

What's this about?

Important updates to your insurance from 1 November 2017:

- you'll be covered by automatic income protection
- you can opt out of your Standard Cover
- the way your insurance cover is calculated is changing
- some conditions or definitions have changed

Please read this notice carefully

Insurance matters.

Important updates to your insurance

Insurance through super is a safety net and is intended to support you and your loved ones if you get very sick or injured and can't work, or if, sadly, you pass away.

We've worked with our insurer to keep **our premiums as low as possible** for all of our members, and are able to provide cover at attractive premiums because we buy as a group. And, in some instances, we provide types of cover for members that may not otherwise be available through other providers.


With this in mind, we've made a number of changes to some of the conditions for your insurance cover, which will come into effect from **1 November 2017**.

This includes giving you income protection cover which means you and your loved ones would be protected if you were to be temporarily ill or injured and were unable to work for a period of time.

Overall, these changes are intended to give you more certainty about your insurance cover. And, in some instances, these changes will give you greater insurance cover.

Types of insurance cover available in Qantas Super

- **Income protection** – designed to provide income if you're temporarily unable to work due to illness or injury.
- **Total and permanent disablement (TPD)** – designed to pay you income or a lump sum, depending on your cover, if you are permanently unable to work (refer to the member disclosure material for your division, available at www.qantassuper.com.au, for details of the specific definition of TPD that applies to you).
- **Death** – designed to provide a lump sum to support your beneficiaries should you die before you retire.

 These changes allow us to maintain and improve our insurance offer while maintaining the cost of insurance.

Insurance brings you peace of mind

As a Qantas Super member:

- ✓ **YOUR EMPLOYER MAKES A CONTRIBUTION TOWARDS YOUR STANDARD COVER INSURANCE PREMIUMS.**
- ✓ You are automatically covered 24 hours a day, seven days a week for death, and total and permanent disablement (TPD).
- ✓ You receive access to flexible insurance cover that's tailored to Qantas Super members.
- ✓ You have access to the free medical advice service, **Best Doctors**.
- ✓ You can choose to purchase extra insurance cover, up to certain limits without having to provide evidence of good health, whether you're employed with the Qantas Group or not.

Did you know?

\$123 million has been paid out to Qantas Super members in insurance cover for death and disablement claims in the last four years.



1 Change: You'll be covered by automatic income protection

Benefit to you: You'll be covered if you're temporarily unable to work

You'll now have access to income protection cover. This kicks in automatically from 1 November 2017 if you're at work on that day and carrying out your full usual duties (or would have been had it not been a weekend day) or on any leave other than due to illness or injury. To receive this cover, you must be under age 65 and engaged in regular permanent or fixed term employment working for 15 hours or more a week. If you're on leave due to illness or injury or carrying out restricted duties, you'll be covered 30 days after you return to work and are carrying out your full usual duties.

You won't be eligible if:

- you have income protection cover in another division of Qantas Super;
- you're receiving, or entitled to receive, workers compensation or any other income support benefits; or
- you're a pilot under investigation for licence matters which could result in licence suspension.

What's income protection?

It's a benefit that gives you a monthly income for up to two years if you're ill or injured and are temporarily unable to work.

The benefit is 75% of your Salary for Insurance Purposes, and is paid monthly in arrears (at the end of the month).

See page 6 for details on Salary for Insurance Purposes.

Premiums will be deducted from your account to pay for this cover.

Things to think about

If you already have income protection cover through another provider, it is important to know that the income protection cover we provide will be reduced by any payments you receive from those policies.

⚠ Premiums for this new cover will be deducted from your account and so will reduce the amount of your super. The current annual premium rates are \$7.63 for every \$1,000 of annual income protection cover. With this cost in mind, you should consider if the new cover is right for you.

What if I don't want this cover?

You can opt out of income protection.

If you decide to do this, you have until **28 February 2018** to opt out. If you opt out by this date, you will **not be charged** any insurance premiums for this cover.

After 28 February 2018, you can still opt out of this cover at any time, but premiums for this cover will be deducted from your account until we receive your request to cancel the cover.

What if I want to opt back in?

If you opt out and want to apply for income protection cover again in the future, you'll need to provide medical evidence. If your application for cover is approved, restrictions, exclusions or loadings (which are additional premiums above the normal premiums) may apply.

What's the waiting period?

There's a minimum waiting period of 90 days before monthly income protection benefits are paid.

Our website has a factsheet which provides more details of the terms and conditions for this income protection cover.

2 Change: You can opt out of your Standard Cover

Benefit to you: Greater flexibility in insurance cover for you

You have automatic insurance cover for death and TPD as part of your super, which is called Standard Cover, up until age 60. This is designed to protect you and your loved ones if you get very sick or injured and cannot work, or pass away. **In your case, you pay \$1 a week towards the cost of administration fees and insurance premiums, and your employer pays the rest.**

From 1 November 2017, you can now choose to opt out of your Standard Cover for death and TPD.

Things to consider

1. If you opt out of your cover, and later change your mind, you'll need to re-apply and provide medical evidence to take out Standard Cover again. If your application for cover is approved, restrictions, or exclusions may apply. Your employer will pay for your cover if you opt back in.
2. As your employer pays for your Standard Cover, what they pay counts as a concessional contribution for you. As a result, if you opt out of cover, the amount that counts towards your concessional contributions will be reduced. This means you may have greater flexibility to salary sacrifice more contributions if you want.

i **Concessional contributions =**
Employer contributions, including Superannuation Guarantee contributions +
Salary sacrifice contributions +
Insurance premiums and administration fees paid by the Qantas Group on your behalf +
Any other concessional contributions

▶ See the Concessional Contributions fact sheet available on www.qantassuper.com.au

3. You can also tailor your cover to an amount that suits you by taking out Voluntary Cover for death only, or death and TPD. However, premiums are deducted from your account to pay for this cover.

3 Change: The way your insurance cover is calculated is changing

Benefit to you: More certainty in the value of your insurance cover

Currently we calculate the value of your Standard Cover based on your latest Superannuation Salary. The value of your cover changes every time your Superannuation Salary changes.

To give you more certainty in your cover, we are moving to a salary definition called Salary for Insurance Purposes for consistency across all accumulation divisions of Qantas Super.

From 1 November 2017, all your Standard Cover (for death and TPD, and income protection) will be based on this new definition. Salary for Insurance Purposes is set at 1 October each year and provided to us by your payroll department.

The definition is set out in the attachment at the back of this letter. It's also available on the Qantas Group's intranet, the Terminal.

What does the change mean?

Currently, if you get paid different amounts each pay, the value of your insurance cover also changes.

From 1 November 2017, your insurance cover will be based on what we call Salary for Insurance Purposes, which will be calculated only once a year, at 1 October. This means you'll know what your cover is for the whole year, and so you can change it if it's too much or too little for your needs. The premiums will also more accurately reflect the cover you have.

From 1 November 2017, your Standard Cover for TPD and death will be calculated as a lump sum of 10% times your Salary for Insurance Purposes for each year and complete month from the date of death/TPD to age 60.



Need advice?

If you need help with making a decision about your super, including insurance cover, just call us and we can put you in touch with a financial adviser. Simple advice over the phone is included as a part of your membership so there's no extra cost.

i How this works in practice

Today

Sarah is a customer service officer who works varying shifts, which means her pay amounts (that is, her Superannuation Salary) fluctuate from fortnight to fortnight, and this affects the value of her insurance cover. This means in one pay period, her death and TPD cover could be calculated at \$280,000, and the in next it could be calculated at \$350,000.

If Sarah became ill or injured, and claimed, the amount she'd receive would depend on the most recent pay, which could be the higher amount or the lower amount. So Sarah doesn't have the certainty of knowing just how much she's covered for.

From 1 November 2017

Sarah's insurance cover will be calculated once a year only on 1 October. Based on her Salary for Insurance Purposes at 1 October, the value of Sarah's death and TPD cover could be \$315,000 which would only change with Sarah's age.

This means no matter how her pay fluctuates from fortnight to fortnight, she'll have the peace of mind of knowing how much she's covered. And, if she believes it's too high, she can opt out, or if it's too low, she can supplement it by applying for additional cover. She can also choose to move to the Gateway division of Qantas Super which provides additional options for death and TPD cover.

What happens next?

In October 2017, Payroll will give us the Salary for Insurance Purposes information. Shortly after 1 November 2017, we'll write to you to let you know your Salary for Insurance Purposes, your Standard Cover for death and TPD, and income protection, and the amount of your premiums.

Things to think about

If you feel your cover isn't at the right level for you, or the premiums you're paying are too high or too low, you can:

- Opt out of death and TPD cover
- Opt out of income protection cover
- Apply for Voluntary Cover for death and TPD, or adjust the level of Voluntary Cover you already have
- Transfer to our Gateway division which provides additional options for death and TPD cover. Keep in mind you'll need to look at the difference in the fees between the two divisions and their different features.



As the salary we currently use to calculate your insurance benefits may be different to your Salary for Insurance Purposes, your insurance cover may either increase or decrease. Your premiums will also change.

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Conditions or definitions which have changed

This table sets out the changes that have been made to either a definition or to a condition of your insurance cover, whether that's your automatic cover (Standard) or Voluntary Cover.

Change	Applies to	Current situation	From 1 November 2017
Updated definition	All cover	<p>Doctor means:</p> <ul style="list-style-type: none"> ■ a registered medical practitioner who is acceptable to the Insurer and who is not you or your spouse, family member, business partner, employer or employee. 	<p>'Doctor' or 'Medical Practitioner' means:</p> <p>For the purpose of the Home Duties definition of TPD and at least one of the treating Doctor reports required for TPD claim applications:</p> <ul style="list-style-type: none"> ■ a registered medical practitioner who is qualified in an appropriate speciality, and who is not you or your spouse, family member, business partner, employee or employer; or ■ if the claimed condition is a psychological condition diagnosed in accordance with the latest edition of the Diagnostic and Statistical Manual of Mental Disorders: <ul style="list-style-type: none"> – a person who is registered as a medical practitioner with a speciality of psychiatry on the register of practitioners that is maintained by the Australian Health Practitioners Regulation Agency; and – who is not you or your spouse, family member, business partner, employee or employer. <p>In all other cases:</p> <ul style="list-style-type: none"> ■ a registered medical practitioner who is not you or your spouse, family member, business partner, employee or employer.
Updated definition	All cover (except death)	N/A	<p>A benefit will not be payable for any illness or injury arising directly or indirectly out of the commission or attempted commission of a Criminal Act for which you:</p> <ul style="list-style-type: none"> ■ have a conviction recorded; and ■ are serving, or have served a term of imprisonment as a result of a conviction for a Criminal Act. <p>If you have been charged with a Criminal Act which may be punishable by a term of imprisonment we may:</p> <ul style="list-style-type: none"> ■ delay making a decision whether to accept or decline the claim; or ■ cease payment of income protection benefits; until the conclusion of criminal proceedings, including sentencing, and we have sufficient information to determine if this exclusion clause applies. <p>Criminal Act means any summary or indictable offence within the meaning of relevant State or Commonwealth legislation or an offence with a similar meaning under foreign law.</p>

Change	Applies to	Current situation	From 1 November 2017
Updated definition	New Voluntary Cover	Currently if you apply for Voluntary Cover for death and take up the one-off offer of up to \$750,000 without providing medical evidence, then a death benefit is not payable if you die directly or indirectly within 12 months of taking out the cover from any cause relating to a Pre-Existing Condition.	For new Voluntary Cover applied for from 1 November 2017, this exclusion period will be extended from 12 to 24 months. If you've already been accepted for Voluntary Cover, the current exclusion period of 12 months will continue to apply.
Extra eligibility requirement	New Voluntary Cover	N/A	For new Voluntary Cover applied for from 1 November 2017, you'll need to be At Work as at the date we receive your completed application form. If not, Limited Cover will apply until you return to work and have been At Work for 30 consecutive days.
New definition	Voluntary Cover	N/A	At Work means: <ul style="list-style-type: none"> ■ where the person's Occupation is not classified as home duties, the person is at work for the normal daily hours of work and is actively performing the full, unrestricted or unmodified duties of their normal Occupation for which they were Employed or would have been had the day not been a day of leave (other than due to illness or injury), public holiday or weekend day; and ■ where the person's Occupation is classified as home duties, the person is actively performing the full, unrestricted or unmodified duties of their normal physical domestic household duties for their normal daily hours of those duties.
New definition	Voluntary Cover	N/A	Limited Cover means you are covered only for claims arising from: <ul style="list-style-type: none"> ■ an illness which first became apparent; or ■ an injury which first occurred; on or after the date you first became eligible for cover.

What is my Salary for Insurance Purposes?

The table below contains the definitions used to determine your Salary for Insurance Purposes.

You can find details about how your Salary for Insurance Purposes is calculated in the Frequently Asked Questions located on the People section of the Qantas Group intranet site. Or, you can contact People Services or your relevant payroll department.

Employee group	Employment type	Definition
All Qantas (excluding below businesses)		
Executive and individual contract employees whose remuneration is based on a Fixed Annual Remuneration (FAR)	Full-time	Fixed Annual Remuneration (FAR)
	Part-time	Actual part-time Fixed Annual Remuneration (FAR)
IT A-Cs	Full-time	Base salary
	Part-time	Part-time base salary
Ground staff	Full-time	Annualised base pay per your Enterprise Agreement (EBA) multiplied by 1.3
Short Haul Flight Attendant	Part-time /Casual	70% of the full-time definition
Long Haul Flight Attendant		
Long Haul Pilot	Full-time	(Minimum Guaranteed Hours x Bid Periods x Hourly Rate) per your EBA multiplied by 1.3 Note: MGH=160; Bid Periods per annum = 6.5
	Part-time	70% of the full - time definition
Short Haul Pilot	Full-time	Annual salary per your EBA multiplied by 1.3
	Part-time	70% of the full-time definition
Express Freighters	Full-time	Total annual remuneration per your EBA multiplied by 1.3
	Part-time	70% of the full-time definition
QantasLink		
Employee on common law contract paid a FAR	Full -time	FAR
	Part -time	Part-time FAR
Employee on common law contract paid a base salary	Full-time	Base salary
	Part-time	Part-time base salary
Ground staff	Full-time	Annualised base pay per your EBA multiplied by 1.3
Pilot	Part-time and casual	70% of the full-time definition
Flight Attendant		
Network Aviation		
Employee on common law contract paid a base salary	Full-time	Base salary
	Part-time	Part-time base salary
Ground staff	Full-time	Annualised base pay per your EBA multiplied by 1.3
Pilot	Part-time	70% of the full-time definition
Flight Attendant		
Jetstar		
Employee on individual contract whose remuneration is based on a FAR	Full-time	FAR
	Part-time	Part-time Fixed Annual Remuneration (FAR)
Ground staff	Full-time	Annualised base pay per your EBA multiplied by 1.3
Flight Attendant		
Ground staff	Part-time and casual	70% of the full-time definition
Flight Attendant		
	Pilot	Full-time
	Part-time	70% of the full-time definition

Contact us: Phone 1300 362 967 (within Australia) +61 3 8687 1866 (outside Australia)



The information in this document is of a general nature and is not intended to constitute personal financial product advice as it has not been prepared taking account of your objectives, financial situation or needs. The Trustee recommends that before acting on any information contained in this document, you consider its appropriateness and seek financial advice tailored to your personal circumstances from a licensed financial adviser.

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