

1 October 2021

Private & Confidential

SIGNIFICANT EVENT NOTICE

Insurance changes from 1 November 2021 for members of Smartsave

We are writing to notify you that your Group Life insurance premiums for insurance cover held in Smartsave, a sub plan of OneSuper (Smartsave or the Fund), will increase from 1 November 2021.

Why is the cost of insurance cover increasing?

For many years, we have been able to keep the costs of your group insurance cover at the same level. However, the cost of insurance cover continues to rise in Australia, and in recent times, insurance held by members has been impacted by legislative changes (Protecting Your Superannuation Package and Putting Members' Interests First) to the *Superannuation Industry Supervision Act 1993*.

These changes have caused a decline in the numbers of members holding insurance, and in addition to this, there have been changed arrangements for members due to the impact of COVID-19.

A recent review was carried out by the insurance provider to the Fund, MLC Limited (MLC), and as a result of this review, we have been unable to delay increases in insurance premiums to members any longer.

What is the increase?

Effective 1 November 2021, the insurance premium cost of Death only, Death & Total and Permanent Disablement (TPD) and Salary Continuance cover within the Fund will increase by 12% per annum. The premium cost increase will apply to both Default Cover and Voluntary Cover.

The level of your cover (Default and Voluntary), what you're covered for and your occupation rate adjustment loadings will not change. For further details on your cover, please refer to the Smartsave Insurance Guide.

Comparing the cost of insurance cover in the Fund

The following provides Default or Voluntary insurance cover examples for members holding *Death & TPD insurance* cover in either:

- Category A - Employer division, or
- Category B - Personal division

The examples show what will be paid after 1 November 2021 compared to what is being paid now.

Group Life insurance cover – Death & TPD (Category A - Employer division)

- Jenny is an Accumulation member of the Fund, is aged 36 (age next birthday 37), and works full time in a
- white collar role in a transport office.
- Jenny has existing Default Death & TPD insurance cover with an Insured amount of \$362,100.

Jenny's Death & TPD insurance premium is worked out taking the following into account:

Employer division Default Cover offered at age next birthday – Age 37 = \$362,100,

- The insurance cost for one unit of employer cover per week currently is \$4.35,
The insurance cost for one unit of employer cover per week from 1 November 2021 will be \$4.89.

Insurance premium currently:

- annual premium - $\$4.35 \times 52 = \226.20 or
= \$18.85 paid monthly in arrears from her Account.

From 1 November 2021:

- this will increase to an insurance cost for one unit of cover per week of $\$4.89 \times 52 = \254.28 or
= \$21.19 paid monthly in arrears from her Account.

Group Life insurance cover - Death only (Category B - Personal division) Voluntary cover

- Brad is an Accumulation member who joined the Personal Division and applied for voluntary insurance cover in the Fund of \$750,000 Death only insurance cover with the assistance of his adviser.
- Brad is aged 39 (age 40 next birthday), and works full time in his employers' head office as a Transport Manager. Occupation rate adjustment loadings apply. Brad's occupation rating is Light blue collar.

Brad's Death only insurance premium is worked out taking the following into account:

Insurance premium currently:

- Insurance premium rate per \$1,000 by age next birthday (40) is 0.62
= $(\$750,000 \times 0.62)/1,000 = \465.00 x light blue collar rate adjustment of 140% = \$651.00, or
= \$54.25 paid monthly in arrears from his Account.

From 1 November 2021:

- this will increase to an insurance premium rate per \$1,000 by age next birthday (40) of 0.70
= $(\$750,000 \times 0.70)/1,000 = \525.00 x light blue collar rate adjustment of 140% = \$735.00, or
= \$61.25 paid monthly in arrears from his Account.

Brad decides to transfer in \$250,000 of Death & TPD insurance cover, meets the eligibility requirements without the need for further medical underwriting, bringing his total cover to \$750,000 Death only, and \$250,000 Death & TPD.

Brad's combined Death only and Death and TPD insurance premiums are worked out taking the following into account:

From 1 November 2021

Based on the insurance premium change from 1 November 2021 his insurance premiums will be as follows:

- Brads Death only cover for \$750,000 will be \$735.00 p.a.
- The Death & TPD Insurance premium rate per \$1,000 by age next birthday (40) is 1.19
= $(\$250,000 \times 1.19)/1000 = \297.50 x light blue collar rate adjustment of 140% = \$416.50
= \$34.70 paid monthly in arrears from his Account.

Brad's insurance cover and premium will change to:

- \$750,000 Death Only cover Insurance premium: \$735.00 p.a.
- \$250,000 Death & TPD cover Insurance premium: \$416.50 p.a. Total = \$1,151.50
= \$95.96 paid monthly in arrears from his Account.

Salary Continuance insurance cover

- Mary is aged 30 years old (age 31 next birthday) who works full time in the payroll office as an accountant (white collar occupation rating) of a construction company. Her salary is \$80,000 p.a.
- Mary has existing salary continuance cover in her superannuation with cover of 75% of her salary = \$60,000. Mary has elected to have a waiting period of 30 days, and a benefit period of 2 years. An occupation rate loading by occupation type applies to salary continuance cover.

Mary's Salary Continuance insurance premium is worked out taking the following into account:

Insurance cover: $\$80,000 \times 75\% \text{ of salary} = \$60,000$

Insurance premium currently:

- Insurance premium rate per \$1,000 by age next birthday (31) is 2.72
 $= (\$60,000 \times 2.72) / 1,000 = \$163.20 \times \text{white collar rate adjustment of } 100\% = \163.20 , or
 $= \$13.60$ paid monthly in arrears from her Account.

From 1 November 2021:

- this will increase to an insurance premium rate per \$1,000 by age next birthday (31) of 3.06
 $= (\$60,000 \times 3.06) / 1,000 = \$183.60 \times \text{white collar rate adjustment of } 100\% = \183.60 , or
 $= \$15.30$ paid monthly in arrears from her Account.

If Mary was working in a light blue occupation, her premium would change as follows:

- $\$183.60 \times \text{light blue rate loading adjustment of } 190\% = \348.84 , or
 $= \$29.07$ paid monthly in arrears from her Account.

Alternatively,

If Mary requested and had a 60 day waiting period and five-year benefit period approved,
the premium would change to:

- $(\$60,000 \times 3.79) / 1000 = \$227.40 \times \text{white collar rate adjustment of } 100\% = \227.40 , or
 $= \$18.95$ paid monthly in arrears from her Account.

Why continue to insure through Smartsave

There are still great benefits for members to hold their insurance cover in their superannuation account. As a member, you have access to group insurance cover rates, which are generally cheaper than retail insurance cover rates.

Another benefit of group insurance cover is that many of you in Employer Super were able to be automatically provided with a level of cover when you joined (subject to eligibility and commencement of cover terms).

There may also be cash flow or tax advantages because any payments for insurance premiums can come straight from your super account, rather than your take home, after tax pay. It's still a convenient and easy way to manage your insurance.

What do you need to do next?

The new premium (where applicable) will automatically apply and be deducted from your account from the month commencing 1 November 2021, so you do not need to do anything.

However, you can request changes to your insurance cover, (opt in to retain your cover) or cancel (opt out) of your insurance cover at any time by logging in to your member Account via the Smartsave Secure Online Portal:

Click the FAQ/Forms tab to download:

- the Smartsave Insurance Guide and find out more about your insurance,
- the form 'Opt In to retain or reinstate your insurance', or
- if you wish to change your insurance, complete a 'Variation of Insurance' form.

Click the Super tab/Insurance page:

- review your insurance type and amounts, as well as consider your insurance options.

The Product Disclosure Statement and Insurance Guide are available at <https://www.onesuper.com/funds/smartsave/>, or on the Secure Online Portal in your member Account.

You should take the time to review your insurance cover on a regular basis, confirm your occupation is correct to the insurance premiums you are paying, or confirm your insurance cover remains appropriate if your circumstances change.

You can vary or cancel your cover at any time.

To ensure the insurance cover will meet your needs you may wish to speak to your licensed financial adviser and/or other professional as appropriate.

Need more information?

The Product Disclosure Statement and Insurance Guide will provide a lot of the information you need, including types of insurance offered, transfer of insurance, conditions, exclusions, eligibility and commencement of cover.

If you require further insurance advice, consulting your licensed financial adviser will assist you.

If you have specific questions about your insurance cover in the Fund, please phone us on 1300 654 720 or email us on smartsave@onevue.com.au between 8.30 a.m. and 5.30 p.m. (Sydney time), Monday to Friday.

Yours sincerely,

On behalf of the Trustee

Smartsave

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