

# Important changes to First Super



**We're always looking for ways to deliver value to our members and improve the First Super experience. It's all part of how we put our members first.**

This notice explains important changes to:

- Our insurance cover and cost
- How we apply the crediting rate to withdrawals from the Fund
- How we communicate with you

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## Changes to insurance cover and cost

As an industry super fund run to benefit you, our members, we're always looking for ways to improve retirement outcomes. This includes looking at the insurance products we offer and what they cost you.

From 1 May 2023, we reduced the weekly cost of our default insurance cover for death (including terminal illness), total and permanent disablement (TPD), and our Income Protection. We were able to reduce the cost because of a lower than expected number of claims paid in previous years.

For death and TPD:

- The weekly cost for members who hold default cover based on a blue collar/manual employment classification has been reduced by 44 cents to \$10.76 resulting in a saving of \$22.88 a year.
- The weekly cost for members who hold default cover based on a white collar/non manual employment classification has been reduced by 20 cents to \$4.92 resulting in a saving of \$10.40 a year.
- The weekly cost for members who hold default cover based on a professional employment classification has been reduced by 20 cents to \$4.44 resulting in a saving of \$10.40 a year.

For Income Protection, the reduction in the weekly cost will depend on your age and gender. On average, the cost of Income Protection insurance cover went down 27.4% for all members.

From 1 May 2023, we also changed the definitions we use when assessing if a member is totally and permanently disabled by replacing the previous seven definitions with three easier-to-understand definitions.

The three new definitions are:

- A new 'Unlikely to do suited occupation ever again' test, which replaces the previous 'Unlikely to return to work' test. We also extended the timeframe for which a member may be unemployed immediately before their date of disablement from 12 months to 24 months.
- A new 'Unable to do basic activities associated with work ever again' test which replaces the following six tests: 'Specific illnesses or injuries', 'Permanent impairment', 'Specific loss', 'Loss of independent existence', 'Cognitive loss' and 'Home makers'; and
- The introduction of specific cover for 'Suffering a permanent severe psychiatric incapacity'.

More detail about each of these changes is included in the attachment to this letter. This information includes a comparison of the old costs and the new costs, and a comparison of the old definitions to the new definitions. If you have any questions about these changes, give our Member Services Team a call on **1300 360 988**, 8am to 6pm weekdays AEDT.

These changes have been automatically applied to your account if you currently have insurance. If you don't have insurance or want to make changes to your existing cover, visit [firstsuper.com.au](https://firstsuper.com.au) or call us on **1300 360 988**, 8am to 6pm weekdays AEDT.

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## Clarifying how we credit investment earnings if you leave the Fund

We've updated the information in our Product Disclosure Statement dated 1 May 2023 regarding how we apply the crediting rate to investment earnings when you leave the Fund or make a partial withdrawal from the Fund.

Investment earnings are calculated monthly as a crediting rate and are applied to your First Super account when you leave the Fund or as at each 30 June after deduction of investment tax, fees, and costs.

Unfortunately, our previous PDS incorrectly stated that we applied a monthly crediting rate to full or partial withdrawals from your account even if the withdrawal took place before the monthly rate had been declared.

Our latest PDS confirms that if you leave the Fund between monthly crediting rate declarations, an interim crediting rate is applied to your account balance from the date of the last monthly rate declaration to the date of payment. The Trustee may, at its discretion, apply an interim crediting rate to partial withdrawals.

We apologise for any confusion this may have caused our members.

Our Product Disclosure Statement is available on our website, [firstsuper.com.au/pds](https://firstsuper.com.au/pds)

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## How we communicate with you – electronic communications

We're also making changes to the way we communicate with you.

We've changed our terms and conditions so that if you have given us your email address and/or phone number, we will or may use these to communicate with you about your account, First Super's other products and services and other marketing communications about your superannuation. If you don't want this to happen and still want to get everything on paper, you can change this by updating your preferences via firstonline or by calling our Member Services Team on **1300 360 988**.

If you do not want to receive marketing communications from us, opt out by calling the Member Services Team on **1300 360 988**, or via firstonline.

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## Questions about this information? We're here to help, so let's talk

We understand this a lot of information to take into account all at once, so if you have any questions, please give our Member Services Team a call on **1300 360 988** (8am to 6pm weekdays AEDT). Alternatively, send us an email with your questions to: [mail@firstsuper.com.au](mailto:mail@firstsuper.com.au)

## Default death (including terminal illness) and total and permanent disablement cover

4 units of cover per week		
	Old insurance costs	New insurance costs (From 1 May 2023 onwards)
Blue Collar/Manual	\$11.20	\$10.76
White Collar/Non-manual	\$5.12	\$4.92
Professional	\$4.64	\$4.44

## First Super Death Cover (including terminal illness)

4 units of cover per week		
	Old insurance costs	New insurance costs (From 1 May 2023 onwards)
Blue Collar/Manual	\$3.92	\$3.48
White Collar/Non-manual	\$1.84	\$1.64
Professional	\$1.60	\$1.40

## First Super Income Protection (IP) Rates

Annual premium payable per \$100 monthly benefit Blue Collar (manual) / 30-day waiting period / 2-year benefit period				
Age	Old Insurance costs		New Insurance costs (From 1 May 2023 onwards)	
	Male	Female	Male	Female
25	\$10.26	\$11.59	\$7.45	\$8.41
45	\$27.20	\$36.41	\$19.75	\$26.43
64	\$25.48	\$24.23	\$18.50	\$17.59

Annual premium payable per \$100 monthly benefit White collar/non-manual / 30 day waiting period / 2-year benefit period				
Age	Old Insurance costs		New Insurance costs (From 1 May 2023 onwards)	
	Male	Female	Male	Female
25	\$3.71	\$4.19	\$2.69	\$3.04
45	\$10.35	\$13.19	\$7.51	\$9.58
64	\$9.23	\$8.78	\$6.70	\$6.37

Annual premium payable per \$100 monthly benefit Professional / 30 day waiting period / 2-year benefit period				
Age	Old Insurance costs		New Insurance costs (From 1 May 2023 onwards)	
	Male	Female	Male	Female
25	\$3.35	\$3.78	\$2.43	\$2.74
45	\$9.31	\$11.87	\$6.76	\$8.62
64	\$8.31	\$7.90	\$6.03	\$5.74

Some ages and waiting periods have been omitted from these tables. Refer to the *First Super Insurance Guide* for details.

# Insurance Agreement Definitions Comparison before and after 1 May 2023

Old Insurance Definitions (Pre-1 May 2023)	New Insurance Definitions (From 1 May 2023 onwards)
<p><b>1. Unlikely to return to work</b></p> <p>If the insured member is under the age of 65 years at Incident Date and (other than a member who is only a member of the pension division and has permanently retired from the workforce) is employed or engaged in a gainful occupation, business, profession or employment or within 12 months of the date an insured member ceases to be so employed or engaged:</p> <ul style="list-style-type: none"> <li>that insured member has suffered an injury or illness and, as a result of that injury or illness, the insured member is totally unable to be employed or engaged in that occupation, business, profession or employment for a period of three consecutive months; and</li> <li>is determined by the Insurer at the end of that three-month period (or such later time as the Insurer agrees with the policy owner) to be permanently incapacitated to such an extent as to render the insured member unlikely ever to be employed or engaged in any gainful occupation, business, profession or employment for which the insured member is reasonably suited by education, training or experience.</li> </ul> <p>NOTE: For the avoidance of doubt, the 12-month period referred to in Tier 1 above does not apply to Tiers 2 to 7 below or insured members between the ages of 65-70 years old.</p>	<p><b>1. Unlikely to do suited occupation ever again</b></p> <p>If the Insured Member is under the age of 65 years and is employed or engaged in a gainful occupation, business, profession or employment or within 24 months of the date an Insured Member ceases to be employed or engaged:</p> <ul style="list-style-type: none"> <li>that Insured Member has suffered an injury or illness and, as a result of that injury or illness, the Insured Member is totally unable to be employed or engaged in that occupation, business, profession or employment for a period of 3 consecutive months; and</li> <li>is determined by the Insurer at the date the Insurer makes a determination on the Insured Member's claim under the insurance policy to be permanently incapacitated to such an extent as to render the Insured Member unlikely ever to be employed or engaged in any gainful occupation, business, profession or employment for which the Insured Member is reasonably suited by education, training or experience.</li> </ul> <p>NOTE: For the avoidance of doubt, tier 2-3 below apply if the Insured Member is between the ages of 65-70 years old or was unemployed for the 24 months immediately prior to the Incident Date.</p>
OR	OR
<p><b>2. Specific illnesses or injuries</b></p> <p>If the insured member has been diagnosed by a Medical Practitioner as suffering from one of the listed medical conditions below, the Insurer will waive the TPD waiting period when assessing a claim lodged. The medical conditions (as defined in Appendix B – Definitions of Medical Conditions in the policy) are:</p> <ul style="list-style-type: none"> <li>Blindness</li> <li>Cardiomyopathy</li> <li>Diplegia</li> <li>Hemiplegia</li> <li>Chronic Lung Disease</li> <li>Motor Neurone Disease</li> <li>Multiple Sclerosis</li> <li>Muscular Dystrophy</li> <li>Paraplegia</li> <li>Parkinson's Disease</li> <li>Hearing Loss</li> <li>Speech Loss</li> <li>Primary Pulmonary Hypertension</li> <li>Quadriplegia</li> <li>Severe Rheumatoid Arthritis</li> <li>Tetraplegia</li> </ul>	<p><b>2. Unable to do basic activities associated with work ever again</b></p> <p>The Insurer determines that solely because of injury or illness, the Insured Member:</p> <ul style="list-style-type: none"> <li>has been unable to perform at least two Basic Work Activities for at least 12 consecutive months;</li> <li>is unable to perform at least two Basic Work Activities for the rest of their life, without the help of another person; and</li> <li>at the date the Insurer makes a determination on the Insured Member's claim under this insurance policy, is unlikely ever to work in any gainful employment for which they are reasonably suited by education, training or experience.</li> </ul> <p>Basic Work Activities means any of the following 6 activities:</p> <ul style="list-style-type: none"> <li>Mobility (walking or bending)</li> <li>Vision (reading)</li> <li>Lifting</li> <li>Manual dexterity</li> <li>Hearing</li> <li>Communicating (verbal or written)</li> </ul>
OR	OR

## Old Insurance Definitions (Pre-1 May 2023)

### 3. Permanent impairment

The insured member suffers an injury or illness and, as a result of that injury or illness, the insured member suffers:

- a permanent impairment of at least 25% of whole person function as defined in the American Medical Association publication *Guides to the Evaluation of Permanent Impairment*, 4th edition, or an equivalent guide to impairment approved by us; and
- is disabled to such an extent, as a result of this impairment, that the insured member is unlikely ever again to be able to be employed or engaged in any gainful occupation, business, profession or employment for which the insured member is reasonably suited by education, training or experience.

OR

### 4. Specific loss

As a result of illness or injury, the insured member suffers the total and permanent loss of the use of:

- two limbs (where 'limb' is defined as the whole hand or the whole foot);
- the sight in both eyes; or
- one limb and the sight in one eye.

OR

### 5. Loss of independent existence

As a result of illness or injury, the insured member suffers loss of independent existence. Loss of independent existence means the Insurer has determined the insured member is totally and irreversibly unable to perform at least two of the following five 'activities of daily living' without the assistance of another adult person:

- bathing and/or showering;
- dressing and undressing;
- eating and drinking;
- using a toilet to maintain personal hygiene; or
- getting in and out of bed, a chair or wheelchair, or moving from place to place by walking, wheelchair or with assistance of a walking aid.

OR

## New Insurance Definitions (From 1 May 2023 onwards)

### 3. Suffering a permanent severe psychiatric incapacity

The insured Member has an illness:

- Which is a psychiatric disorder that:
  - has been diagnosed by a consultant psychiatrist and Fellow of RANZCP under the latest edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) issued by the American Psychiatric Association; and
  - the Insured Member has been receiving Psychiatric Treatment for at least 12 months prior to the Insured Member's treating psychiatrist exercising their clinical judgement in determining that the psychiatric disorder is chronic and unlikely to improve in the foreseeable future with or without further treatment;
- that the Insurer determines that solely because of their illness, the Insured Member suffered from at least one Psychiatric Incapacity for 12 consecutive months or more, and is likely to continue to suffer that Psychiatric Incapacity for the rest of their life; and
- that as at the date the Insurer makes a determination on the TPD claim under this insurance policy, the Insured Member is unlikely ever to work in any gainful employment for which they are reasonably suited by education, training or experience.

## Old Insurance Definitions (Pre-1 May 2023)

### 6. Cognitive loss

As a result of illness or injury, the insured member suffers cognitive loss. Cognitive loss means the Insurer has determined that a total and permanent deterioration or loss of intellectual capacity has required the insured member to be under continuous care and supervision by another adult person for at least three consecutive months and, at the end of that three-month period, the insured member is likely to require permanent ongoing continuous care and supervision by another adult person.

OR

### 7. Home makers

TPD means where, at the date of disablement, the insured member is not employed and is engaged in unpaid domestic duties at home, they:

- As a result of illness or injury, are under the care of a Medical Practitioner and are unable to perform those domestic duties, and are unable to leave their home unaided, and have not engaged in any gainful employment for a period of three consecutive months after the occurrence of the illness or injury; and
- At the end of three months, in the Insurer's opinion, are disabled to the extent they are unlikely to perform those domestic duties or engage in any gainful occupation.

## Definitions summary

First Super's definition of TPD has changed and includes several enhancements, including:

- Replacing 7 definitions with 3 making it easier to assess TPD claims.
- Removing the 'Activities of Daily Living' (ADL) test and replacing it with a 'Basic Work Activities' test. This change is consistent with prevailing industry practice and the Australian Securities and Investments Commission's (ASIC's) view of the ADL test. ASIC considers that ADL definitions are too restrictive with their research showing that 60% of claims under an ADL definition were declined, or three out of every five claims (ASIC October 2019, [REP 633](#), page 32, paras 88-89); and,
- Inclusion of enhanced definitions for psychiatric disorders. ASIC has previously stated that across the superannuation industry, members with mental health claims have historically had the highest decline rate, with just under 17% of all mental health claims being declined (ASIC October 2019, [REP 633](#), page 89, para 310).