

Maximiser benefit with Super PLUS

For advisers



Life's better with the right partner®

Structuring your clients' Total and Permanent Disablement (TPD) cover to provide greater certainty of payment in a more tax effective way.

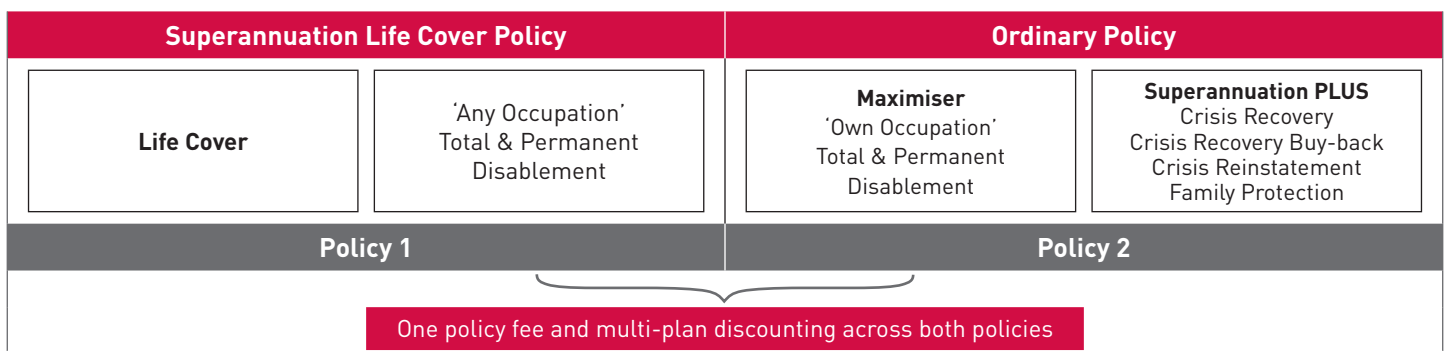
Traditionally, greater certainty over payment of benefits could be achieved using an 'own occupation' definition. But if the 'own occupation' cover is held outside of super the premiums are generally not tax deductible and if held inside super are not 100% deductible to the fund.

AIA Australia's Priority Protection Maximiser benefit is structured so that your clients' TPD cover is held both inside and outside of superannuation. Even though it is one plan, two policies are purchased – one within superannuation, and one outside.

How is it structured?

	Policy 1	Policy 2
Plan	Superannuation Life Cover Plan containing a superannuation TPD benefit with an 'Any Occupation' definition.	Non-superannuation TPD benefit with an 'Own Occupation' definition.
Ownership:	Trustee of the AIA (Insurance) Super Scheme, or trustee of a Self Managed Superannuation Fund	Life insured (who must also be the member of the super fund).
Benefits	<ul style="list-style-type: none"> • Superannuation Life Cover • TPD 'Any Occupation' 	<ul style="list-style-type: none"> • Maximiser TPD 'Own Occupation' • Superannuation PLUS • Crisis Recovery • Crisis Recovery Buy-back • Crisis Reinstatement • Family Protection
Tax deductible premiums	Generally tax deductible for self-employed contributions and if purchased through an SMSF but not tax deductible for employee contributions. Professional tax advice should be sought.	NOT tax deductible and the proceeds are not assessable.

The following diagram illustrates the flexibility of structuring Maximiser and Superannuation PLUS with Crisis Recovery outside Super and with Total and Permanent Disablement 'Any Occupation' inside Super.



Maximiser benefit – a smart way for clients to structure their TPD cover

Step 1

The claim is paid to the trustee and the TPD cover is cancelled if the life insured satisfies the definition for 'Any Occupation' as defined in the policy and the trustee in turn agrees that the member's disablement meets Superannuation Industry Supervision (SIS) Act's Conditions of Release for Permanent Incapacity.

Step 2

If the TPD 'Any Occupation' definition is not met and/or the Permanent Incapacity condition of release will not be satisfied (in the opinion of the trustee) then the claim will be assessed under the TPD 'Own Occupation' definition.

The claim is paid to the life insured if the definition for 'Own Occupation' TPD as defined in the policy is met.

Case Study 1

Jill is a 45 year old who takes out a life insurance policy in superannuation with a life cover sum insured of \$2 million. Included are a TPD 'Any Occupation' benefit and a corresponding Maximiser TPD 'Own Occupation' benefit for \$1 million. Jill's super fund is the AIA (Insurance) Super Scheme.

Jill is injured in a serious accident resulting in her not being able to perform two of the Activities of Daily Living. As this satisfies the definition of 'Any Occupation', and the trustee is satisfied that she also meets the Permanent Incapacity condition of release (SIS Act), the claim is assessed under the 'Any Occupation' definition. The claim of \$1 million from her policy within super is paid to the trustee. Both TPD benefits are cancelled and the life cover in her super is reduced to \$1 million.

Case Study 2

Jack is a 50 year old surgeon who takes out a life insurance policy within superannuation with a sum insured of \$3 million. Included is a TPD 'Any Occupation' benefit with a corresponding Maximiser TPD 'Own Occupation' benefit for \$2 million. His super fund is a Self Managed Super Fund (SMSF). Jack has an accident and loses the use of one arm.

He does not satisfy the definition of 'Any Occupation' or the Permanent Incapacity condition of release under the SIS Act because he is still able to perform other occupations because of his education and training. Consequently, the claim is assessed under the 'Own Occupation' definition of his Maximiser TPD policy. Jack meets the definition of 'Own Occupation' so his claim of \$2 million is paid to him. Both TPD benefits are cancelled and the life cover in superannuation is reduced to \$1 million.

Maximiser Rules

Maximiser is an optional benefit under the Priority Protection Superannuation Life Cover Plan.

- The Maximiser benefit is available only if the TPD rider benefit inside superannuation is selected with an 'Any Occupation' definition.
- The Maximiser benefit is not available if the 'Own Occupation' or 'All Duties' definition of TPD has been selected inside super.
- Policy fee is waived for the linked non-super TPD policy.
- If paying by Direct Debit, two Direct Debit Requests are required.
- The life insured under the superannuation policy must be the same as the life insured and policy owner of the linked Maximiser non-superannuation TPD benefit.
- Only available to occupation categories AAA, AA, A, B & C.
- Only one TPD benefit is ever payable under one of the two policies held.

Superannuation PLUS

- A lump sum will be paid directly to the policyholder upon the diagnosis of a listed crisis event
- The Crisis Recovery benefits are issued in the policyholder's name and structured outside of the superannuation environment. This way, if the policyholder suffers a listed crisis event, AIA Australia will pay the lump sum claim amount to the policyholder directly. The Life Cover, TPD 'Any Occupation' and TPD 'Own Occupation' benefits sums Insured will be subsequently reduced by the same claim amount.

Advantages

The many advantages of the Maximiser / Superannuation PLUS benefit include:

- Flexible policy ownership
- Potential for tax deductibility of the Life Cover benefit within super
- Bundled pricing
- Cost reductions – the benefit is purchased as a rider and as a result does not incur stamp duty. (Excludes policies purchased in Western Australia where stamp duty is payable on rider benefits.)
- One policy fee even though two policies are issued
- Multi-plan discounting can apply
- TPD 'Own Occupation' & Crisis Recovery benefits held outside of super:
 - No tax payable on claim amount
 - No Conditions of Release need to be satisfied
- TPD 'Any Occupation' held inside Super
 - Potential for tax deductibility of premiums