



Looking after you  
and your super

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ABN 23 053 121 564

Dear member

### Important insurance changes are on the way

Since 1 July 2012 LGsuper's premiums and cover have remained unchanged, despite an unprecedented growth in insurance claims across the superannuation industry.

The sustained rise in insurance claims and pay-outs has led to an industry-wide increase in group insurance premiums which many super funds across the nation have already passed on to their members.

Following a review of our insurance arrangements, LGsuper finds itself in the same situation as it reappoints OnePath as the fund's insurer after completing a competitive bid process.

### Premiums will increase and you'll notice some other changes

To ensure the sustainability of the insurance offered, some changes to the terms and conditions of your automatic and additional insurance cover including a change to the definition of total and permanent disability will apply from 1 July 2015. Your additional cover will also cost more from that date. Read the enclosed *Making your insurance sustainable* brochure for details.

### A change to the way your defined benefit is calculated

From 1 July 2015, a change to the way your defined benefit is calculated will also take place. LGsuper will continue to cover the cost of insurance that supports your defined benefits. However, the Minimum Requisite Benefit and Contributions plus earnings calculations will change to take into account the rising cost of insurance and future superannuation guarantee rate increases. The adjustment is necessary to safeguard the long-term solvency of the Defined Benefits Fund and we explain more in the enclosed *Changes to the Defined Benefits Fund* info sheet.

### See how your additional insurance will be impacted

Using your current level of additional cover we've estimated your new premium/s from 1 July 2015. See the enclosed *Insurance premium estimate* for details.

You can remain confident knowing LGsuper has again used its strength to negotiate an insurance deal that helps give you financial protection against the unexpected at a competitive price.

Because insurance is an important way to protect yourself from financial uncertainty and unexpected loss we encourage you to review your current situation and apply to adjust your cover to suit your insurance and financial needs. The enclosed brochure explains how you can do this.

If you need to speak to someone about the information you've received today please phone our team on 1800 444 396.

Yours sincerely,

David Todd  
Chief Executive Officer

## Insurance premium estimate

23 April 2015

### Member name

Use these tables to compare the type of insurance cover you currently have and the amount you pay to how much we estimate your insurance premium will increase to from 1 July 2015 based on your current level of cover.

#### <Death/TPD> insurance cover

	Current as at D Month 2015	Estimated from 1 July 2015
Insurance amount	_____	_____
Occupational risk rating	_____	_____
Annual premium	_____	_____

#### Income Protection insurance cover

	Current as at D Month 2015	Estimated from 1 July 2015
Annual insurance amount	_____	_____
Waiting period (days)	_____	_____
Occupational risk rating	_____	_____
Annual premium	_____	_____

#### Important notes

The purpose of this estimate is to show you how much insurance cover you currently have, what you currently pay for your current level of cover and the impact the premium increase from 1 July 2015 will have on your cover based on your current situation as at 23 April 2015.

It does not take into account any changes you have made to your cover since 23 April 2015, nor does it take into account any future salary increases.

This estimate is for illustrative purposes only and is not a guarantee of your insurance benefits or premium. Any insurance benefit will be assessed at the time you make the claim.

Your current annual premium is the amount you pay for the level of cover you had on 23 April 2015.

Your estimated annual premium is the amount we estimate you will pay from 1 July 2015 based on the level of cover you had at the time this premium estimate was prepared. This premium estimate was prepared on 23 April 2015.

Your current Death or TPD insurance amount and/or current Income Protection annual insurance amount is the amount of cover you currently have based on your total units (standard and additional) of cover or fixed level of cover or monthly benefit.

Your estimated Death or TPD insurance amount and/or estimated Income Protection annual insurance amount is the amount of cover we estimate you will have from 1 July 2015 and takes into account any reduction in cover you are likely to have if the value of your units decrease from 1 July 2015.



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## Making your insurance sustainable

Significant insurance changes from 1 July 2015



## Contents

1. Changing insurance landscape
2. Insurance benefits offered
3. Death and TPD cover
7. Income Protection cover
8. New premium rates tables

To continue to offer members a sustainable insurance product some changes to your insurance will take place from 1 July 2015. Your premiums will cost more and some of the terms and conditions of your cover including a change to the definition of total and permanent disability will apply from that date.

It's important you read this publication to find out how your insurance will be impacted.

Because insurance is an important way to safeguard against financial uncertainty and unexpected loss we encourage you to review your current situation and apply to increase, reduce or cancel your cover to suit your insurance and financial needs.

# Changing insurance landscape

Since 1 July 2012 LGsuper has offered members financial protection in the event of unexpected illness or injury through competitive group insurance cover provided by one of the biggest names in the industry, OnePath.

During that time our premiums and cover have remained unchanged, despite an unprecedented growth in insurance claims across the superannuation industry as well as within our own fund.

Evidence from the industry suggests the spike in insurance claims and benefit pay-outs is driven by many factors including an increased awareness of the insurance available within superannuation, higher automatic acceptance levels and sums insured, greater lawyer involvement and changing perceptions of mental illness.

As a result, insurers have found themselves paying out more in claims than they receive in premiums (in some cases up to more than 3.5 times\* the amount), placing them in a potentially unsustainable position and leading to an industry-wide increase in group insurance premiums which many super funds across the nation have recently passed on to their members.

Following a review of our insurance arrangements, LGsuper finds itself in the same situation as it reappoints OnePath as the fund's insurer after completing a competitive bid process.

While changes to your premiums and some of the terms and conditions of your insurance cover are on the way, you can remain confident knowing LGsuper has again used its strength to negotiate an insurance deal that helps give you financial protection against the unexpected at a competitive price.

## OnePath Life Limited

From 1 July 2015, OnePath Life Limited (ABN 33 009 657 176 AFSL 238341) will be reappointed as the Insurer for all LGsuper members.

\* Source: SuperRatings Benchmark Report 2013

# Insurance benefits offered

LGsuper will continue to offer death, disability and terminal illness benefits from 1 July 2015. At a glance these benefits include:

## Death, Terminal Illness and Total and Permanent Disablement (TPD)

A one-off, lump-sum payment of the money in your super account plus any insurance cover you have upon your death, diagnosis of a terminal illness or if you are totally and permanently disabled due to sickness or injury.

## Death and Terminal Illness

You can opt to change your insurance to death only which gives a one-off, lump sum payment of the money in your super account plus any insurance cover you have upon your death or diagnosis of a terminal illness.

## Income Protection

A benefit as a percentage of your monthly salary paid to you for up to 2 years to replace part of your income if you become totally or partially disabled due to sickness or injury. Benefits are payable monthly in arrears after a waiting period.

This brochure provides a summary of the changes to the terms and conditions for each type of benefit offered, along with the new premium tables that apply from 1 July 2015.

**To help offset the increase in premiums, we have slightly reduced the insurance fee to 1% (includes GST). This fee partially offsets the costs incurred by LGsuper in managing the insurance we offer through OnePath.**



“ You can remain confident knowing LGsuper has again used its strength to negotiate an insurance deal that helps give you financial protection against the unexpected at a competitive price. ”

# Death and TPD cover (includes terminal illness)

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## A stronger TPD definition

To ensure the sustainability of the insurance offered, changes to the Total and Permanent Disablement (TPD) definition will apply to new and existing members who make a claim on or after 1 July 2015. The new definition will better support the intended nature of the benefit and focus on a member's capacity to work or rehabilitate, retrain and reskill to ensure it is paid only when a member is assessed as permanently incapable of ever returning to work. See below for specific wording.

**“Totally and permanently disabled”, “total and permanent disablement”, “total and permanent disability” or “TPD” means:**

- a. you satisfy Part (1), (2), (3), (4) or (5) of the definition; and
- b. as at the date of disablement and continuing since then you are determined by the insurer to be permanently incapacitated, solely as a result of injury or illness, to such an extent as to render you unable ever to engage in any gainful occupation, business, profession or employment, for which you are, or may become, reasonably suited by education, training or experience and in making this determination, the insurer will consider any reasonable retraining.

## Definition

### **Part (1) Unable to return to work**

#### **At the event date you were...**

1. not a casual and working for a minimum of 14.5 hours per week in the 6 consecutive months immediately prior to the event date; or
2. not a casual and working for less than 6 consecutive months immediately prior to the event date but had worked for a minimum of 14.5 hours each week since commencing work and the event date; or
3. not a casual and on employer approved paid or unpaid leave for no more than 24 months but had worked for a minimum of 14.5 hours each week in the 6 consecutive months immediately prior to the day you commenced your employer approved paid or unpaid leave; or
4. not a casual and on employer approved paid or unpaid leave for no more than 24 months but had worked for a minimum of 14.5 hours each week since commencing work and the day you commenced your employer approved paid or unpaid leave.

**... and as a result of injury or illness, you are totally unable to engage in any occupation, business, profession or employment for a period of 6 consecutive months since the event date.**



Or

### Part (2) Permanent impairment

As a result of injury or illness, you suffer a permanent impairment of at least 25% of whole person function as defined in the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', 4th edition, or an equivalent guide to impairment approved by the insurer.

Or

### Part (3) Specific loss

As a result of illness or injury, you suffer the total and permanent loss of the use of:

- two limbs (where 'limb' is defined as the whole hand or the whole foot); or
- the sight in both eyes; or
- one limb and the sight in one eye.

Or

### Part (4) Loss of independent existence

As a result of illness or injury, you suffer loss of independent existence.

Or

### Part (5) Cognitive loss

As a result of illness or injury, you suffer cognitive loss.

## TPD benefit recipients ineligible for Death only cover

Death only cover (including terminal illness) gives a one-off, lump sum payment of any insurance cover you have at the time of your death or diagnosis of a terminal illness. From 1 July 2015, members who have received a TPD benefit are ineligible to continue their Death and Terminal Illness cover.

## Premiums to increase for all occupations

From 1 July 2015 the cost of your cover will increase. The new premium rates table on page 8 show you how much you will pay each week for every unit of cover you have (Table A). If you have fixed your cover to a dollar amount, the new rates for every \$1,000 of cover you have for your age are also shown. See Table B on page 9.

LGsuper members automatically default into the standard occupational risk premium rate. Reduced rates apply for lower-risk and professional occupations. This means, for example, if you work in an office-based, clerical or administrative type role or you are a university graduate and work in a professional capacity and earn \$100,000 (including superannuation contributions) each year you could be eligible for a discounted premium. To receive a discount you'll need to tell us about your occupation. Complete the *Occupational risk rating change* form that's available from our website.

## Value of each unit decreases from age 60

As your age increases the value of each unit of cover you have decreases. From 1 July 2015 the unit value of Death and TPD cover will reduce from age 60 as shown in the table on page 5. All insurance cover offered through LGsuper stops when you reach age 65. Your level of cover can increase if you earn more, apply for additional cover or choose to fix your cover to a specific dollar amount.

### Value of 1 unit of Death only or Death and TPD cover by age from 1 July 2015.

Current age	Value of 1 unit of cover
60	\$3,700
61	\$2,900
62	\$2,100
63	\$1,300
64	\$1,000
65	\$0

## Insurance fee to reduce

While there are no commissions paid on any of your insurance premiums, an insurance fee on all Death and TPD premiums is retained by LGsuper to partially offset the administration cost of managing the insurance arrangements. The fee is included in your premiums and from 1 July 2015 it will slightly reduce to 1% (including GST) of the premiums you pay.

## Exclusions

In addition to the standard exclusions and any extra exclusions specifically related to your health that apply to your cover, an exclusion on suicide and self-inflicted injuries will apply to any additional cover you take out from 1 July 2015.

## 24 month pre-existing condition

When you join LGsuper you can increase the number of default units you have by 50% without providing medical evidence (underwriting) up to the maximum of the automatic acceptance level (also known as the AAL). This means you can increase your cover without evidence to prove you are in good health. From 1 July 2015 any injury, illness, condition or

related symptom that you were aware of or should have been aware of or had a medical consultation or treatment for before the date your insurance cover started will not be covered by the insurer for the first 24 months of continuous cover. Read the New events section in our *Insurance guide* for details. A 24 month pre-existing condition exclusion applies on the 50% increase in cover.

## Ways to increase your cover when life changes

If you are permanently employed, under age 55 and have not chosen to fix your cover you could be eligible to apply to increase your Death only or Death and TPD cover by up to an extra 2 units without underwriting as you experience certain milestones or 'life events'.

Some of the life events currently offered to members will not apply when the new insurance arrangements start. From 1 July 2015 you can continue to take advantage of the life events listed below. Conditions apply. Read our *Insurance guide* for details.

- ✓ Getting a mortgage to buy your home
- ✓ Increasing your existing mortgage on your principal residence by \$100,000 or more
- ✓ The birth or adoption of a child
- ✓ Getting married or divorced
- ✓ Celebrating 2 or more years in an interdependent relationship

## Time limit to lodge a TPD claim

You may have a 6 year time limit from the date you permanently ceased employment as a result of a disability to lodge a claim for a TPD benefit as per the table on page 6.



## Time limit to lodge a TPD claim

Type of member	Date you permanently stop employment due to disability	Date your 6-year time limit to lodge a TPD claim expires
LGsuper members with TPD cover (excluding former City Super members)	On or after 1 July 2011	6 years from the date you ceased employment
	Any time before 1 July 2011	No 6 year time limit
Former City Super members with TPD cover	On or after 5 June 2012	6 years from the date you ceased employment
	Any time before 5 June 2012	No 6 year time limit

## Professional occupation discount

To receive a professional occupation premium discount your total annual salary package must be in excess of \$100,000 (including superannuation contributions). This is in addition to having a university qualification relevant to your field (e.g. lawyer, doctor, solicitor, accountant), or being employed as an executive or senior managerial white-collar worker for an independent employer. In both cases you must spend at least 80% of your total working time in an office or similar environment carrying out these office-based duties.

## PREMIUMS DEDUCTED FROM YOUR SUPER

All insurance premiums are deducted automatically from your super account monthly in arrears, leaving you more in your hip pocket to pay for other expenses. This means you don't need to arrange a special payment plan. You just need to make sure you have enough money in your super account to cover the premiums each month.

# Income Protection cover

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## Receive up to 75% of your monthly salary

From 1 July 2015, Income Protection cover will provide a benefit up to 75% of your monthly salary that is paid for up to 2 years to replace part of your income if you become totally or partially disabled due to sickness or injury. Benefits are payable monthly in arrears after a waiting period (see Waiting periods apply on page 8). An 18% super contribution no longer forms part of the benefit.

This applies to new claims from 1 July 2015 onwards and will not impact members already in receipt of an Income Protection benefit before 1 July 2015.

## Premiums to increase for all occupations

From 1 July 2015 the cost of your cover will increase. The new Income Protection premium rates table (Table C) on page 10 shows you how much you will pay for every \$100 of monthly cover you have. Rates are based on a 90 day waiting period.

A formula is used to work out your premium. It takes into account your monthly insured benefit, premium rate (based on your age, gender and occupation) and waiting period premium multiple. While your premium rates will increase, your waiting period premium multiple will not change. Read our *Insurance guide* for more information.

LGsuper members automatically default into the standard occupational risk premium rate. Reduced rates apply for lower-risk and professional occupations. This means, for example, if you work in an office-based, clerical or administrative type role or you are a university graduate and work in a professional capacity and earn more than \$100,000 (including superannuation contributions) each year you could be eligible for a discounted premium. To receive a discount you'll need to tell us about your occupation. Complete the *Occupational risk rating change form* that's available from our website.

## Professional occupation discount

To receive a professional occupation premium discount your total annual salary package must be in excess of \$100,000 (including superannuation contributions of any amount). This is in addition to having a university qualification relevant to your field (e.g. lawyer, doctor, solicitor, accountant), or being employed as an executive or senior managerial white-collar worker for an independent employer. In both cases you must spend at least 80% of your total working time in an office or similar environment carrying out these office-based duties.

## Start dates for income protection benefit payments

Your income protection benefit will be paid for up to a maximum of 2 years from the date you complete your waiting period or the date you stop receiving your employer provided sick leave, whichever is the latest.

## Waiting periods apply

The default waiting period for Income Protection cover is 90 days (there are some exceptions). You can request a different waiting period (options include 30, 60, 90, 120, 180 or 395) however underwriting may apply. Our *Insurance guide* tells you more. For a copy visit our website or give us a call.

## 'Usual occupation' clarified

'Usual occupation' within the definition of total disability/totally disabled is not limited to working with your current or last employer. It applies to any employer. See the below definition for details.

Total disability/totally disabled means, solely as a result of injury or illness you are:

- medically certified as being incapable of performing one or more duties of your usual occupation with any employer necessary to produce income
- not engaged in any occupation and
- following the advice of a medical practitioner in relation to the illness or injury which you are claiming.

## Exclusions

In addition to the standard exclusions and any extra exclusions specifically related to your health that apply to your cover you have, an exclusion on suicide and self-inflicted injuries will apply to any additional cover from 1 July 2015.

## Insurance fee to reduce

While there are no commissions paid on any of your insurance premiums an insurance fee on all Income Protection premiums is retained by LGsuper to partially offset the administration cost of managing the insurance arrangements. The fee is included in your premium and from 1 July 2015 it will slightly reduce to 1% (including GST).

### HOW MUCH DO YOU NEED?

Our Insurance needs calculator can help you estimate the right level of cover for you. Try it from the Calculators section of our website. [www.lgsuper.org](http://www.lgsuper.org).

## New premium rates tables from 1 July 2015

All premium rates quoted apply from 1 July 2015 and include the reduced 1% insurance fee and any applicable stamp duty and GST.

**Table A Death only and Death and TPD premiums per week per unit of cover**

Occupational risk rating	Weekly Death and TPD cover premium per unit of cover	Weekly Death only cover premium per unit of cover
Standard	\$1.32	\$0.67
Low risk	\$1.02	\$0.51
Professional	\$0.87	\$0.43

**Table B** Death only and Death and TPD annual fixed cover premium rates per \$1,000 sum insured

Age	Standard		Low risk		Professional	
	Death only	Death and TPD	Death only	Death and TPD	Death only	Death and TPD
15–35	\$0.61	\$1.16	\$0.42	\$0.86	\$0.36	\$0.73
36	\$0.66	\$1.22	\$0.45	\$0.90	\$0.39	\$0.77
37	\$0.70	\$1.32	\$0.47	\$0.97	\$0.42	\$0.83
38	\$0.77	\$1.45	\$0.54	\$1.06	\$0.45	\$0.92
39	\$0.86	\$1.63	\$0.60	\$1.19	\$0.51	\$1.02
40	\$0.99	\$1.88	\$0.69	\$1.36	\$0.59	\$1.17
41	\$1.12	\$2.11	\$0.77	\$1.54	\$0.67	\$1.32
42	\$1.22	\$2.29	\$0.84	\$1.69	\$0.73	\$1.43
43	\$1.33	\$2.53	\$0.93	\$1.85	\$0.80	\$1.59
44	\$1.48	\$2.81	\$1.03	\$2.06	\$0.89	\$1.76
45	\$1.63	\$3.05	\$1.12	\$2.23	\$0.96	\$1.92
46	\$1.79	\$3.37	\$1.23	\$2.47	\$1.06	\$2.12
47	\$1.98	\$3.74	\$1.36	\$2.73	\$1.17	\$2.35
48	\$2.13	\$4.04	\$1.48	\$2.96	\$1.28	\$2.55
49	\$2.34	\$4.41	\$1.62	\$3.24	\$1.38	\$2.78
50	\$2.58	\$4.85	\$1.79	\$3.56	\$1.53	\$3.05
51	\$2.86	\$5.39	\$1.98	\$3.95	\$1.70	\$3.38
52	\$3.21	\$6.06	\$2.22	\$4.44	\$1.90	\$3.82
53	\$3.68	\$6.93	\$2.55	\$5.08	\$2.18	\$4.35
54	\$4.28	\$8.09	\$2.96	\$5.93	\$2.55	\$5.08
55	\$5.14	\$9.71	\$3.56	\$7.12	\$3.05	\$6.10
56	\$5.94	\$11.21	\$4.11	\$8.22	\$3.53	\$7.05
57	\$6.69	\$12.61	\$4.64	\$9.25	\$3.97	\$7.93
58	\$7.65	\$14.41	\$5.29	\$10.58	\$4.54	\$9.06
59	\$8.92	\$16.83	\$6.17	\$12.33	\$5.29	\$10.58
60	\$8.92	\$16.83	\$6.17	\$12.33	\$5.29	\$10.58
61	\$8.92	\$16.83	\$6.17	\$12.33	\$5.29	\$10.58
62	\$8.92	\$16.83	\$6.17	\$12.33	\$5.29	\$10.58
63	\$8.92	\$16.83	\$6.17	\$12.33	\$5.29	\$10.58
64	\$10.70	\$20.18	\$7.41	\$14.81	\$6.35	\$12.70

### THINKING ABOUT CHANGING YOUR COVER?

You can increase or reduce your cover at any time. We suggest you carefully review your situation first — try our Insurance needs calculator to estimate the level and type of cover you need and can afford.

When you're ready to make a change, including a change to your occupational risk rating, give us a call and we'll send you a copy of the *Insurance guide* which includes all relevant forms. Alternatively you can download the v and the forms you need from our website at [www.lgsuper.org](http://www.lgsuper.org).

To cancel your cover you must complete an *Insurance cancellation form* and return it to us. It's available from our website or if you give us a call we'll send it to you.

**Table C Income Protection annual premium rates per \$100 monthly benefit**

Age	Standard		Low risk		Professional	
	Male	Female	Male	Female	Male	Female
15	\$1.75	\$1.93	\$1.32	\$1.44	\$1.06	\$1.14
16	\$1.75	\$1.93	\$1.32	\$1.44	\$1.06	\$1.14
17	\$1.75	\$1.93	\$1.32	\$1.44	\$1.06	\$1.14
18	\$1.75	\$1.93	\$1.32	\$1.44	\$1.06	\$1.14
19	\$1.75	\$1.93	\$1.32	\$1.44	\$1.06	\$1.14
20	\$1.97	\$1.93	\$1.47	\$1.44	\$1.19	\$1.14
21	\$1.84	\$1.93	\$1.38	\$1.44	\$1.10	\$1.14
22	\$1.73	\$1.95	\$1.29	\$1.47	\$1.04	\$1.17
23	\$1.63	\$1.97	\$1.21	\$1.47	\$0.97	\$1.19
24	\$1.54	\$1.99	\$1.14	\$1.49	\$0.93	\$1.19
25	\$1.47	\$1.99	\$1.10	\$1.49	\$0.89	\$1.19
26	\$1.42	\$2.12	\$1.08	\$1.60	\$0.87	\$1.27
27	\$1.38	\$2.20	\$1.04	\$1.67	\$0.82	\$1.32
28	\$1.38	\$2.29	\$1.04	\$1.73	\$0.82	\$1.38
29	\$1.38	\$2.35	\$1.04	\$1.78	\$0.82	\$1.40
30	\$1.40	\$2.42	\$1.06	\$1.82	\$0.84	\$1.44
31	\$1.44	\$2.51	\$1.08	\$1.88	\$0.87	\$1.52
32	\$1.49	\$2.58	\$1.12	\$1.93	\$0.89	\$1.54
33	\$1.56	\$2.68	\$1.17	\$2.01	\$0.93	\$1.60
34	\$1.63	\$2.81	\$1.21	\$2.12	\$0.97	\$1.69
35	\$1.71	\$2.96	\$1.27	\$2.23	\$1.02	\$1.78
36	\$1.82	\$3.16	\$1.36	\$2.38	\$1.08	\$1.90
37	\$1.95	\$3.37	\$1.47	\$2.53	\$1.17	\$2.03
38	\$2.10	\$3.64	\$1.58	\$2.73	\$1.25	\$2.18
39	\$2.27	\$3.96	\$1.71	\$2.96	\$1.36	\$2.38
40	\$2.46	\$4.30	\$1.86	\$3.22	\$1.47	\$2.58
41	\$2.71	\$4.72	\$2.03	\$3.55	\$1.63	\$2.83
42	\$2.96	\$5.19	\$2.23	\$3.89	\$1.78	\$3.11
43	\$3.24	\$5.71	\$2.44	\$4.28	\$1.95	\$3.41
44	\$3.59	\$6.31	\$2.71	\$4.74	\$2.16	\$3.79
45	\$3.98	\$6.96	\$2.98	\$5.23	\$2.38	\$4.17
46	\$4.43	\$7.68	\$3.33	\$5.76	\$2.66	\$4.61
47	\$4.95	\$8.45	\$3.72	\$6.33	\$2.96	\$5.08
48	\$5.52	\$9.32	\$4.13	\$6.99	\$3.31	\$5.61
49	\$6.18	\$10.23	\$4.65	\$7.68	\$3.72	\$6.14
50	\$6.92	\$11.20	\$5.19	\$8.41	\$4.15	\$6.73
51	\$7.74	\$12.26	\$5.82	\$9.19	\$4.65	\$7.35
52	\$8.70	\$13.38	\$6.54	\$10.03	\$5.21	\$8.02
53	\$9.73	\$14.56	\$7.31	\$10.92	\$5.84	\$8.74
54	\$10.92	\$15.79	\$8.19	\$11.85	\$6.56	\$9.47
55	\$12.24	\$17.08	\$9.19	\$12.83	\$7.35	\$10.25
56	\$13.71	\$18.42	\$10.29	\$13.82	\$8.22	\$11.05
57	\$15.33	\$19.81	\$11.51	\$14.86	\$9.19	\$11.90
58	\$17.15	\$21.26	\$12.87	\$15.94	\$10.29	\$12.76
59	\$19.16	\$22.73	\$14.38	\$17.04	\$11.51	\$13.65
60	\$21.36	\$24.22	\$16.02	\$18.16	\$12.83	\$14.54
61	\$23.81	\$25.76	\$17.86	\$19.31	\$14.29	\$15.46
62	\$26.32	\$27.10	\$19.75	\$20.33	\$15.79	\$16.26
63	\$21.26	\$21.08	\$15.94	\$15.81	\$12.76	\$12.65
64	\$6.92	\$6.71	\$5.19	\$5.04	\$4.15	\$4.02



# PROTECT YOUR GREATEST ASSETS

**Nothing is more important than you and your family.**

LGsuper's death and disability cover provides financial protection when life takes a turn for the worse.

**Contact us today to find out more.**



**1800 444 396**

**lgsuper.org**



**LGsuper**

Looking after you  
and your super

**Disclaimer:**

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Any questions can be referred to the Board's staff by calling 1800 444 396 or by emailing LGsuper.

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**LGsuper**



# Changes to the Defined Benefits Fund

To ensure the long-term solvency of the Defined Benefits Fund, from 1 July 2015 the Minimum Requisite Benefit and Contributions plus earnings calculations will change to take into account the rising cost of insurance and future superannuation guarantee rate increases.

For LGsuper members in the Defined Benefits Fund (Queensland local government employees other than Brisbane City Council, Queensland Urban Utilities and associated employees), the benefit payable on retirement or resignation prior to age 70 is the higher of the calculations in the following table.

Multiple of salary calculation	A multiple of your final average salary (FAS) based on your years of fund membership. If you resign or retire prior to age 55, a discount factor of 2% for each year prior to 55 is applied.
Minimum Requisite Benefit	This consists of pre-1992 vested benefits (if applicable), employer Superannuation Guarantee (SG) contributions (currently 9.5%), member contributions and investments earnings, less tax.
Contributions plus earnings calculation	<p><b>Under age 55:</b> based on your member contributions, employer SG contributions, investment earnings less taxes and fees.</p> <p><b>Age 55+:</b> based on your member contributions, the full employer contributions (generally 12%), investment earnings less taxes, fees and insurance costs.</p>

The formulas in the previous table were defined when the SG rate was limited to a maximum of 9% of salary. Since then, the Australian Government has legislated a progressive increase to the SG rate to a maximum of 12%, although it is currently frozen at 9.5% until 30 June 2021.

With the increase in the SG rate, the investment income and contributions received by the Defined Benefits Fund is insufficient to cover the increase in the **Minimum Requisite Benefits** and **Contributions plus earnings** amounts, plus the cost of insurance.

With the prospect of the increase in the SG rate having a negative impact on the solvency of the Defined Benefits Fund in the future, changes to LGsuper's *Trust deed* were made to enable the **Minimum Requisite Benefit** and **Contributions plus earnings** calculations to be adjusted by an appropriate allowance to account for the cost of insurance.

From 1 July 2015, insurance costs will be included in the calculation of the **Minimum Requisite Benefit** and the **Contributions plus earnings for under age 55** calculations in the table above. There is no change to the **Multiple of salary** calculation.

The changes will affect all members of the Defined Benefits Fund and will reduce the **Minimum Requisite Benefit** and **Contributions plus earnings** amounts by the actual cost of providing you with insurance cover (insurance premiums plus the insurance administration fee).

The insurance costs above only apply to the insurance cover supporting your defined benefits. Premiums for any additional insurance cover you have acquired will continue to be met from your Accumulation account.

## Any questions?

We've looked after Queensland local government employees and their families since 1965, so you have the comfort of knowing we understand your unique needs. For personal service you can count on call us on 1800 444 396 or visit [www.lgsuper.org](http://www.lgsuper.org) for more information.