifetime. What makes QSuper Lifetime different is that it uses a lifecycle investment strategy.

As at 16 December 2013 QSuper Lifetime will have three groups, each with a different investment objective and asset allocation ranges. The investment strategy for each group will aim to achieve returns in line with the objective. For example, when you're younger the objective and strategy will focus on growing your super, and as you get older the objective and strategy will shift to stabilising your investment by increasing exposure to assets like cash. As your age and account balance change over time, so will the group and underlying investment strategy you're invested in.

## How can I invest in QSuper Lifetime?

QSuper Lifetime will be available as an investment option from 16 December 2013. You'll be able to switch all or some of your Accumulation account funds into or out of this option, or any combination of QSuper's investment options, at any time.

It's important to note that as QSuper Lifetime uses a lifecycle investment strategy, it may be a more effective investment when you have 100% of your Accumulation account balance invested in it.

You can make an investment switch by:

- logging in to Member Online at **qsuper.qld.gov.au**
- completing an *Accumulation Account Investment Switch* form, available from our website
- calling us and we'll send you a form to complete and return.

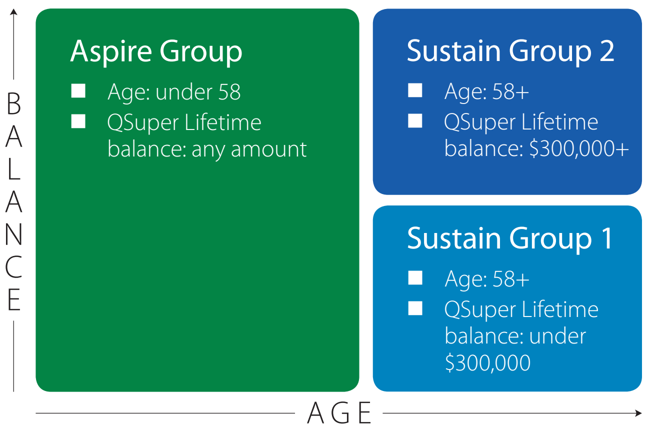
Our updated *Accumulation Account Product Disclosure Statement (PDS)* and associated guides including information about QSuper Lifetime will be available on our website from 16 December 2013.

## What are the QSuper Lifetime groups and investment strategies?

The QSuper Lifetime option investment strategy that applies to you will depend on the group you're placed in.

When you become a member of the QSuper Lifetime option, you'll be placed into one of the following groups:

- QSuper Lifetime Aspire Group – for members younger than age 58
- QSuper Lifetime Sustain Group 1 – for members aged 58 or older with less than $300,000 invested in the QSuper Lifetime option
- QSuper Lifetime Sustain Group 2 – for members aged 58 or older with $300,000 or more invested in the QSuper Lifetime option.




The tables on pages 4 and 5 outline the investment strategy and asset allocations that will apply to each group. We've also provided a comparison to the QSuper Balanced option objective as it will be from 16 December 2013.

From 16 December 2013

## QSuper Balanced option

Suitable for medium to long-term investors who want exposure to assets with potentially higher returns. Investors in the QSuper Balanced option should also be prepared to accept fluctuations in the value of their investments over the short term.

### Objective

To achieve a return of CPI + 3.5% p.a. after fees and tax, measured over rolling ten-year periods.

### Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.

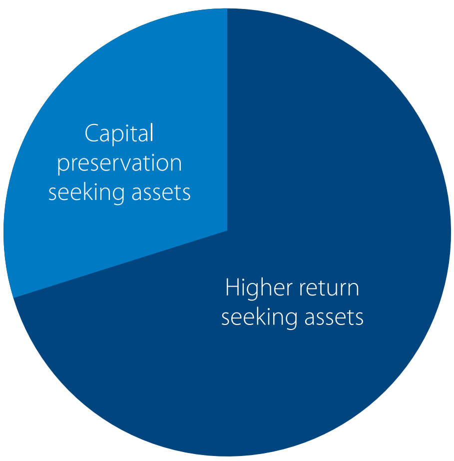

### Asset allocation ranges (%)

| | |
|---|---|
| Cash | 0–25 |
| Fixed interest | 5–35 |
| Property | 0–20 |
| Australian shares | 5–30 |
| International shares | 5–45 |
| Alternative assets | 0–25 |
| Infrastructure | 0–20 |

### Fees[1]

| | |
|---|---|
| Administration fee | 0.22% |
| Estimated investment fee | 0.43% |
| Total | 0.65% |

### Asset allocations[2]




**1** This is the estimated fee for the 2013/2014 financial year, and actual fees may differ.

**2** Pie graphs are illustrative only and don't represent actual asset allocations.

## QSuper Lifetime Aspire Group

**Age: less than 58**
**Account balance: any**

Suitable for medium to long-term investors who want exposure to assets with potentially higher returns.

### Objective

To achieve a return of CPI + 3.5% p.a. after fees and tax, measured over rolling ten-year periods.

### Risk

Investors should be aware that a negative annual return is expected between two and three times in every 20 years.

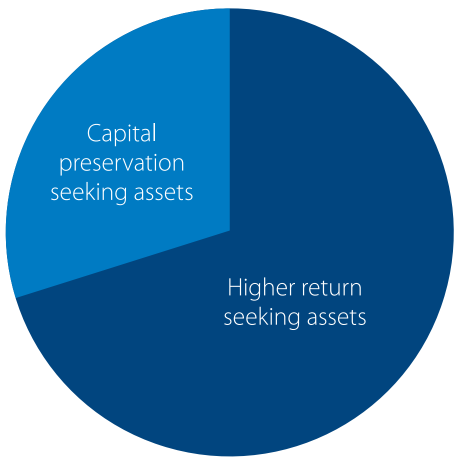

### Asset allocation ranges (%)

| | |
|---|---|
| Cash | 0–25 |
| Fixed interest | 5–35 |
| Property | 0–20 |
| Australian shares | 5–30 |
| International shares | 5–45 |
| Alternative assets | 0–25 |
| Infrastructure | 0–20 |

### Fees[1]

| | |
|---|---|
| Administration fee | 0.22% |
| Estimated investment fee | 0.43% |
| Total | 0.65% |

### Asset allocations[2]




**1** This is the estimated fee for the 2013/2014 financial year, and actual fees may differ.

**2** Pie graphs are illustrative only and don't represent actual asset allocations.

## From 16 December 2013 (continued)

### QSuper Lifetime Sustain Group 1

**Age: 58 years+**
**QSuper Lifetime account balance up to $300,000**

Suited to investors who are close to or in retirement.

**Objective**

To achieve a return of at least CPI + 1.5% p.a. after fees and tax.

**Risk**

Investors should be aware that a negative annual return is expected less than 0.5 times in every 20 years.

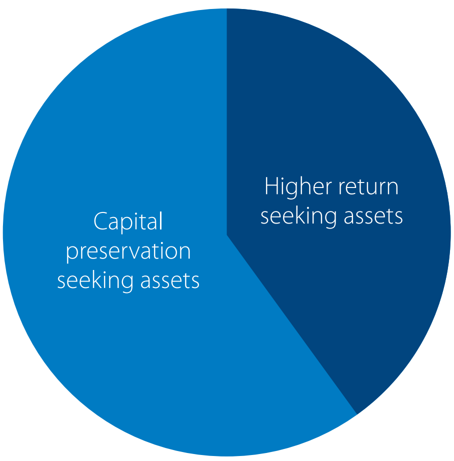

**Asset allocation ranges (%)**

| | |
|---|---|
| Cash | 0–75 |
| Fixed interest | 0–35 |
| Property | 0–20 |
| Australian shares | 0–30 |
| International shares | 0–45 |
| Alternative assets | 0–25 |
| Infrastructure | 0–20 |

**Fees**[1]

| | |
|---|---|
| Administration fee | 0.22% |
| Estimated investment fee | 0.19% |
| Total | 0.41% |

**Asset allocations**[2]




**1** This is the estimated fee for the 2013/2014 financial year, and actual fees may differ.

**2** Pie graphs are illustrative only and don't represent actual asset allocations.

### QSuper Lifetime Sustain Group 2

**Age: 58 years+**
**QSuper Lifetime account balance greater than or equal to $300,000**

Suited to investors who are close to or in retirement.

**Objective**

To achieve a return of at least CPI + 1% p.a. after fees and tax.

**Risk**

Investors should be aware that a negative annual return is expected less than 0.5 times in every 20 years.

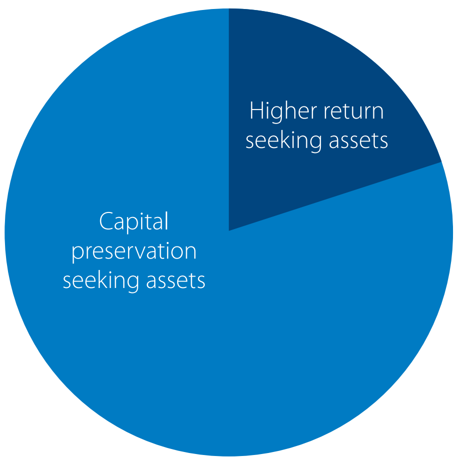

**Asset allocation ranges (%)**

| | |
|---|---|
| Cash | 0–90 |
| Fixed interest | 0–35 |
| Property | 0–20 |
| Australian shares | 0–30 |
| International shares | 0–45 |
| Alternative assets | 0–25 |
| Infrastructure | 0–20 |

**Fees**[1]

| | |
|---|---|
| Administration fee | 0.22% |
| Estimated investment fee | 0.19% |
| Total | 0.41% |

**Asset allocations**[2]




**1** This is the estimated fee for the 2013/2014 financial year, and actual fees may differ.

**2** Pie graphs are illustrative only and don't represent actual asset allocations.

## When will my QSuper Lifetime group change?

When you join QSuper Lifetime we'll determine which group applies to you. We'll review your group every six months and change your group if required.

This means that your existing funds in QSuper Lifetime, and any new contributions, will be invested in the group that applied to you at the time of the most recent review.

### Example

Max is 57 years old and is placed into the QSuper Lifetime Aspire Group on 16 December 2013. Max's birthday is in January.

At the first review QSuper will look at Max's age and QSuper Lifetime account balance.

Max is now 58 years old and has an account balance of less than $300,000. He'll be placed into QSuper Lifetime Sustain Group 1.

At the second review, QSuper will look at Max's age and QSuper Lifetime account balance.

If Max's account balance is greater than $300,000 he'll be placed into QSuper Lifetime Sustain Group 2.

## What are the fees for QSuper Lifetime?

The fees you pay will depend on which QSuper Lifetime group you're in. You can find the estimated fee for each strategy in the tables on pages 4 and 5.

The fee for the QSuper Lifetime option meets MySuper legislative requirements. One MySuper requirement is that all members within the same age group must be charged investment fees on the same basis. Investment fees will be calculated using the same methodology used for our other investment options. QSuper deducts administration and investment fees on a daily basis from the unit price relevant to your investment option/s, before unit prices are declared.

## Will contributions to my Accumulation account (including my employer contributions) be automatically invested in QSuper Lifetime from 16 December 2013?

Yes, your investment preference will change to QSuper Lifetime on 16 December 2013 if:

- your investment preference is directed 100% to the QSuper Balanced (Default) option at 5pm on 13 December 2013, **and**
- we haven't received an investment switch from you by 5pm on 13 December 2013 to confirm your investment preference.

Before making an investment switch you should read the *Investment Choice Guide* in conjunction with this *Important notice*. You can download the *Investment Choice Guide* from our website, or call us and we'll send you a copy.

## How can I change my investment mix or preference?

You can change your investment mix or investment preference any time. You can also choose to include the QSuper Lifetime option from 16 December 2013.

You can make an investment switch by:

- logging in to Member Online at **qsuper.qld.gov.au**
- completing an *Accumulation Account Investment Switch* form, available on our website or call us and we'll send you a copy.

Your QSuper investment preference gives us direction on how you would like your future contributions invested. You can find your investment preference:

- by logging in to Member Online
- on your welcome letter if you're a new member.

# QSuper insurance

At QSuper, it's our goal to ensure our members are getting the best we can offer – and that means looking beyond your retirement benefit. For this reason, we're making changes to enhance the insurance benefits we offer and providing cover to more members than ever before.

We're committed to providing our members with high quality products at great value. And as one of Australia's largest super funds we've been able to enhance the benefits to members while limiting increases in premiums.

Best of all, you don't need to undergo any lengthy or costly medicals to get insurance cover through QSuper, and the changes we're making from 16 December 2013 may reduce the waiting period for any pre-existing conditions you may have.

### How is QSuper's insurance changing?

From 16 December 2013 there'll be a range of changes to the death and TPD and income protection insurance we offer to our members. While these changes to our insurance have been designed to provide our members better levels of cover and conditions, we've also made sure they meet the MySuper legislative requirements.

### Enhancements to our insurance

Some of the enhancements to our insurance include:

- we'll automatically provide more members with insurance – even if you don't have an employer contributing to your super account, you'll still have access to death and TPD insurance[1]
- for most members the value of each unit of death and TPD insurance is going to increase, so you're automatically insured for more
- the pre-existing condition exclusion period will be reduced for some members, so you may be able to claim for some conditions sooner.

### What else is changing?

Even with QSuper's size and scale, we are not immune to the increasing number of claims and higher costs being experienced across the industry. As a result, premiums for units of death and TPD insurance have increased and, in some cases, so has the cost of income protection.

For our members who have a non-Queensland Government or a related entity employer contributing to QSuper, or who don't have an employer making contributions to QSuper, there are some new situations (or exclusions) that we're unable to cover. These exclusions are quite specific and primarily apply to new and additional insurance cover. In addition, we also have a new definition of At Work (see page 12) which takes into account a broader range of individual circumstances.

It's important to read the following information to understand if these changes apply to you and what they mean for you.

## Insurance for most members is changing

I'm a current Queensland Government or related entity employee **page 8**

I'm not a current Queensland Government or related entity employee **page 10**

- Changes to the terms and definitions of insurance cover **page 11**

New value and cost of each unit of death and TPD insurance **page 14**

You can find information about your insurance cover:

- by logging in to Member Online
- on your *Accumulation Account Snapshot* (if you've received one)
- by calling 1300 360 750 and we'll tell you.

Insurance Changes

**1** Eligibility conditions apply.

## I'm a current Queensland Government or related entity employee, what's changing for me?

### Death and TPD insurance

From 16 December 2013 your insurance units will increase in value if you're aged 21 or older. There'll also be an increase in the cost for each unit of insurance. The number of units of death and TPD insurance cover you have prior to 16 December 2013 will remain the same.

### What will my new cover and premiums for death and TPD be?

You can find information on the new value and cost for each unit of death and TPD insurance from 16 December 2013 in the table on page 14.

#### Example

John is 41 and works for Queensland Health. As a permanent Queensland Government employee, John has QSuper's standard insurance cover that includes four units of death and TPD insurance. These units are currently worth $54,400 each, so John's insurance is $217,600.

From 16 December 2013, the value of each unit will increase from $54,400 to $119,544. This means John will have $478,176 of cover – that's an automatic increase of over $200,000.

John's premiums will increase from $5.00 to $12.00 per week. He can increase or decrease his level of cover at any time, subject to maximum limits.

### What is the change to the pre-existing medical condition exclusion for death and TPD insurance?

The pre-existing condition exclusion is changing from 16 December 2013. For standard death and TPD insurance, any claim resulting from an illness or injury that occurred on or after 16 December 2013 will no longer be subject to a pre-existing condition exclusion period.

The pre-existing condition exclusion period on additional death and TPD cover will also reduce from seven to five years when your illness or injury is incurred on or after 16 December 2013.

However any death or TPD claim made arising from an illness or injury incurred prior to 16 December 2013 will be subject to the existing seven-year pre-existing condition exclusion period. A partial insurance benefit may still be payable. For more information refer to our *Accumulation Account Insurance Guide* for Queensland Government and related entity employees.

### What if I have a terminal medical condition?

If you have a terminal medical condition you may be eligible to access your Accumulation account balance. From 16 December 2013 you may also be eligible to receive an amount equal to your insured death benefit.

### Are there any additional exclusions if I have had a prior claim?

For any insurance that commences or recommences after 16 December 2013, if your death, TPD or terminal medical condition occurs on or after 16 December 2013, no insurance benefit will be payable if you've received a benefit for TPD or terminal illness, made a claim or are entitled to make a claim from anyone (including QSuper).

### Are there any exclusions for self-inflicted harm?

If you apply for additional death and TPD cover from 16 December 2013 the additional insurance amount will not be paid if the claim arises directly or indirectly as a result of an intentional self-inflicted act or injury in the first 13 months after the commencement of additional insurance cover. If you apply to restart your insurance cover, you'll also be subject to a self-inflicted harm exclusion in the first 13 months after the commencement of cover.

### Can I restart my insurance cover if I have previously cancelled it?

From 16 December 2013, if you've previously cancelled your Accumulation account death and TPD and/or income protection insurance, you'll be able to apply to restart your cover. Insurance cover may be available for death and TPD and income protection insurance if you're under age 65 and it may also be available for death-only insurance between ages 65 and 70. Eligibility conditions do apply, please refer to the *Accumulation Account Insurance Guide* for Queensland Government and related entity employees for more information.

Any insurance you restart will be subject to a five year pre-existing condition exclusion. You can restart your insurance by completing a *Change of Insurance* form, which you can download from our website, or call us and we'll send you a copy.

Once we have received your application, we'll write to you to let you know the date your insurance restarted and we'll begin to deduct premiums from your Accumulation account.

## What changes are being made to income protection insurance?

If you have income protection your level of cover will remain at 75% of your permanent salary. However the cost for income protection will increase from 16 December 2013, and the new rates are shown in the table below.

The pre-existing condition exclusion period will reduce to five years where your illness or injury is incurred on or after 16 December 2013. However any claim made arising from an illness or injury incurred prior to 16 December 2013 will be subject to the existing seven year pre-existing condition exclusion period.

**Income protection premium rates from 16 December 2013**

| Attained age | Premium rate (% of salary) | Attained age | Premium rate (% of salary) |
|---|---|---|---|
| 16 | 0.37% | 41 | 0.77% |
| 17 | 0.38% | 42 | 0.79% |
| 18 | 0.39% | 43 | 0.83% |
| 19 | 0.40% | 44 | 0.86% |
| 20 | 0.42% | 45 | 0.89% |
| 21 | 0.42% | 46 | 0.92% |
| 22 | 0.43% | 47 | 0.96% |
| 23 | 0.44% | 48 | 1.00% |
| 24 | 0.45% | 49 | 1.03% |
| 25 | 0.47% | 50 | 1.08% |
| 26 | 0.48% | 51 | 1.12% |
| 27 | 0.49% | 52 | 1.17% |
| 28 | 0.52% | 53 | 1.22% |
| 29 | 0.53% | 54 | 1.29% |
| 30 | 0.54% | 55 | 1.34% |
| 31 | 0.55% | 56 | 1.41% |
| 32 | 0.58% | 57 | 1.47% |
| 33 | 0.59% | 58 | 1.55% |
| 34 | 0.62% | 59 | 1.64% |
| 35 | 0.63% | 60 | 1.73% |
| 36 | 0.66% | 61 | 1.81% |
| 37 | 0.68% | 62 | 1.93% |
| 38 | 0.69% | 63 | 2.04% |
| 39 | 0.72% | 64 | 2.18% |
| 40 | 0.74% | 65 | n/a |

## What will happen to my death and TPD insurance if I leave my Queensland Government or related entity employment?

From 16 December 2013 if you hold units of death and TPD insurance on the day you cease employment with your Queensland Government or related entity employer your insurance will automatically continue. This means you'll retain the amount of the insurance you had while employed with the Queensland Government or related entity, although you can apply to increase or cancel this insurance at any time.

## Will I still receive income protection if I leave my Queensland Government or related entity employment?

Income protection cover can't be continued. However you can apply for income protection cover if you have a non-Queensland Government employer contribute to your QSuper account on your behalf and you meet eligibility requirements.

## If I leave my Queensland Government or related entity employer will I have to serve my pre-existing condition exclusion period again for death and TPD?

From 16 December 2013 there is no pre-existing condition exclusion on your standard death and TPD insurance cover.

The pre-existing condition exclusion period for any additional insurance cover that is transferred will expire after five years of continuous insurance cover from the commencement date of the additional cover.

## I'm not a Queensland Government or related entity employee, what changes should I expect?

From 16 December 2013, we will be making changes to Accumulation account insurance arrangements to provide more benefits to members who aren't working for the Queensland Government or a related entity. These changes mean we'll be providing benefits to even more of our members, including those who opened their account with a spouse contribution or family law payment.

### I have previously registered my non-Queensland Government employer, what changes affect me?

If you have registered your non-Queensland Government employer with us, you may already have insurance cover.

On 16 December 2013, the value of each unit of cover for death and TPD will increase if you're aged 21 or older, and the cost per unit will increase.

You can find information on the value and cost for each unit of death and TPD insurance on page 14.

### What will happen to my pre-existing condition exclusion period for death and TPD?

This will depend on whether your current insurance cover is continued cover from when you were employed with the Queensland Government or related entity employer and if you're At Work or not At Work on 16 December 2013.

### I'm At Work on 16 December 2013 and have continued cover

If your existing death and TPD insurance cover has a pre-existing condition exclusion period, then:

- the pre-existing condition exclusion period for your existing level of standard cover will be removed, **and**
- the pre-existing condition exclusion period for your additional insurance cover will be reduced to five years (from when additional cover was provided).

### I'm At Work on 16 December 2013 and have insurance cover which is not continued cover

You may have the standard level of death and TPD insurance cover, which is not continued cover. This means that you may have two units of death and TPD insurance.

If you're At Work on 16 December 2013, the pre-existing condition exclusion period has been reduced to a maximum of five years for your existing level of standard insurance cover and additional insurance cover.

Proportional benefits (as shown in the table below) may be payable in the event of death, disability or terminal illness if it's related to a pre-existing medical condition and it occurs between the second and fifth year of continuous insurance cover.

| Period of insured membership | Percentage of standard insured benefit |
|---|---|
| Up to 2 years | 0% |
| Between 2 years and 4 years 11 months | 10% x sum insured + 2.5% x sum insured for each full month of continuous cover after 2 years |
| 5 years or more | 100% |

### I'm not At Work on 16 December 2013

The pre-existing exclusions under the insurance arrangements prior to 16 December 2013 will apply if you're not At Work on 16 December 2013.

### What is the pre-existing exclusion period for income protection?

If you're At Work on 16 December 2013, the pre-existing condition exclusion period for your income protection insurance will be reduced to five years, from the date that the cover commenced.

### I don't currently have insurance with QSuper

New Federal Government legislation requires us to provide most members with death and TPD insurance cover automatically. From 16 December 2013, many members who don't already have cover with QSuper will receive two units of insurance.[1] This includes members who opened their account with a spouse contribution or family law payment, who aren't receiving any employer contributions, or who haven't previously cancelled cover or opted-out.

You'll automatically receive two units of death and TPD cover if you:

- have $2,000 or more in your Accumulation account, **or**
- receive a contribution into your account after 16 December 2012.

If you don't qualify for insurance on these terms, you'll receive two units of standard death and TPD insurance cover from the date of receipt of a superannuation guarantee (SG) employer contribution from a non-Queensland Government employer.

Your insurance cover will be subject to the changes to the terms of insurance cover outlined overleaf.

**1** Eligibility conditions apply.

## How can I opt-out of receiving automatic death and TPD insurance?

If you don't currently have death and TPD insurance with QSuper and you don't want to receive automatic cover from 16 December 2013, complete the *Application to Cancel Insurance* form and return it to us by 5pm on 13 December 2013. You can download the form from our website, or call us and we'll send you a copy.

It's important to note that even if you've cancelled your insurance it'll automatically restart if you resume employment with a Queensland Government or related entity employer. Your insurance may also restart if your employment status changes.

## Will I have a pre-existing condition exclusion period for death and TPD when my cover commences on 16 December 2013?

If you're At Work on 16 December 2013, the pre-existing condition exclusion period for your insurance cover is five years. If you're not At Work on 16 December 2013 you'll receive Limited Cover instead. Information on Limited Cover can be found on page 12.

## What will my new cover and premiums for death and TPD insurance be?

You can find information on the value and cost of units of death and TPD insurance on page 14.

### Example

Rona is 36 and isn't a Queensland Government employee, but has previously registered her non-Queensland Government employer with us. Rona has two units of death and TPD insurance, which are currently worth $90,600 each. From 16 December 2013, Rona's sum insured per unit will increase to $125,000 – so she'll now have $250,000 of cover. Rona's premium will increase from $2.42 to $5.22 per week.

### Example

Laura is 50 and opened her account as a spouse member. Currently Laura does not have insurance through QSuper, and she can only access these benefits if she has registered her non-Queensland Government employer, and we have received an employer contribution from them within 120 days of registration.

From 16 December 2013, because she has more than $2,000 in her account, Laura will receive two units of death and TPD insurance. Each unit will have a value of $48,000, which means Laura will automatically receive $96,000 of cover and premiums of $6.00 per week will be deducted from her Accumulation account, unless she cancels her insurance.

## Changes to the terms of insurance cover from 16 December 2013

***NOTE: The changes to the following terms and definitions only apply to insurance cover for non-Queensland Government or related entity employees.***

The changes to the terms will apply where an illness, injury or death resulting in a claim occurs on or after 16 December 2013.

Except where identified in this *Important notice*, terms and definitions defined in the PDS and associated guides have the same meaning when used in this *Important notice*.

### Sum insured

The increased value of each unit of insurance for death and TPD is only payable for claims where the illness or injury occurs on or after 16 December 2013 and is subject to the following conditions:

- you haven't ever made a claim, been eligible to be paid or submitted a claim for TPD or terminal illness with QSuper or anyone else, **and**
- if you were At Work at the time the increased benefit is offered, then the pre-existing condition exclusion period for the increased insurance cover will be the greater of:
  - the remainder of the new pre-existing condition exclusion period for death and TPD, **or**
  - 12 months, **and**
- if you're not At Work then Limited Cover will apply to the increased insurance cover.

For example, if a claim is made for a condition which existed prior to 16 December 2013, you'll receive the sum insured value held prior to 16 December 2013, not the higher unit value of insurance cover from 16 December 2013.

### Eligibility

You're eligible for death and total and permanent disability (TPD) insurance cover if you meet the following criteria:

- you're a member of QSuper with an Accumulation account
- you're not insured for cover under QSuper's insurance arrangements for Queensland Government and related entity employees
- you're not employed by a Queensland Government or related entity employer
- you haven't made, or aren't entitled to make, a claim for a total and permanent disablement or invalidity type benefit from any source
- you haven't been discharged medically unfit, ceased employment or retired due to ill health from any employer
- you haven't been diagnosed with an illness or suffered an Injury that reduces your life expectancy to less than 12 months
- you're an Australian resident
- you're at least 16 years of age
- you're under age 65.

## Exclusions

Your benefit will not be payable where a claim arises directly or indirectly from any of the following:

- suicide within the first 13 months after the commencement of additional cover or reinstatement of cover
- total and permanent disablement as a result of an intentional self-inflicted act or intentional self-inflicted injury
- a pre-existing condition during the pre-existing condition exclusion period
- all illnesses or injuries that occur while residing or travelling in a country that attracts a DFAT[1] 'do not travel' warning, current at the time the illness or injury occurs – more information about these travel warnings can be found at dfat.gov.au.

## Definition of At Work

The definition of At Work for death and TPD insurance and income protection has been updated to mean a person who is:

**(1a)** employed with an employer – the person is actively performing or capable of actively performing all of the duties and work hours of their usual occupation with their employer free from any limitation due to illness or injury. A person who is on employer approved leave for reasons other than illness or injury, who would otherwise be capable of performing their usual occupation will be considered as having met the requirements of this definition, **or**

**(1b)** unemployed or self-employed – the person is actively performing or capable of actively performing all of the duties and work hours of their usual occupation free from any limitations due to illness or injury, **or**

**(1c)** engaged exclusively in unpaid Home Duties – the person is actively performing or capable of actively performing all of their full time unpaid Home Duties free from any limitation due to illness or injury,

**and**

**(2)** Not receiving or entitled to receive income support benefits relating to illness or injury, from any source including but not limited to workers compensation benefits, statutory transport accident benefits and disability income benefits.

## Definition of Home Duties

Home Duties means the unpaid tasks performed by a person whose main occupation is to maintain their family home for at least 35 hours per week. These tasks are:

- cooking of meals for their family
- cleaning of the home
- shopping for their family's food
- doing their family's laundry
- taking care of dependent children (if applicable).

Home Duties do not include duties performed outside the person's home for salary, reward or profit.

## Definition of Limited Cover

Limited Cover means:

Insurance cover is not provided for an illness or injury where the signs or symptoms existed prior to the commencement of the insured person's pre-existing condition exclusion period.

Limited Cover ceases:

- on the fifth anniversary of the cover being continuously in force under QSuper if you are At Work on the day cover commences, **or**
- on the fifth anniversary of the cover being continuously in force under QSuper if the insured person is At Work on the day of the fifth anniversary.

Otherwise Limited Cover will not expire.

## Definition of Total and Permanent Disability and Total and Permanent Disablement (TPD)

Total and Permanent Disablement means that in the insurer's opinion the member, while insured by the insurer is:

- under the care of and following the advice of a Medical Practitioner, **and**
- meets one of the following definitions as described in parts (1), (2) or (3) as applicable, **and**
- for a member where insurance cover commences from 16 December 2013 (including members who cancelled insurance cover and then reinstated the insurance cover) they also meet the Permanent Incapacity definition under Regulation 6.01 of the *Superannuation Industry (Supervision) Regulations 1994* (Cth) which is: 'Permanent incapacity, in relation to a member, means ill-health (whether physical or mental), where the trustee is reasonably satisfied that the member is unlikely, because of the ill-health, to engage in gainful employment for which the member is reasonably qualified by education, training or experience'.

**(1)** Where at the Date of Disablement the member was Gainfully Employed, Total and Permanent Disablement means solely because of illness or injury, from the Date of Disablement, the member has been absent from work for three consecutive months, and in the opinion of the insurer, after obtaining the advice of not fewer than two Medical Practitioners, the member is unlikely ever to be able to work again in a job for which the member is reasonably qualified by education, training or experience;

**or**

**(2)** Where at the Date of Disablement the member was not Gainfully Employed:

**(i) Activities of Daily Living**

Total and Permanent Disablement means that solely because of illness or injury, the member is unlikely ever to be able to perform at least two of the following Activities of Daily Living:

- Dressing – the ability to put on and take off clothing without assistance.
- Bathing – the ability to wash or shower without assistance.

**1** Department of Foreign Affairs and Trade

- Toileting – the ability to use the toilet, including getting on and off, without assistance.
- Mobility – the ability to get in and out of bed and a chair without assistance.
- Feeding – the ability to get food from a plate into the mouth without assistance.

Assistance means the physical assistance of another person.

**or**

**(ii) Cognitive Loss**

Total and Permanent Disablement means a total and permanent deterioration or loss of intellectual capacity that has required the member to be under continuous care and supervision by another adult person for at least six consecutive months and that, at the end of that six month period, is likely to require the member to be under permanent on going continuous care and supervision by another adult person;

**or**

**(3)** Where at the Date of Disablement the member was not Gainfully Employed and was engaged in Home Duties, Total and Permanent Disablement means that the member:

- is under the care of a Medical Practitioner
- is unable to perform those Home Duties
- is unable to leave their home unaided
- from the Date of Disablement, has not engaged in any employment for a period of three (3) consecutive months after the occurrence of the illness or injury, **and**
- at the end of the three (3) months, in the insurer's opinion after consideration of all relevant evidence, is disabled to such an extent as to render them unlikely ever to perform those Home Duties or engage in any gainful occupation.

## When does my insurance cover cease?

Your insurance cover will end on the earliest of the following conditions:

- you cease to be a member of QSuper
- you cease to be an Australian resident
- you reach age 65 for TPD insurance cover, or age 70 for death insurance cover
- upon your death
- you receive any proportion of your insurance benefit under a TPD or terminal illness claim
- QSuper receives your signed *Application to Cancel Insurance* form
- 60 days after the full amount of the monthly premiums due still remains unpaid
- if your accumulation account balance reduces to less than $2,000 and no contribution has been received within the last 12 months.

## Making changes to your insurance arrangements

You can choose to apply for additional insurance cover on top of the insurance cover previously outlined if you're under age 65.

Additional insurance cover is subject to the same eligibility criteria as listed below.

If you're At Work on the date you completed your additional insurance application, then the pre-existing condition exclusion period for your additional insurance cover is five years.

If you're not At Work on the date you completed your additional insurance application, you'll receive Limited Cover.

You may reduce any additional insurance cover. You can't reduce any standard insurance cover, however you may cancel it in writing.

## Cost of death and TPD cover for all eligible members

From 16 December 2013 the values and costs of each unit of death and TPD insurance are changing, as shown in the table below.

The premium includes an allowance to cover the cost of administering the insurance.

| | Death and TPD | | |
|---|---|---|---|
| Attained age | Sum insured per unit ($) | Premium rate per unit per week ($) | Premium rate per unit per week (QLD Police Service) ($) |
| 16 | 100,000 | 1.51 | 3.03 |
| 17 | 100,000 | 1.51 | 3.03 |
| 18 | 100,000 | 1.51 | 3.03 |
| 19 | 100,000 | 1.51 | 3.03 |
| 20 | 100,000 | 1.51 | 3.03 |
| 21 | 102,384 | 1.55 | 3.10 |
| 22 | 104,824 | 1.59 | 3.17 |
| 23 | 107,323 | 1.62 | 3.25 |
| 24 | 109,881 | 1.66 | 3.32 |
| 25 | 112,500 | 1.70 | 3.40 |
| 26 | 114,896 | 1.74 | 3.48 |
| 27 | 117,343 | 1.77 | 3.55 |
| 28 | 119,841 | 1.81 | 3.63 |
| 29 | 122,394 | 1.85 | 3.70 |
| 30 | 125,000 | 1.89 | 3.78 |
| 31 | 125,000 | 1.89 | 3.78 |
| 32 | 125,000 | 1.89 | 3.78 |
| 33 | 125,000 | 1.89 | 3.78 |
| 34 | 125,000 | 2.09 | 4.17 |
| 35 | 125,000 | 2.35 | 4.70 |
| 36 | 125,000 | 2.61 | 5.22 |
| 37 | 125,000 | 2.88 | 5.76 |
| 38 | 125,000 | 3.00 | 6.00 |
| 39 | 125,000 | 3.00 | 6.00 |
| 40 | 125,000 | 3.00 | 6.00 |
| 41 | 119,544 | 3.00 | 6.00 |
| 42 | 114,326 | 3.00 | 6.00 |
| 43 | 107,760 | 3.00 | 6.00 |
| 44 | 97,200 | 3.00 | 6.00 |
| 45 | 87,360 | 3.00 | 6.00 |
| 46 | 78,240 | 3.00 | 6.00 |
| 47 | 69,600 | 3.00 | 6.00 |
| 48 | 61,680 | 3.00 | 6.00 |
| 49 | 54,480 | 3.00 | 6.00 |
| 50 | 48,000 | 3.00 | 6.00 |
| 51 | 38,880 | 3.00 | 6.00 |
| 52 | 34,560 | 3.00 | 6.00 |
| 53 | 30,240 | 3.00 | 6.00 |
| 54 | 25,920 | 3.00 | 6.00 |
| 55 | 22,800 | 3.00 | 6.00 |
| 56 | 19,200 | 3.00 | 6.00 |
| 57 | 16,320 | 3.00 | 6.00 |
| 58 | 12,612 | 3.00 | 6.00 |
| 59 | 9,726 | 2.88 | 5.77 |
| 60 | 7,500 | 2.52 | N/A |
| 61 | 6,667 | 2.52 | N/A |
| 62 | 5,833 | 2.52 | N/A |
| 63 | 5,000 | 2.52 | N/A |
| 64 | 4,500 | 2.52 | N/A |
| 65* | 4,000 | 0.76 | N/A |
| 66* | 3,500 | 0.76 | N/A |
| 67* | 3,200 | 0.76 | N/A |
| 68* | 2,900 | 0.77 | N/A |
| 69* | 2,600 | 0.79 | N/A |

* Death only insurance from age 65

If you would like more information about the changes identified in this *Important notice*, please visit qsuper.qld.gov.au/lifetime or call us on 1300 360 750.

Insurance Changes

## QInvest advice changes from 1 November 2013

QInvest provides personal financial advice to QSuper members on a range of topics covering superannuation, retirement planning, wealth creation, salary packaging and personal life insurance.

QSuper contributes towards the cost of our members seeking personal advice provided by QInvest regarding their QSuper benefit. Members only pay part of the total cost of QSuper related advice, called a member co-payment.

From 1 November 2013, the member co-payment amount for QInvest financial advice will change.

If you're seeking advice on matters other than your QSuper account, the amount of your member co-payment will vary depending on your situation, the nature of the advice and whether you seek advice over the phone or face to face.

QInvest will continue to advise you of the applicable fee before providing you with advice. To find out more please refer to our website, qsuper.qld.gov.au.

Call QInvest on 1800 643 893 for more information, or to make an appointment with a financial adviser.

## Operational risk reserve and other reserves

QSuper has recently set up an Operational Risk Financial Requirement Reserve (ORFR Reserve). The primary purpose of this reserve is to ensure that QSuper has adequate financial resources to address losses arising from operational risks within its business operations, where such costs are not met by third parties, or are recoverable from third parties or insurance only at a later stage. Such costs were previously covered by the General Reserve but it's now a regulatory requirement to have a separate operational risk reserve. There are no additional costs to members from this change.

**Contact Centres** 70 Eagle Street Brisbane and 63 George Street Brisbane
**Telephone** 1300 360 750 (+61 7 3239 1004 if overseas)
Monday – Friday 8.30am to 5.00pm AEST

**Postal address** GPO Box 200 Brisbane Qld 4001
**Fax** (07) 3239 1121
**Website** qsuper.qld.gov.au

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