

Important changes to insurance cover

I am writing to inform you of some important changes to the insurance cover provided by MTAA Super.

Insurance fees to change from 3 February 2020

From 3 February 2020, insurance fees for Death and Total and Permanent Disablement (TPD) cover will increase for members aged 26 – 54. Insurance fees for Income Protection (IP) cover will increase for members regardless of age.

Full details of the insurance fee changes are in the enclosed *Important changes to your insurance cover* factsheet. You should read this information to understand how this change may affect you.

Why are insurance fees changing?

Cover through MTAA Super is provided through a group insurance policy. This allows us to offer cover at a discounted price due to the large number of people covered by the policy.

Recently, the Government's new 'Putting Members Interest First' (PMIF) laws changed the way we offer insurance to young members and members with low-balance accounts. This is in addition to the 'Protecting Your Super' (PYS) reforms introduced on 1 July 2019, which removed cover from inactive accounts.

Both sets of reforms are designed to protect account balances from fee erosion and to ensure members do not pay for cover they may not require.

The introduction of these reforms will result in a significant decrease in the number of members covered by our group insurance policy. Considering the reforms, changes to membership demographics and past claims paid, we have had to increase the cost of insurance.

Insurance cover for members with balances less than \$6,000 will cease on 1 April 2020

If your account balance does not reach \$6,000 at any time between 1 November 2019 and 31 March 2020, your insurance cover will cease on 1 April 2020. If you are affected by this change, we recently contacted you to let you know your options and what actions you may need to take.

Default cover to be opt-in for new members under 25 or with low balances

From 1 April 2020, default insurance cover can only be provided on an opt-in basis to new members:

- who are under 25 years old; or
- have a balance of less than \$6,000.

Changes to recommencement of cover rules

If your insurance cover stops because your account balance was too low to pay insurance fees or because we did not receive an employer contribution into your account for 16 months or more, it may automatically recommence if we receive an employer contribution into your account and you are still eligible for cover.

From 3 February 2020, cover that recommences this way will restart from the date we receive an employer contribution and at the amount of default cover applicable on that date.

Previously, the recommencement date was determined by the amount of time that had passed between your cover stopping and when we received a new employer contribution.

This change simplifies the recommencement rules. However, if your cover recommences because of an employer contribution, you may have gaps in your cover as your recommencement date is no longer backdated. This may affect any claims you make for events that occurred when your cover was not active. If your cover recommences under these rules, we will write to you to let you know your cover has recommenced.

Need help?

Call us on **1300 362 415** or visit our website at **mtaasuper.com.au**

Yours sincerely

A handwritten signature in black ink, appearing to read 'L. Turner', with a stylized flourish at the end.

Leeanne Turner
Chief Executive Officer



Changes to insurance cover

mtaasuper.com.au
1300 362 415



Unitised cover example

If you are aged 29 next birthday, have 10 units of Death and 10 units of TPD cover, your total weekly cost will increase from \$16.30 to \$20.50.

Death cover: 10 units x \$0.97 = \$9.70 (current \$8.60)

TPD cover: 10 units x \$1.08 = \$10.80 (current \$7.70)

Total cost of cover: \$20.50 (current \$16.30)



Fixed cover example

If you were aged 29 next birthday, are eligible for the non-manual work scale and have \$600,000 worth of Death and \$600,000 worth of TPD cover, your total weekly cost will increase from \$15.00 to \$19.20.

Death cover: \$600,000/\$1,000 x \$0.015 = \$9 (current \$7.80)

TPD cover: \$600,000/\$1,000 x \$0.017 = \$10.20 (current \$7.20)

Total cost of cover: \$19.20 (current \$15.00)

Insurance fees are changing

From 3 February 2020, insurance fees for Death and Total and Permanent Disablement cover will increase for members aged next birthday 27 – 55. Insurance fees for Income Protection cover will increase for members of all ages. If you have default insurance cover, from 3 February 2020 your insurance fees will change as follows:

Age next birthday	Default Death cover	Default TPD cover	Cost per week – current	Cost per week – effective 3 February 2020
16 – 21	1 unit	3 units	\$2.39	\$2.39
22 – 26	3 units	3 units	\$3.87	\$3.87
27 – 55	6 units	3 units	\$7.47	\$9.06
56 – 70	6 units	3 units	\$7.47	\$7.47

Members with insurance outside of the default arrangement

Unitised Cover

The table below shows how the weekly insurance fees for unitised cover will change from 3 February 2020.

Cover type	Cost per unit (weekly) – current		Cost per unit (weekly) – effective 3 February 2020		
	Age next birthday 16–26	Age next birthday 27–70	Age next birthday 16–26	Age next birthday 27–55	Age next birthday 56–70
Death	\$0.74	\$0.86	\$0.74	\$0.97	\$0.86
TPD	\$0.55	\$0.77	\$0.55	\$1.08	\$0.77

To calculate your new weekly insurance fee, simply multiply the number of units you have by the new weekly cost per unit.

Fixed Cover

To calculate your weekly fee for fixed cover, divide your level of cover by \$1,000, and multiply by the fee that corresponds to your age next birthday and work scale as per the table on the next page.

Changes to insurance cover

Fixed Scales: Death & TPD						
Weekly cost per \$1,000 Sum Insured						
Age Next Birthday	General Workscale		Non-Manual Workscale		Professional Workscale	
	Death	TPD	Death	TPD	Death	TPD
16	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
17	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
18	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
19	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
20	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
21	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
22	\$0.027	\$0.020	\$0.019	\$0.015	\$0.013	\$0.010
23	\$0.026	\$0.020	\$0.018	\$0.014	\$0.012	\$0.009
24	\$0.024	\$0.019	\$0.017	\$0.013	\$0.011	\$0.009
25	\$0.022	\$0.017	\$0.015	\$0.012	\$0.010	\$0.008
26	\$0.019	\$0.015	\$0.013	\$0.010	\$0.009	\$0.007
27	\$0.022	\$0.027	\$0.016	\$0.018	\$0.011	\$0.013
28	\$0.021	\$0.024	\$0.015	\$0.017	\$0.010	\$0.011
29	\$0.021	\$0.024	\$0.015	\$0.017	\$0.010	\$0.011
30	\$0.020	\$0.023	\$0.015	\$0.017	\$0.010	\$0.011
31	\$0.020	\$0.023	\$0.015	\$0.015	\$0.010	\$0.011
32	\$0.020	\$0.023	\$0.015	\$0.015	\$0.010	\$0.011
33	\$0.020	\$0.023	\$0.015	\$0.015	\$0.010	\$0.011
34	\$0.020	\$0.023	\$0.015	\$0.015	\$0.010	\$0.011
35	\$0.020	\$0.023	\$0.015	\$0.015	\$0.010	\$0.011
36	\$0.020	\$0.023	\$0.015	\$0.017	\$0.010	\$0.011
37	\$0.020	\$0.023	\$0.015	\$0.017	\$0.010	\$0.011
38	\$0.020	\$0.023	\$0.015	\$0.017	\$0.010	\$0.011
39	\$0.021	\$0.024	\$0.015	\$0.017	\$0.011	\$0.011
40	\$0.022	\$0.025	\$0.016	\$0.018	\$0.011	\$0.013
41	\$0.024	\$0.027	\$0.018	\$0.020	\$0.011	\$0.013
42	\$0.026	\$0.028	\$0.018	\$0.021	\$0.012	\$0.014
43	\$0.027	\$0.030	\$0.019	\$0.021	\$0.012	\$0.014
44	\$0.028	\$0.032	\$0.020	\$0.023	\$0.013	\$0.015
45	\$0.030	\$0.034	\$0.021	\$0.024	\$0.015	\$0.015
46	\$0.031	\$0.037	\$0.022	\$0.025	\$0.015	\$0.017
47	\$0.035	\$0.039	\$0.024	\$0.028	\$0.016	\$0.018
48	\$0.037	\$0.042	\$0.027	\$0.030	\$0.018	\$0.020
49	\$0.042	\$0.046	\$0.029	\$0.032	\$0.019	\$0.021
50	\$0.045	\$0.051	\$0.031	\$0.035	\$0.021	\$0.024
51	\$0.050	\$0.056	\$0.035	\$0.039	\$0.022	\$0.027
52	\$0.055	\$0.063	\$0.039	\$0.045	\$0.027	\$0.030
53	\$0.063	\$0.072	\$0.045	\$0.051	\$0.029	\$0.034
54	\$0.071	\$0.080	\$0.050	\$0.056	\$0.034	\$0.038
55	\$0.084	\$0.094	\$0.059	\$0.066	\$0.039	\$0.045
56	\$0.091	\$0.082	\$0.064	\$0.058	\$0.042	\$0.038
57	\$0.105	\$0.094	\$0.074	\$0.066	\$0.049	\$0.044
58	\$0.119	\$0.106	\$0.084	\$0.075	\$0.055	\$0.050
59	\$0.131	\$0.117	\$0.092	\$0.083	\$0.061	\$0.055
60	\$0.147	\$0.132	\$0.104	\$0.093	\$0.069	\$0.062
61	\$0.157	\$0.140	\$0.111	\$0.099	\$0.074	\$0.066
62	\$0.167	\$0.149	\$0.117	\$0.105	\$0.078	\$0.070
63	\$0.178	\$0.159	\$0.125	\$0.112	\$0.083	\$0.074
64	\$0.196	\$0.175	\$0.138	\$0.123	\$0.091	\$0.082
65	\$0.212	\$0.190	\$0.148	\$0.132	\$0.099	\$0.088
66*	\$0.229	\$0.206	\$0.163	\$0.146	\$0.107	\$0.096
67*	\$0.261	\$0.234	\$0.182	\$0.164	\$0.121	\$0.109
68*	\$0.290	\$0.260	\$0.205	\$0.184	\$0.135	\$0.121
69*	\$0.325	\$0.291	\$0.227	\$0.203	\$0.152	\$0.136
70*	\$0.391	\$0.350	\$0.278	\$0.249	\$0.182	\$0.164

*Activities of Daily Work (Definition B) will apply for 100% of the benefit of TPD from 65th birthday.

Changes to the cost of Income Protection cover

The cost of Income Protection cover depends on your age, amount of cover, work scale, waiting period and benefit period. The table below shows the weekly cost of each \$250 of monthly Income Protection cover.

2 YEAR BENEFIT PERIOD											
Age next birthday			General member			Non-manual member			Professional member		
			30 days	60 days	90 days	30 days	60 days	90 days	30 days	60 days	90 days
16	-	20	\$0.2155	\$0.1114	\$0.0746	\$0.1236	\$0.0637	\$0.0501	\$0.0992	\$0.0514	\$0.0403
21	-	25	\$0.2313	\$0.1200	\$0.0746	\$0.1309	\$0.0637	\$0.0501	\$0.1052	\$0.0514	\$0.0403
26	-	30	\$0.2473	\$0.1273	\$0.0746	\$0.1384	\$0.0722	\$0.0501	\$0.1114	\$0.0576	\$0.0403
31	-	35	\$0.3012	\$0.1432	\$0.0833	\$0.1776	\$0.0796	\$0.0501	\$0.1420	\$0.0637	\$0.0403
36	-	40	\$0.4016	\$0.1996	\$0.1164	\$0.2313	\$0.1200	\$0.0661	\$0.1848	\$0.0954	\$0.0539
41	-	45	\$0.5400	\$0.2791	\$0.1665	\$0.3085	\$0.1592	\$0.0918	\$0.2473	\$0.1273	\$0.0735
46	-	50	\$0.7640	\$0.3978	\$0.2914	\$0.4321	\$0.2388	\$0.1665	\$0.3453	\$0.1910	\$0.1334
51	-	55	\$1.1030	\$0.6208	\$0.4995	\$0.6244	\$0.3588	\$0.2914	\$0.4995	\$0.2864	\$0.2326
56	-	60	\$1.6429	\$0.9316	\$0.8495	\$0.9256	\$0.5411	\$0.4995	\$0.7406	\$0.4334	\$0.3991
61	-	65	\$2.2293	\$1.3136	\$1.1655	\$1.2645	\$0.7566	\$0.6905	\$1.0124	\$0.6048	\$0.5534

5 YEAR BENEFIT PERIOD											
Age next birthday			General member			Non-manual member			Professional member		
			30 days	60 days	90 days	30 days	60 days	90 days	30 days	60 days	90 days
16	-	20	\$0.3476	\$0.2228	\$0.1580	\$0.1616	\$0.1040	\$0.0746	\$0.1298	\$0.0833	\$0.0600
21	-	25	\$0.3624	\$0.2313	\$0.1494	\$0.1702	\$0.1040	\$0.0661	\$0.1358	\$0.0833	\$0.0539
26	-	30	\$0.3784	\$0.2313	\$0.1334	\$0.1702	\$0.1040	\$0.0588	\$0.1358	\$0.0833	\$0.0465
31	-	35	\$0.4701	\$0.2791	\$0.1494	\$0.2155	\$0.1273	\$0.0661	\$0.1726	\$0.1016	\$0.0539
36	-	40	\$0.6329	\$0.3746	\$0.2081	\$0.2852	\$0.1678	\$0.0918	\$0.2277	\$0.1334	\$0.0735
41	-	45	\$0.8716	\$0.5338	\$0.3330	\$0.3929	\$0.2473	\$0.1494	\$0.3146	\$0.1972	\$0.1200
46	-	50	\$1.2181	\$0.7883	\$0.5656	\$0.5558	\$0.3588	\$0.2584	\$0.4444	\$0.2864	\$0.2070
51	-	55	\$1.7665	\$1.2021	\$0.9745	\$0.8104	\$0.5498	\$0.4494	\$0.6476	\$0.4396	\$0.3599
56	-	60	\$2.6762	\$1.9024	\$1.6821	\$1.2267	\$0.8680	\$0.7664	\$0.9806	\$0.6941	\$0.6122
61	-	65	\$3.3005	\$2.3395	\$2.0641	\$1.5046	\$1.0663	\$0.9401	\$1.2034	\$0.8533	\$0.7529

TO AGE 65 BENEFIT PERIOD (INDEXATION AT MINIMUM OF CPI & 5%)											
Age next birthday			General member			Non-manual member			Professional member		
			30 days	60 days	90 days	30 days	60 days	90 days	30 days	60 days	90 days
16	-	20	\$0.6758	\$0.5741	\$0.3294	\$0.3538	\$0.3012	\$0.1726	\$0.2656	\$0.2253	\$0.1298
21	-	25	\$0.7431	\$0.6317	\$0.3342	\$0.3893	\$0.3306	\$0.1750	\$0.2914	\$0.2486	\$0.1309
26	-	30	\$0.8448	\$0.7173	\$0.3392	\$0.4419	\$0.3758	\$0.1776	\$0.3317	\$0.2816	\$0.1334
31	-	35	\$1.0993	\$0.9341	\$0.4089	\$0.5754	\$0.4897	\$0.2142	\$0.4321	\$0.3672	\$0.1604
36	-	40	\$1.4985	\$1.2732	\$0.5498	\$0.7847	\$0.6672	\$0.2878	\$0.5888	\$0.4995	\$0.2155
41	-	45	\$2.0567	\$1.7469	\$0.8521	\$1.0774	\$0.9158	\$0.4468	\$0.8079	\$0.6868	\$0.3342
46	-	50	\$2.7704	\$2.3543	\$1.3308	\$1.4519	\$1.2328	\$0.6977	\$1.0883	\$0.9256	\$0.5227
51	-	55	\$3.6580	\$3.1083	\$2.0298	\$1.9160	\$1.6283	\$1.0639	\$1.4373	\$1.2217	\$0.7970
56	-	60	\$4.2934	\$3.6165	\$2.7191	\$2.2489	\$1.8939	\$1.4250	\$1.6870	\$1.4201	\$1.0688
61	-	65	\$3.3005	\$2.4877	\$2.1168	\$1.6123	\$1.3025	\$1.1091	\$1.2095	\$0.9770	\$0.8312



Income protection example

Samantha, aged 30 next birthday, works in an office and meets the eligibility criteria for the non-manual scale. Her annual income before tax is \$54,000. Samantha would like to have the maximum cover for her income plus her super contributions.

Samantha has chosen a 60 day waiting period given she has two months' sick leave accrued and has chosen a benefit period of five years.

The calculation of Samantha's Income Protection insurance fee is:

$\$54,000 / 12 = \$4,500$ per month. 85% of that is \$3,825.

The number of units of cover Samantha would need is: $\$3,825 / \250 per unit = 15.3. As units must be in whole numbers, Samantha rounds up to 16 units of cover.

The cost of Samantha's cover is \$1.66 per week ($\0.1040×16). Samantha would receive 75% of the benefit (\$3,375 per month before tax) and 10% (\$450 per month) would be paid into her MTAA Super account.

This document is issued by Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238 718) of Level 3, 39 Brisbane Avenue Barton ACT 2600, Trustee of the MTAA Superannuation Fund (ABN 74 559 365 913). Motor Trades Association of Australia Superannuation Fund Pty. Limited has ownership interests in Industry Super Holdings Pty Ltd and Members Equity Bank Limited.

The information provided is of a general nature and does not take into account your specific needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information. We also recommend that you seek advice from a licensed financial adviser. The MTAA Super Product Disclosure Statement (PDS), an important document containing all the information you need to make a decision about MTAA Super, can be obtained by calling MTAA Super on **1300 362 415**. You should consider the PDS in making a decision.

For more information, please visit our website at mtaasuper.com.au. You can also call us on **1300 362 415**. We're here to help.

Calculating the cost of cover

To calculate the level of cover you want, take the following steps:

Step 1

Calculate the figure that corresponds to 85% of your monthly average gross income. If this amount exceeds \$25,000, use the figure \$25,000 instead.

Step 2

Divide the figure from Step 1 by \$250. This gives you the number of units you need in order to receive the maximum benefit you are eligible for. Write the number of units down. Round up to the nearest unit.

Step 3

Choose the benefit period you would like to be covered for:

- 2 years
- 5 years, or
- to age 65.

Step 4

Select your age band from the table that applies to you.

Step 5

Choose the work scale that applies to you:

- general
- non-manual, or
- professional.

Step 6

Select your preferred waiting period:

- 30 days
- 60 days, or
- 90 days.

Step 7

Write down the cost per unit of cover per week for your age band that falls within your preferred benefit waiting period.

Step 8

Multiply the figure from Step 7 by the number of units you determined in Step 2.

The answer is the standard weekly fee for the Income Protection cover you want.

For more information about insurance, read our *Insurance Guide* on our website: mtaasuper.com.au/member-handbooks