

29 August 2014

Mr Smith
22 Smithville
Smith NSW 2000

Dear Mr Smith

Significant Event Notice

Changes to the cost of your insurance cover

Freedom of Choice offers members insurance cover. If you have insurance cover with us, the cost of this cover will change.

On the 1st of October 2014 the cost of Death and Total and Permanent Disablement will increase. Income Protection cover costs will remain the same.

Why are the costs increasing?

Insurance prices in Australia have risen significantly over the last couple of years. In the media recently, the industry regulator acknowledged that in some cases, rates have gone up by as much as 150%.

This is due to the rising costs faced by insurance companies, including an increase in claims well beyond the rates expected when premium rates were last determined and new rules that require insurers to hold more money to support their business.

As a result, insurance providers, including our insurance provider TAL Life Limited, have raised insurance premium rates.

Freedom of Choice is still great value

Freedom of Choice works hard to ensure members interests are looked after. We can't prevent this cost rise – but we've used our size and scale to get you the best possible outcome during our tender process.

Increasing insurance costs have affected the whole superannuation industry. After the increase, we are still one of the better providers of insurance cover within superannuation. Over the past number of years we have worked to negotiate new features for your insurance cover such as the introduction of life cover events and the expiry age of insurance to age 75. We have also worked to avoid previous increases to premiums and as a result it has been several years since our insurer's last Death and TPD price increase.

It is expected that Freedom of Choice premium rates will rise by approximately 92%.

The new premiums will continue to be deducted from your accumulation account or paid by your employer, whichever applies to your account.

What does this mean for you?

The amount of insurance you have and the terms and conditions that apply to your cover won't change unless you opt out.

You can view your current insurance cover in more detail at any time by logging in to your online account at freedomofchoice.com.au

More information

Having the right level of insurance cover plays a big role in protecting you and your family against the unexpected.

Your statement will provide details of your insurance cover and cost for the year ending June 2014.

For information about your new insurance costs from 1 October 2014, our Product Disclosure Statement and Insurance Guide will be available on our website or please call us on 1800 806 013.

If you are interested in insurance cover, please call us to find out more.

Changes to the definition of Total and Permanent Disablement for Insurance Cover

From 1 July 2014, under government reforms to the super system, super funds are only able to offer **new** Total and Permanent Disablement (TPD) insurance cover where the definition of TPD aligns with the definition of 'permanent incapacity' in the conditions of release (under superannuation law) of your superannuation benefit from your Fund.

As a result of these legislative changes, we have been required to change the TPD definition applying to your insurance cover.

New members taking up insurance cover on or after 1 July 2014 will be insured under a definition of TPD that matches the condition of release for permanent incapacity; insurance claim proceeds would be payable to them from the Fund in lump sum form.

Existing members who had insurance cover before 1 July 2014, will have their insurance claims determined under the existing insurance definitions of TPD (a number of alternative definitions apply). However the definition of permanent incapacity in the condition of release for lump sum benefits may be stricter than their insurance definition and make it harder for those members to withdraw lump sum insurance proceeds after claiming the insured TPD benefit. In that case their insurance proceeds would remain in their Fund account until they satisfy a condition of release.

Please refer to the Freedom of Choice Product Disclosure Statement and Insurance Guide for more information regarding these changes.

Changes to Family Law Fees

Super can be divided or 'split' between spouses in the event of marriage or de facto relationship breakdown, by agreement or by court order.

From 1 October 2014 fees will apply to these activities, referred to as Family Law Fees.

An enquiry fee of \$50 is payable to process a request for information about your benefit (in Family Law Act form) for Family Law purposes.

A cheque made payable to the Administrator for the relevant amount must accompany the request for information (Payee 'EIML').

A payment splitting fee of \$330 is deducted at the time of processing a payment split under the Family Law Act, and will be debited in equal proportions from the member account and the non-member spouse account or amount transferred out.

For more information regarding Family Law fees, please call 1800 806 013.

If you have any questions or wish to discuss any of these matters further, please feel free to contact Client Services.

Yours sincerely



Geoffory Rimmer
Executive General Manager
Trustee & Wealth Services