

## FACT SHEET

# Income protection insurance

Income Protection (IP) Insurance cover helps to protect your greatest asset: your ability to earn an income if you're unable to do so for a period of time due to injury or illness.

## Overview

Income Protection Insurance (IP) can provide a fortnightly income while you are unable to work due to a temporary illness or injury. IP can provide for up to 24 months<sup>1</sup> of up to 75% of your notional salary (see the Quick Glossary, below) plus a contribution to your Triple S super of 9.5% of your fortnightly IP benefit, known as a Contribution Replacement Benefit (CRB).

### Quick Glossary

**Notional salary:** The salary used to calculate IP Insurance benefits.

For full-time employees, this is the salary immediately prior to being incapacitated.

For members who were not in full-time employment immediately before the commencement of the incapacity, notional salary is the superannuation salary averaged over a period of up to three years, prior to incapacity.

An Automatic Acceptance Limit (AAL) and Maximum Salary Cap may also impact on your 'notional salary' for Income Protection. More information on page 4.

### ! Casual Triple S members can apply

Casual employees are not automatically provided with Income Protection Insurance, however they can apply. See the Applying for IP Insurance section in this fact sheet on page 4.

## Eligibility

Eligible Triple S members automatically receive Income Protection Insurance if they:

- are an active Triple S member working full-time or part-time, and their SA Government employer contributions are being paid into Triple S or Super SA Select.
- are aged less than 65.

IP Insurance is provided to these members regardless of their current state of health and medical history.

Some Triple S members are not eligible for IP insurance. Members who are not eligible are listed below:

- casual employees (unless they apply for IP Insurance or held IP cover on 31 July 2009). There are special rules that apply to casual employees. Refer to the Applying for IP Insurance section on page 3 of this fact sheet
- a person who is employed for a specified time period and remunerated by a fee, allowance or commission (e.g. members of boards and committees)
- members aged 65 or older (or a member who turned 60 prior to 3 September 2018, unless they apply for cover)
- non-active or preserved Triple S members
- contributory members of the Lump Sum Scheme, Pension Scheme and Police Pension Scheme who salary sacrifice or have their Government co-contributions paid into Triple S
- spouse members
- a member to whom an insurance benefit has been paid on account of invalidity or terminal illness under another state government super scheme.
- a member who has made a Fund Selection to a fund other than Triple S or Super SA Select (see 'How a Fund Selection Impacts IP Cover' for further detail).

<sup>1</sup> The maximum 24 month period applies for members who are employed full-time or part-time. Members who are employed casually and have applied and been accepted for Income Protection insurance are covered for up to 12 months. Members who have cover are covered until age 65 or until employment with the SA state government ends, whichever comes first.

**Example of IP Insurance cover**

Bruce works full time for the SA Government and was eligible for IP Insurance cover. His salary is \$70,000 pa. Bruce becomes unwell and his IP Insurance benefit is approved as follows:

He receives a fortnightly payment of 75% of his notional salary into his bank account and 9.5% of that amount into his super.

It means that fortnightly he receives \$2,012 (minus tax) to his bank account and \$191 is paid into his Triple S account.

|                                        | Description                                            | Calculation                                                                                                                                              |
|----------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| IP payment                             | 75% of notional salary paid into Bruce's bank account. | $= \text{Salary} \times \text{IP benefit\%} \times \text{fortnight period}$ $= \$70,000 \times 0.75 \times (12/313)$ $= \$2,012.78 \text{ (before tax)}$ |
| Contribution Replacement Benefit (CRB) | 9.5% of the fortnightly IP benefit.                    | $= \text{IP benefit} \times 9.5\%$ $= 2,012.78 \times 0.095$ $= \$191.21$                                                                                |
| Total Benefit                          |                                                        | \$ 2,203.99                                                                                                                                              |

Premiums will be deducted when your employer contribution is processed into your account. If your account balance is insufficient to pay for your premiums your insurance may be cancelled.

Super SA does not use occupational ratings or premium loadings. Premium loadings are used by some insurance providers to minimise their risk in insuring individuals with higher-risk jobs or who have certain medical conditions or undertake certain activities. Under legislation, the Super SA Board has the option to place limitations on insurance cover. Refer to the Assessment of your application section on page 3 of this fact sheet.

**Waiting periods**

The default waiting period for IP Insurance is 30 calendar days. The waiting period begins from your last day of work or the start of your incapacity, whichever is later.

**Note:** The waiting period is calendar days, not business days.

You can change your waiting period. You can choose between a waiting period of either 30 or 90 days.

Changing your waiting period will impact your premiums. The 90 day waiting period option has lower premiums but you will have to wait longer before IP Insurance benefits can be paid.

If you change from the 90 day waiting period to the 30 day waiting period option, the earliest you can be eligible to receive IP payments will be 90 days from the date of the change.

You can work two days within the 30 day waiting period without the waiting period being reset. If you have chosen the 90 day waiting period option, you can work five days (but no more than two consecutive days) within the waiting period.

**Costs (premiums)**

IP Insurance premiums are automatically deducted from your Triple S account.

The cost of IP Insurance is based on your:

- salary paid for each pay period while you have IP cover
- age
- waiting period.

The table of premiums is shown below. Premiums are calculated and deducted when your employer contribution is processed into your account.

**IP Insurance Premium table**

| Age last birthday | 30 day waiting period | 90 day waiting period | Age last birthday | 30 day waiting period | 90 day waiting period | Age last birthday | 30 day waiting period | 90 day waiting period |
|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|
| 15                | 0.16%                 | 0.09%                 | 32                | 0.18%                 | 0.10%                 | 49                | 0.46%                 | 0.25%                 |
| 16                | 0.16%                 | 0.09%                 | 33                | 0.18%                 | 0.10%                 | 50                | 0.49%                 | 0.27%                 |
| 17                | 0.16%                 | 0.09%                 | 34                | 0.19%                 | 0.10%                 | 51                | 0.52%                 | 0.29%                 |
| 18                | 0.16%                 | 0.09%                 | 35                | 0.20%                 | 0.11%                 | 52                | 0.56%                 | 0.31%                 |
| 19                | 0.16%                 | 0.09%                 | 36                | 0.21%                 | 0.11%                 | 53                | 0.63%                 | 0.35%                 |
| 20                | 0.16%                 | 0.09%                 | 37                | 0.21%                 | 0.12%                 | 54                | 0.70%                 | 0.39%                 |
| 21                | 0.16%                 | 0.09%                 | 38                | 0.23%                 | 0.13%                 | 55                | 0.78%                 | 0.43%                 |
| 22                | 0.16%                 | 0.09%                 | 39                | 0.24%                 | 0.13%                 | 56                | 0.85%                 | 0.47%                 |
| 23                | 0.16%                 | 0.09%                 | 40                | 0.26%                 | 0.14%                 | 57                | 0.93%                 | 0.51%                 |
| 24                | 0.16%                 | 0.09%                 | 41                | 0.27%                 | 0.15%                 | 58                | 0.97%                 | 0.54%                 |
| 25                | 0.16%                 | 0.09%                 | 42                | 0.28%                 | 0.16%                 | 59                | 1.02%                 | 0.56%                 |
| 26                | 0.16%                 | 0.09%                 | 43                | 0.31%                 | 0.17%                 | 60                | 1.07%                 | 0.59%                 |
| 27                | 0.17%                 | 0.09%                 | 44                | 0.33%                 | 0.18%                 | 61                | 1.11%                 | 0.61%                 |
| 28                | 0.17%                 | 0.09%                 | 45                | 0.35%                 | 0.19%                 | 62                | 1.16%                 | 0.64%                 |
| 29                | 0.17%                 | 0.09%                 | 46                | 0.37%                 | 0.20%                 | 63                | 1.02%                 | 0.56%                 |
| 30                | 0.17%                 | 0.09%                 | 47                | 0.39%                 | 0.22%                 | 64                | 0.44%                 | 0.24%                 |
| 31                | 0.17%                 | 0.10%                 | 48                | 0.43%                 | 0.23%                 | 65+               | not offered           |                       |

**Case study: Ada's fees**

Ada's salary is \$2,000 per fortnight. She is 30 years old and has the default waiting period of 30 days.

| Salary                | Age & waiting period factor | Premium calculation | Premium              |
|-----------------------|-----------------------------|---------------------|----------------------|
| \$2,000 per fortnight | 0.17%                       | \$2,000 X 0.17%     | \$3.40 per fortnight |

If Ada chooses to change her waiting period to 90 days, the cost of Income Protection insurance will reduce as follows:

| Salary                | Age & waiting period factor | Premium calculation | Premium              |
|-----------------------|-----------------------------|---------------------|----------------------|
| \$2,000 per fortnight | 0.09%                       | \$2,000 X 0.09%     | \$1.80 per fortnight |

**Salary limits: Automatic Acceptance Limit**

Members who joined Triple S IP Insurance on or after 3 September 2018 will have their notional salary limited to an Automatic Acceptance Limit (AAL) of \$122,000.

This means that if your actual salary is over \$122,000 your IP Insurance premiums and benefits will be based on a salary of \$122,000 and not your actual salary.

Allan is 35 and earns a salary of \$200,000 per year. Allan joined Triple S in December 2018, is eligible for automatic IP Insurance and his IP Insurance is subject to the AAL of \$122,000.

Therefore, Allan's IP premiums, and benefits if he was to claim, are calculated based on a notional salary of \$122,000 pa and **not** his actual salary of \$200,000.

Members who have a salary over \$122,000 and are subject to the AAL may apply to be covered for IP Insurance up to their actual salary (not exceeding the maximum cap - see below) by completing a Personal Statement about their health.

Where an application to increase above the AAL is approved, limitations may be applied.

Allan applies to increase his IP above the AAL as he is earning \$200,000 a year and wants to be covered for up to 75% of his actual salary, rather than being limited to the AAL. Allan has a bad back which he discloses on his application to increase his IP cover. When approved, his IP premiums and benefits (if he makes a claim) are based on his notional salary of \$200,000 up to the maximum salary cap. However, he will have a limitation applied to his IP cover due to his bad back in respect of the amount of IP benefit he would receive above the AAL.

Members who joined Triple S IP Insurance before 3 September 2018 are not subject to the AAL. However, those members earning a salary above \$122,000 can apply to decrease their IP Insurance to the AAL.

**Salary limits: Maximum Salary Cap**

There is a Maximum Salary Cap of \$584,000 on the notional salary. For members who joined Triple S after 3 September 2018 and have applied to be covered for IP above the AAL, their IP premiums and benefits will be based on their notional salary up to \$584,000.

Members who joined Triple S before 3 September 2018 and had a salary greater than \$584,000 on that date, will have a Maximum Salary Cap equal to their salary at 3 September 2018.

Members cannot apply to increase their IP Insurance cover above the Maximum Salary Cap.

**Applying for IP Insurance**

If you are not automatically provided IP Insurance (such as casual employees or employees who were already 60 years of age on 3 September 2018), you can apply for IP Insurance. When you apply you will be required to provide health and medical information (limitations may apply). More information on what a limitation is and how it applies can be found on page 4.

Note that the maximum period that IP benefits are payable to a casual employee is 12 months. Existing members (employed full-time or part-time) who change to casual employment within 3 months of being employed full-time or part-time will continue to hold their IP Insurance.

You can apply for IP cover by completing the **Apply for Income Protection Insurance form**, which can be downloaded from the Super SA website.

**Information required for the application form**

❗ If you want to change your level of IP insurance, download and complete the **Change Income Protection Insurance Level of Cover form**. You will find the form on the Super SA website.

You will be asked for your height and weight, whether you are, or have been, a smoker in the last five years, and whether you have any medical conditions (see the Quick Glossary on the following page). These questions allow Super SA to assess the risks involved in offering you insurance. You must answer the questions completely and truthfully.

**Assessment of your application**

When your application is received, Super SA will assess your application and, if your IP Insurance is approved, we will grant your IP Insurance cover with or without limitations.

## Limitations

The Super SA Board may place limitations on your IP Insurance cover if you have a medical condition or if you engage in a 'prescribed activity' that increases your risk of incapacity for work.

If you have a limitation applied to your IP Insurance cover and you lodge a claim for IP, you will not be covered if your incapacity for work is caused in any way by a medical condition or prescribed activity listed in the limitation.

### Quick Glossary

**Limitation:** is the term Super SA uses for "authorised conditions".

**Authorised condition:** means that IP Insurance is not payable where incapacity is caused wholly or partly by a 'pre-existing condition' or a 'prescribed activity', or that IP Insurance is only payable where incapacity arises from accidental causes.

A 'pre-existing condition' includes a pre-existing illness, condition or disability and an illness, condition or disability arising out of that pre-existing illness condition or disability.

A 'prescribed activity' means smoking, chewing or any other use of a tobacco product.

You can find the full definition of "authorised condition" within the Southern State Superannuation Regulations 2009.

**Medical Condition:** is any illness, disease, injury, disability, disorder, syndrome, infection, behaviour and atypical variation of structure and function that impact on or affect the physical and/or mental condition and impairs normal function.

For example, if you have a pre-existing heart condition, a limitation may be placed on your IP insurance cover for that condition, and any illness, condition or disability arising out of that heart condition. This means that you will not be covered for an incapacity that is in any way caused by the pre-existing heart condition or any related illness.

The same applies if you have a limitation on your IP insurance for smoking (i.e. a prescribed activity). It means that you will not be covered for an incapacity that is caused in any way by smoking.

If you have a limitation placed on your IP insurance and your circumstances change, you can apply to have the limitation reviewed. You will need to complete a Statutory Declaration and provide medical evidence. Based on the updated information or medical evidence you provide, your limitation may remain, be varied or be removed.

## What does the limitation mean for me?

If you make a claim, Super SA will ascertain if there is a connection between your limitation and the medical condition that is stopping you attending work. Super SA will seek expert medical opinion or opinions, and if there is a proven connection between the limitation and the medical condition causing your incapacity for work, your claim will be denied.

It is important to remember that even if you have a limitation for one or more medical conditions or a prescribed activity, you are still covered for other incapacitating events that are not related to the limitation. If your limitation is for accident only cover, you are not covered if your incapacity for work is caused by any medical condition.

## What if I do not disclose a medical condition on my application form?

When you lodge a claim for Income Protection, the claim and medical information received are reviewed. If you applied for IP insurance or to increase your IP insurance above the Automatic Acceptance Limit, your original application will be examined along with your claim.

If it is evident that you participated in a prescribed activity or that a condition or symptoms existed before you were granted your IP Insurance, and this was not disclosed on your application, Super SA has the right to deny your insurance claim, that relates to the applied amount.

**This is known as non-disclosure, and any insurance cover can be declined where non-disclosure occurs.**

## Making a claim

To make a claim for IP Insurance, contact Super SA.

The time taken to assess your claim, once Super SA has received your original IP Insurance claim form and all other relevant documentation, depends on the conditions you have and the information that is available. A claim can take anywhere from a few weeks to several months, particularly if we have to wait for information from medical practitioners.

We will keep you informed of progress and how you may be able to help us if there are any delays outside of Super SA's control. You will have to pay the cost of providing any medical evidence to support your claim, such as obtaining the medical reports from your treating medical practitioners.

After your claim is approved, you will need to pay the cost of obtaining any further reports from your treating medical practitioners required for Super SA to review your claim.

If Super SA request you attend an appointment with an independent medical examiner, the medical examiner's costs will be covered by Super SA. However, if an appointment is arranged and you do not attend the appointment, you will need to pay the cost of any non-attendance fee incurred.

Eligible members, except casual employees, can receive up to a maximum of 24 months of IP payments during any 48 month period for the same illness or medical condition. If you suffer a different illness or medical condition, you may claim for up to a further maximum period of 24 months.

Casual employees who applied for IP Insurance are eligible to receive IP payments for up to 12 months.

### **What is the eligibility criteria for members claiming IP Insurance?**

To be eligible to claim IP Insurance payments you:

- must have Income Protection cover
- must be temporarily or permanently incapacitated for work and be off work due to the incapacity
- must be aged under 65
- must still be employed within the SA public sector
- must lodge your claim:
  - a. within six months of ceasing to be engaged in employment (the day you last physically went to work); or
  - b. within six months of being on paid leave if taken immediately following incapacity; or
  - c. within 6 months of ceasing to be entitled to weekly payments of workers compensation or other temporary income replacement benefits payable under an industrial agreement or award applicable to your employment
- must have been off work due to incapacity for your waiting period (i.e. 30 or 90 days)
- cannot be receiving weekly payments of workers compensation under the Return to Work Act 2014 or similar payments provided under an industrial agreement or award applicable to your employment
- cannot be on recreation leave, long service leave, paid sick leave or paid parental leave or any other form of paid leave
- must not have made a fund selection in relation to your employer (other than to Triple S or Super SA Select)

### **Will I need to supply medical information when applying for or receiving Income Protection Insurance payments?**

Yes. If you apply or want to continue receiving Income Protection Insurance payments you must supply Super SA with updated medical information as requested.

### **When will IP Insurance payments start?**

You are not eligible to receive IP benefits until you have been off work due to incapacity for a period of 30 or 90 calendar days (i.e. your waiting period). During the waiting period, you can use sick leave or other forms of paid or unpaid leave. Please also refer to information in the Waiting periods section.

You can lodge an application for IP benefits during your waiting period but your claim will not be assessed until your waiting period has expired.

After your IP claim is approved, you will receive payments fortnightly, in arrears. Once you are receiving IP insurance payments, your notional salary will be adjusted six monthly, commencing on 1 April and 1 October each year in line with the Consumer Price Index (CPI) All Ordinaries Adelaide.

All IP benefit payments you receive are included in your taxable income.

### **When will IP Insurance payments cease?**

Your IP Insurance payments will cease being paid if:

- your employment terminates for any reason, including if your contract expires
- you reach age 65
- you reach the end of the 24 month maximum benefit period
- for those employed on a casual basis – after you have received 12 months' maximum payments benefit period
- you are no longer ill or temporarily disabled or incapacitated for work
- you resume your normal working hours
- you commence receiving workers compensation or other temporary income replacement benefits under an industrial agreement or award applicable to your employment
- you commence receiving paid leave entitlements
- you receive work income that exceeds the total benefit you would otherwise be entitled to from Super SA
- you are approved a Terminal Illness benefit or die
- you request payments be suspended (note: the period of suspension will count towards the 24 month maximum entitlement period)
- you make a Fund Selection to a fund other than Triple S or Super SA Select.

### Cancelling IP Insurance

Most Triple S members can cancel IP Insurance at any time.

However Triple S Police and SA Ambulance Operational members and SA Ambulance staff who transferred into Triple S from the SA Ambulance Service Superannuation Scheme cannot cancel their IP Insurance until age 60.

To cancel your IP insurance, download and complete the **Triple S Cancel Income Protection form**. You will find the form on the Super SA website.

If you cancel your IP Insurance cover and at a later time wish to re-apply you will need to provide health and medical information. This means that limitations may apply.

### How a Fund Selection Impacts IP Cover

If you make a fund selection (other than to Triple S or Super SA Select) in relation to an employer, you will not be eligible to receive any IP payment in relation to that employer (i.e. the salary from that employer will be ignored for the purpose of calculating notional salary). This includes any IP payments that you may be receiving. If you have multiple SA Government employers, Income Protection benefits will only cease in relation to the employers you have made a fund selection with. You will continue to be eligible for IP benefits in relation to those employers where you have not made a fund selection to another fund.

If you make a Fund Selection away from Triple S or Super SA Select and subsequently make a Fund Selection back to either scheme<sup>2</sup>, you may be issued with default IP Insurance, however you will not be eligible to claim IP Insurance entitlements in relation to that employer, for a medical condition that existed at the effective date<sup>3</sup> of your fund selection back to Triple S or Super SA Select, until you have worked for 12 months following the date the cover was issued.

#### Case Study 1

Hannah is employed by both the Department for Education (DfE) and the Department of Human Services (DHS). Hannah makes a fund selection to a non-Super SA fund in relation to her employment with the DfE but does not make a Fund Selection in relation to her employment with the DHS. This means Hannah's income relating to her employment with the DfE is no longer covered by IP Insurance and if Hannah were to make an IP claim, she would only be covered in relation to her income earned with the DHS.

#### Case Study 2

Patricia only has one SA Government employer and had made a Fund Selection to ABC Super Fund but then subsequently made a fund selection back to Triple S. Upon her fund selection back to Triple S, Patricia is issued with default IP cover. 3 months after making a fund selection to Triple S, Patricia lodges an IP claim as she is unable to work due to a bulged disc in her back, however as this condition existed at the time Patricia made a fund selection back to Triple S, she is unable to make a claim for this condition, until she has worked for more than 12 months from the effective date<sup>3</sup> of her fund selection back to Triple S.

<sup>2</sup> This includes if you make a Fund Selection from Triple S to Select (and vice versa) and you do not already hold IP cover.

<sup>3</sup> The effective date is the date that the first contribution is made to the selected fund.

### Fund Selection and Interim insurance

New SA Government employees who:

- direct their SA Government employer contributions to a fund other than Triple S or Super SA Select via a fund selection upon their commencement of employment and
  - do not receive a contribution into Triple S and
  - do not have an existing balance in Triple S
- are provided interim Income Protection cover (as well as Death and TPD cover). This cover is provided from the commencement of their employment until the date their first employer contribution is paid to their nominated fund.

No insurance premiums are payable for interim cover. However, once your first employer contribution is paid to your selected fund any IP held will cease (or if you have other SA Government employers continuing to contribute to Triple S or Select, the income for the employer who you have made a fund selection with will not count towards your notional salary in the event of a claim).

### IP Insurance Cover and Leave Without Pay (LWOP)

IP Insurance cover ceases when you commence LWOP. It recommences on the day that you return to work.

If you are on LWOP for 12 months or more, you will not be covered for any medical condition that was known to you on the day you returned to work for a period of two years from the date you returned to work.

#### Further information

The following fact sheets and Product Disclosure Statement (PDS) may be helpful if read in conjunction with the information presented above:

- Death and TPD, and Death Only Insurance
- Leave Without Pay
- Triple S PDS

Fact sheets on a range of topics relating to your super are available on the Super SA website and from Super SA. Alternatively, if you have any enquiries regarding fees or any other matters raised in this fact sheet, please contact Super SA.

#### Contact us



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**Post** GPO Box 48, Adelaide SA 5001



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**Member Centre, Karna Country**

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(Enter from Pulteney Street).

The information in this document is intended to help you understand your entitlements in Triple S. Super SA does its best to make sure the information is accurate and up to date. However, you need to be aware that it may not include all the technical details relevant to the topic. For the complete rules of Triple S, please refer to the Southern State Superannuation Act 2009 and Southern State Superannuation Regulations 2009. The Act and accompanying Regulations set out the rules under which Triple S is administered and entitlements are paid. You can access a copy from the Super SA website.

Triple S is an exempt public sector superannuation scheme and is not regulated by the Australian Securities and Investments Commission (ASIC) or the Australian Prudential Regulation Authority (APRA). Super SA is not required to hold an Australian Financial Services Licence to provide general advice about Triple S.

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