



Life Insurance and Death Benefits

Death Benefits

1. \$5,000 initial payment to members family to assist with funeral costs (paid from the deceased members Compulsory Account balance).
2. Insurance payment equivalent to members Annual Salary based on previous calendar years contributions (concerns over contributions not being made by employers).
3. Upon death, up to 25% of member's Compulsory Account or Pensioner's account (if a lump sum has not already been withdrawn) can be paid to spouse. If the remainder is less than \$15,000, it may be paid as a lump sum, else a pension will be calculated on the balance and paid to spouse for life*

*Subject to Compulsory Account Balance and additional conditions

Life Insurance Policy Rules

■ Currently:

- A member's entitlement to a claim under the Group Life Policy is lost if mandated contributions (defined as employee and employer contributions) are not made for 90 consecutive days.
- Members who cease working (and therefore do not have mandated contributions) for 90 days for circumstances that may be outside their control are not insured under the current rules.
- The insurance cover is subject to employers making their mandated employer contributions in addition to employees contributions.

Life Insurance Policy Rules

■ Issue: Adverse Impact on Insurance

- Employers and employees have chosen not to contribute towards CINSF.
- Employers have collected employees contributions and have not paid the contributions to the CINSF.

Life Insurance Policy Proposed Changes

■ Proposal:

- Consider amending the rules so eligibility of insurance does not take into account employer contributions.
- Employee contributions will still be required to be made for the member to be eligible.
- In limited cases, consider extending the non-contributing period when life insurance ceases from 90 consecutive days to 365 consecutive days subject to a member's balance being sufficient to pay the insurance premiums.

Life Insurance Policy Proposed Changes

■ Actions required:

- Seek proposal from insurance providers
- Subject to appropriate insurance being available, amend the Trust Deed and Member Booklet
- Communicate changes to Insurance Policy to current members.

■ Target implementation

- 1 July 2015