

How offsets apply to insurance cover

This information is relevant to members of Divisions 1, 2, 3, 5, 6, 7, 10 and Gateway.

As a member of Qantas Super, you are provided with insurance cover¹. This means you're automatically covered 24 hours a day, seven days a week for death, total and permanent disablement (TPD) and income protection.

If you're considering taking out extra insurance outside of Qantas Super, please keep in mind that some or all of your insured benefit in Qantas Super may be subject to "offsetting". The use of offsetting against disability benefits is common in the insurance industry, so it also may be worthwhile checking any other cover you have for this same exclusion. Offsetting ensures that members don't receive a higher income while temporarily disabled than they would if they were working on full duties.

What is offsetting?

Offsetting means your income protection benefits (and for Divisions 1, 2 and 3, your TPD benefits) may be reduced if you receive other benefits or income for the same period or condition for which your insured benefits are paid. You'll only receive a payment for the difference, if any.

Other benefits or income that can be offset include:

- Any income earned, which includes any sick or annual leave paid to you;
- Any worker's compensation payment², excluding any payments for medical treatment, rehabilitation or permanent impairment;
- For Divisions 1, 2 and 3 only, any social security payment²;
- Any payment received under Loss of Licence Insurance³ (pilots only);
- Any other income received as a result of the disability (including from other insurance policies). We may also offset any future benefits/income you are likely to receive².

With the exception of Loss of Licence Insurance, we may offset any of the above benefits/income that you may be entitled to, whether they were paid to you or not.

The following benefits/income are **not** offset:

- Income earned from investments;
- Lump sum total and permanent disablement benefits (however these benefits are offset from TPD benefit payments in Division 3).

How does offsetting work?

If you receive any offsetting amounts as a lump sum, they'll be offset against your lump sum benefit in Qantas Super. If the benefit you are to receive from Qantas Super is a monthly income amount, then the lump sum offsetting amount will be converted to equivalent monthly income amounts to determine the amount of the offset to be applied. If the offsetting amount is a monthly income and your Qantas Super benefit is a lump sum, then the reverse process applies. If you make a claim for an insurance benefit from Qantas Super, you'll need to declare any other benefits or income you're entitled to, and provide evidence, before any payments from Qantas Super can be made.

More information about insurance benefits

For general information about insurance benefits available through Qantas Super and how to claim for a disability benefit, please visit www.qantassuper.com.au for the insurance fact sheets and the disclosure that applies to your division.



Please seek financial advice before making any decisions based on your insurance through Qantas Super. You can call us on **1300 362 967** to speak to a licensed financial adviser.

¹ Differing cover is provided for each division of Qantas Super and is subject to eligibility criteria. Check the disclosure for your division to review your Standard or Basic Cover and the eligibility requirements.

² Relating to the same period or condition.

³ For Division 3, one third of the payment is offset. For more details, see the *Application of Loss of Licence Insurance Plan* fact sheet on www.qantassuper.com.au

i Case Studies

Here are examples of how offsetting works in different divisions in Qantas Super. These are not actual cases, and are only designed to illustrate how offsetting may work in practice.

Ben works on the phone answering customer enquiries. He's in the **Gateway** division and is automatically covered for income protection of \$4,000 a month. He's taken out an external insurance policy with an insurance company for income protection, which will pay him \$3,000 a month if he is temporarily disabled.

Ben hurts his shoulder while playing basketball on the weekend and ends up being unable to work for six months. After the waiting period is over (at least 90 days), Ben is eligible to receive an income protection benefit from Qantas Super until he returns to work after six months.

The benefit payable from Qantas Super is reduced by the amount that he is also receiving from his external insurance policy, so that he receives the balance, that is, \$1,000 per month, from Qantas Super. So even though Ben has been paying premiums for two insurance policies, as a result of offsetting, he'll only receive the benefit from one policy.

In her role, Jane prepares meals for customers, and has an accident at work. She badly cuts her hand, requiring a lot of treatment before she can return to work. Jane is in **Division 6** and is automatically covered for income protection at 75% of her Superannuation Salary. As the accident occurred at work, Jane qualifies for workers compensation payments which cover her salary while she is off work. These payments are greater than the income protection benefit from Qantas Super, and so no payments are made to Jane from Qantas Super.

Aaron is an airline service operator in **Division 3** and hurts his back at work. As a result he is unable to continue in his job and is medically terminated from Qantas. He applies, and is approved, to receive a lump sum total and permanent disablement benefit (TPD) from Qantas Super of \$300,000. Over the same period, Aaron receives weekly workers compensation payments which total \$25,000 over a period of eight months.

Aaron's TPD benefit from Qantas Super is reduced for the workers compensation payments which he received after becoming totally and permanently disabled and so the balance of \$275,000 is paid to him.

For further information please visit us at www.qantassuper.com.au or call us **1300 362 967**, Monday to Friday 8:00am to 7.00pm AEST/AEDT weekdays.



Contact us



-  **Phone**
1300 362 967 (within Australia)
+61 3 8687 1866 (outside Australia)
-  **Fax**
+61 3 9245 5827
-  **Postal address**
Qantas Superannuation Plan
GPO Box 4303, Melbourne VIC 3001
-  www.qantassuper.com.au

The information in this fact sheet 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. In addition, the information contained in this fact sheet is generic and may not be applicable to members across all divisions.

We recommend 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.

Issued by Qantas Superannuation Limited (ABN 47 003 806 960 AFSL 288330) as Trustee for the Qantas Superannuation Plan (ABN 41 272 198 829) (Qantas Super).
November 2017