

Superannuation Income Protection with Super Extras

For advisers



Life's better with the right partner®

Freedom to get paid inside and outside super

AIA Australia's Priority Protection Income Protection benefit with Super Extras is structured so that your clients' Income Protection cover is held both inside and outside of superannuation. Even though it is structured as one super plan and one application, two policies sit within it – one within superannuation, and one outside (Ordinary Income Protection policy).

Income Protection benefits held inside superannuation must be consistent with a superannuation condition of release. These benefits are offered under the Superannuation Income Protection Plan.

Benefits which are not consistent with a specified superannuation condition of release are held under a policy outside superannuation.

How is it structured?

Priority Protection Super Extras Income Protection Plan

INCOME PROTECTION (Inside superannuation)

Owned by trustee of the AIA (Insurance) Super Scheme, or trustee of Self Managed Superannuation Fund

- Agreed Value or Indemnity (with restricted payment conditions so that the benefit satisfies a specified condition of release)
- Total Disablement
- Partial Disablement
- Benefit Indexation
- Waiver of Premium
- Recurrent Disablement
- Death benefit
- Terminal Illness benefit
- Complimentary Interim Accidental Death Cover
- Cosmetic or Elective Surgery benefit

Benefits at an additional cost (optional benefits)

- Retirement Optimiser
- Claims Escalation
- Day 1 Accident

Benefits which are consistent with a superannuation condition of release

SUPER EXTRAS (Outside superannuation)

Owned by Life Insured (who must also be the member of the super fund)

- Agreed Value or Indemnity
- Total Disablement (where applicable)
- Partial Disablement (where applicable)
- Rehabilitation Expenses
- Severity benefit
- Needlestick Injury benefit

Benefits at an additional cost (Optional Benefits)

- Advantage Optional; or
- PLUS Optional
- Carer's Allowance
- Income Protection Lump Sum
- Retirement Optimiser (when selected under super)
- Claims Escalation (when selected under super)
- Day 1 Accident (when selected under super)

Benefits which are not consistent with a superannuation condition of release

How does it work?

Step 1

If an income protection claim is made, it will first be assessed under the Superannuation Income Protection Plan. If we accept the claim, we will pay the trustee to the extent that the payment satisfies a permitted condition of release. The trustee would then process the benefit according to the governing rules of the superannuation fund and the superannuation law.

Step 2

If we accept the claim and consider that some or all of the benefit payment will not satisfy a permitted condition of release, that portion of the benefit may be paid under the Super Extras policy outside superannuation.



Case study – Superannuation Income Protection with Super Extras

Jake is a 45 year old who takes out a Superannuation Income Protection benefit with Super Extras.

- Agreed Value – \$6,500 insured monthly benefit
- 60 day waiting period
- ‘to age 65’ benefit period

Jake gets injured jet skiing resulting in him being totally disabled for a period of three months. At the time of Jake’s disability he was not employed.

As Jake was not gainfully employed at the time of his disablement the claim will not meet a condition of release inside superannuation therefore no benefit will be payable under the Superannuation Income Protection benefit and the claim will be paid under Super Extras.

INCOME PROTECTION
(Inside superannuation)

\$0 payment

SUPER EXTRAS
(Outside superannuation)

\$6,500 monthly payment



Case study – Superannuation Income Protection with Super Extras and Advantage Optional

Lucy is a 30 year old who takes out a Superannuation Income Protection benefit with Super Extras and Advantage Optional as a rider.

- Agreed Value – \$4,000 insured monthly benefit
- 30 day waiting period
- 'to age 65' benefit period

Lucy fractures her collarbone on a camping trip but doesn't require any time off work as a result of her injury. She doesn't satisfy a permitted condition of release as she didn't cease her employment. Under Advantage Optional she qualifies for 1.5 times her insured monthly benefit under the Specified Injury benefit contained in Advantage Optional.

No benefit will be payable under Superannuation Income Protection however 1.5 times the insured monthly benefit ($\$4,000 \times 1.5$) will be paid under Advantage Optional.

INCOME PROTECTION
(Inside superannuation)

\$0 payment

SUPER EXTRAS
(Outside superannuation)

Advantage Optional
\$6,000 lump sum payment



Case study – Superannuation Income Protection with Super Extras and PLUS Optional

Ben is a 50 year old who takes out a Superannuation Income Protection benefit with Super Extras and PLUS Optional as a rider.

- Indemnity – \$3,400 insured monthly benefit
- 30 day waiting period
- five year benefit period

Ben suffers a heart attack resulting in him being totally disabled for a period of two months and then returns to work full time.

Ben qualifies for six times his insured monthly benefit as a result of meeting a Crisis Recovery benefit under his PLUS Optional Rider and elects to receive the payment as a lump sum.

As Ben has elected to receive his benefit as a lump sum it will not meet an applicable condition of release and therefore will be paid under the PLUS Optional benefit outside of superannuation.

INCOME PROTECTION
(Inside superannuation)

\$0 payment

SUPER EXTRAS
(Outside superannuation)

PLUS Optional
\$20,400 lump sum payment



Case study– Superannuation Income Protection with Super Extras

Judy is a 53 year old who takes out a Superannuation Income Protection benefit with Super Extras. Three years later Judy becomes ill with double pneumonia and is unable to work for a period of six months.

- Agreed Value – \$6,000 insured monthly benefit
- 30 day waiting period
- ‘to age 65’ benefit period
- Calculated pre disablement income (PDI) of \$4,000

Under the Superannuation Industry (Supervision) Regulations 1994, a maximum of 100% of Judy’s PDI can be paid under superannuation. As a result, Judy’s benefit payment will be structured as follows:

- \$4,000 (equal to Judy’s PDI) will be paid inside superannuation; and
- \$2,000 (excess benefit payment of PDI) will be paid under Super Extras (outside superannuation)

INCOME PROTECTION
(Inside superannuation)

\$4,000 monthly payment

SUPER EXTRAS
(Outside superannuation)

\$2,000 monthly payment

For more information about AIA Australia’s Priority Protection Superannuation Income Protection with Super Extras, speak to a member of our Client Development Management team on 1800 033 490.