

# significant event notice

22 August 2019



This Significant Event Notice is to inform you of important changes to HESTA and HESTA Personal Super. Generally this includes changes to, or events impacting, the information provided in the Product Disclosure Statements (PDS) of those products. The changes will be incorporated into subsequent releases of the PDSs available at [hesta.com.au/pds](https://hesta.com.au/pds)

## Insurance changes

The following changes may affect members with both Death Cover and Lump-sum Total and Permanent Disablement (TPD) Cover when they make a terminal illness or a TPD insurance claim.

### Impact on remaining insured cover (if any) when you claim a terminal illness benefit

If you have death cover of more than \$3 million and are eligible to claim a terminal illness (TI) benefit, any Death Cover you hold will be reduced by any terminal illness benefit paid. From 1 October 2019, if any remaining Death Cover is unitised (meaning a number of units of cover that provide a set benefit amount for an insurance fee which is calculated weekly and deducted monthly from your HESTA super or HESTA Personal Super account) and cannot be converted to whole units, it will be converted to fixed cover and rounded up to the nearest \$1,000.

Fixed cover means your insurance fees will generally increase as you age while your sum insured will typically remain the same. Whereas with unitised cover the amount of cover per unit and the cost per unit changes with age.

Read more about fixed and unitised cover in *Insurance options* at [hesta.com.au/pds](https://hesta.com.au/pds)

### Case study – Sophie

Sophie is 35 years old and has 45 units of death cover. Each unit equals \$92,800 this means her total death cover is \$4,176,000. Sophie is diagnosed with cancer and claims the maximum terminal illness benefit of \$3 million.

As Sophie's death cover is more than \$3 million, she will have \$1,176,000 remaining after her terminal illness claim is paid. With a unit for her age being equal to \$92,800, this converts to 12.67 units which is not a whole number. Due to her cover no longer being in whole units, Sophie's remaining death cover would be converted to fixed cover and if required, rounded up to the nearest \$1000.

Sophie understands her insurance fees will increase as she gets older, and will review her level of cover as her circumstances change.

### Impact on remaining insured death cover (if any) when you claim a Total and Permanent Disablement (TPD) benefit

Currently, if you are eligible to claim a Lump-sum TPD benefit your Death Cover will be reduced by any TPD benefit paid. From 1 October 2019, if any remaining Death Cover is unitised and cannot be converted to whole units, it will be converted to fixed cover and rounded up to the nearest \$1,000.

Fixed cover means your insurance fees will generally increase as you age while your sum insured will typically remain the same. Whereas with unitised cover the amount of cover per unit and the cost per unit changes with age.

Read more about fixed and unitised cover in *Insurance options* at [hesta.com.au/pds](https://hesta.com.au/pds)

### Case study – Jim

Jim is 35 and has 5 units of standard death cover (\$464,000) and 5 units of standard TPD cover (\$425,000). Jim claims a TPD benefit and has \$39,000 in unitised death cover remaining. At age 35, 1 unit of death cover is \$92,800, and Jim's remaining cover is less than 1 whole unit. Jim's cover will be converted to fixed cover.

### Impact on remaining TPD cover (if any) when you claim a terminal illness benefit

Currently, if your TPD cover exceeds your Death Cover and you claim a terminal illness (TI) benefit, your TPD Cover will be reduced by any TI benefit paid. From 1 October 2019, if any remaining TPD Cover is unitised and cannot be converted to whole units, it will be converted to fixed cover and rounded up to the nearest \$1,000.

Fixed cover means your insurance fees will generally increase as you age while your sum insured will typically remain the same. Whereas with unitised cover the amount of cover per unit and the cost per unit changes with age.

## contact us

[hesta@hesta.com.au](mailto:hesta@hesta.com.au) | 1800 813 327 | Locked Bag 5136, Parramatta NSW 2124 | [hesta.com.au](https://hesta.com.au)