

Super and insurance – protecting yourself and your family

WEST STATE SUPER AND GESB SUPER FACT SHEET

Getting the most out of your insurance cover with GESB

WHY INSURANCE IS IMPORTANT

Having personal insurance cover is one of the best ways you can protect you and your loved ones should something unfortunate happen to you. Importantly, insurance cover can be most cost effective when purchased through your superannuation provider. GESB provides automatic insurance cover to members who meet eligibility criteria but it's critical that you check that the automatic cover you receive is appropriate to your personal circumstances.

YOU CAN'T PREDICT THE FUTURE, BUT LIFE INSURANCE CAN HELP YOU CONTROL IT

Life is full of unexpected surprises, and not always for the better. If something happened to you, such as an accident, serious illness, death or disability – or you were unable to work for a period of time – would you be able to maintain your lifestyle and cope with your financial obligations? Life insurance provides you and your family with peace of mind, should something happen, so you can lessen the impact these unexpected events may have.

WHY YOU MAY NEED INSURANCE COVER

Most people have the view 'nothing bad will ever happen to me', but in reality unfortunate events can occur. In many cases people can't afford not to take life insurance cover, in fact many Australians don't have enough insurance, and unfortunately don't realise until it's too late. A study in 2005 revealed that "80% of Australian families are leaving themselves exposed to financial hardship by not correctly calculating adequate levels of life insurance to cover their needs."¹

Ask yourself this - would you have enough savings to continue paying the mortgage, other bills and daily living expenses without insurance cover? Unless you have a significant amount of money put aside, should you no longer be able to work, then having insurance cover through your super should be an important consideration. Personal insurance cover provides you with the peace of mind, so you know you and your family will be taken care of, when most needed.

WHAT DOES GESB'S INSURANCE COVER OFFER?

You are automatically covered for insurance with GESB, when your employer contributes to your super. You have the flexibility to change, increase or decrease, fix or cancel your cover at any time, as your individual circumstances change.

You can even transfer your existing cover to GESB, from another fund, subject to the completion of an Insurance Transfer Declaration. This may eliminate the need for you to provide extensive health evidence and undertake a medical examination.

¹Presentation to IFSA conference August 2005. Rice Walker Actuaries and TNS.

What you're covered for

INSURANCE TYPE	DESCRIPTION
Death & Total and Permanent Disablement (TPD)	<ul style="list-style-type: none"> Protects you or your family in the event of your death or become totally and permanently disabled Provides a lump sum benefit to pay off debts, such as mortgages or to provide for your family's future
Salary Continuance Insurance (SCI)	<ul style="list-style-type: none"> Provides a regular income when you are temporarily unable to work Sometimes called income protection

Why super is the best place to have your insurance cover

Insurance cover is important, to protect your wealth and your family's future. Taking out insurance cover through your super account has many advantages, these include:

FEATURE	BENEFIT
Automatic cover	<ul style="list-style-type: none"> No medicals or personal history is required Your cover starts from your first employer superannuation contribution
Basic levels of cover with the flexibility to tailor your cover	<ul style="list-style-type: none"> You can increase, decrease, fix or opt-out of your cover to suit personal circumstances 'Free trial' period with no penalty
Competitive premium rates	<ul style="list-style-type: none"> GESB's size allows us to pass on lower premiums compared to cover you'd buy directly from an insurer
Tax benefits	<ul style="list-style-type: none"> For a taxed fund such as GESB Super, premiums are tax deductible to the fund and passed back as a rebate to you For untaxed funds such as West State Super, it reduces the tax payable on your benefit as insurance premiums are paid from pre-tax contributions and earnings
Pay premiums directly from your super account	<ul style="list-style-type: none"> Paying your insurance cover through super means you don't need to worry about finding money to pay regular premiums
Cover no matter what your occupation	<ul style="list-style-type: none"> Hazardous occupations such as Police and Prison Officers are generally not able to obtain insurance cover with other super funds or directly with insurers

If you were to die while insured, a lump sum benefit will generally be paid to your estate. For this reason it is advisable you have a current Will, specifying how the benefit should be distributed.

Making sure your level of cover is right for you

The default levels of cover you automatically receive may not be appropriate for your circumstances so it's important that you check that it meets your needs now and continue to assess whether it's appropriate as your circumstances change.

THINGS TO CHECK

There are some things you should check to determine whether the insurance cover you have is appropriate for you:

- Do I have the right level of cover for my needs?
- Will my Salary Continuance Insurance (SCI) cover give me enough income to live off if I can't work?
- Am I assigned to the right occupation category and paying the right premiums?
- Is the waiting period on SCI cover appropriate - the default waiting period is 90 days.

By checking these things you can determine if you might be underinsured, or paying for cover you don't need or won't benefit from.

It's also important to check that your insurance cover is always up-to-date. You can check your insurance details by registering for Member Online on our website gesb.com.au or on your six-monthly member statement.

Critical times to check or change insurance cover

WHEN

When you change jobs

When you buy your first home or increase your mortgage, or other significant debts

When you get married or start a family

WHY

You might change occupations meaning that your occupation category and premiums might need to change.

Your income might change meaning that you may need to change your level of SCI cover.

Your level of debt increases. Your family may find it harder to pay your debts should you become sick, injured or in the event of your death. You may need to increase the level of your insurance cover.

You have your family and dependants to consider should you become sick, injured or in the event of your death. You may need to increase the level of your insurance cover.

Our website also includes an 'insurance calculator' that will allow you to calculate the amount of Death and TPD cover you might need. Visit the 'Calculators and Tools' page under the 'Help' menu at gesb.com.au

Getting the right balance

Accumulating for your retirement and protecting your income and your family are equally important. It's crucial that you find the right balance between accumulating for your retirement and ensuring that you and your family are adequately protected in the event of your death or disablement.

You should look at how you can use your super to its best advantage to pay for the insurance cover you need.

Consider:

- Making salary sacrifice contributions to top up your super. Salary sacrifice contributions to super are taxed at just 15%*, which is significantly lower than the top marginal tax rate. Which means paying for your insurance through super is more tax effective than paying for it from your take home pay.
- Take advantage of the Commonwealth Government's Super Co-contribution by making personal after tax contributions into your super. If you're eligible, the Government will contribute up to \$1.00 for every dollar you invest - up to \$1,000 and this top up may be enough to pay for your insurance cover.

To find out more about how to contribute to your super, visit the 'Add to your super' page under 'Take control of your super' at gesb.com.au

For detailed information on the insurance options available to you, refer to the relevant Product Information Booklet available at gesb.com.au. Or call your Member Service Centre on 13 GESB (4372) for more information.

* Contributions to West State Super are only taxed when the benefit is paid, or rolled over to a taxed fund.

Disclaimer: The information contained in this fact sheet is of a general nature, and does not constitute legal, taxation or personal financial advice. In providing this information GESB has not taken into account your investment objectives, financial situation or needs. GESB is not licensed to provide financial product advice. You should read this fact sheet in conjunction with other relevant disclosure documents GESB has prepared for its members including the relevant Product Information Booklet for your scheme. You may also wish to consult a suitably qualified adviser to ascertain whether the information contained in this fact sheet is appropriate for you.

How to contact us

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The logo for the Government Employees Superannuation Board (GESB). It features the letters 'GESB' in a bold, sans-serif font. The letter 'S' is stylized with a white curved line underneath it, resembling a smile or a protective shield.