

- 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**.

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.

In addition, the changes to the conditions allow us to maintain and improve our insurance offer to you, while managing the cost of insurance to keep it sustainable for you and all our members.



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 managing the cost of insurance.

Insurance brings you peace of mind

As a Qantas Super member:

- ✓ You are automatically covered 24 hours a day, seven days a week for death, total and permanent disablement and, depending on your employment status, income protection.
- ✓ 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 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. This is designed to protect you and your loved ones if you get very sick or injured and cannot work, or pass away.

From 1 November 2017, you can now choose to opt out of your Standard Cover for:

- Death and total and permanent disablement (TPD), and/or
- income protection.

Something to consider

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, exclusions or loadings (which are additional premiums above the normal premiums) may apply.

2 Change: The way your insurance 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 – for income protection
- your Superannuation Salary over the previous 12 months – for death and TPD.

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 following 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.

This means that from 1 November 2017, your Standard Cover will be calculated in this way:

- income protection is a monthly benefit of 75% of your Salary for Insurance Purposes for up to two years, and
- TPD and death is a lump sum of 18% times your Salary for Insurance Purposes for each year and complete month from the date of death/TPD to age 65. If you transferred to Division 6 from another division, a minimum death benefit may apply.

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 in the next it could be calculated at \$350,000.

In addition, her income protection, which would be paid monthly, is valued at \$4,400 per month for one pay, and \$5,500 the next.

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, and income protection could be \$4,900 per month.

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 for. 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 for death and TPD. 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, Qantas 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 you would pay in each division, 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.

Need advice?

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



3 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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