

1 September 2016

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](http://hesta.com.au/pds).

## HESTA is moving to unit pricing

From late 2016 HESTA will move to unit pricing to calculate and report on members' account balances.

The change will happen automatically and will not affect your account balance. The initial units allocated to you will be determined by your account balance divided by the unit prices for the investment options you are invested in at the time of change. Once this change takes place, your account balance will be shown in both dollars and units. You will be able to see how much your super is worth by looking up the unit price for your chosen investment option and multiplying the number of units you hold by the unit price.

Whenever a new contribution is received for your account, additional units will be allocated, and payments, fees and taxes from your account will reduce the number of units held, determined by dividing the amount by the relevant unit price.

We will calculate the unit price for each investment option weekly so you continue to have an up-to-date account balance that reflects any market movements.

The change in unit prices will reflect changes in the value of the assets held by each investment option and will be used to determine the percentage investment return over time of each option. In times of poor investment performance, the investment return may be negative.

You will still be able check the value of your account at any time, by logging onto Member Online at [www.hesta.com.au/mol](http://www.hesta.com.au/mol). You will be able to see the number of units you hold, the current unit price and the total value you hold in each investment option, with the total of these making up your HESTA account balance.

Your annual statement will show the value of your account based on the unit price of your selected investment options as at 30 June each year. If you exit HESTA before 30 June, the last weekly available unit price will be used to calculate your withdrawal benefit.

## Changes to Fees and Costs

### Administration Cost transparency

To provide greater transparency of fees and charges, we are changing the way Administration costs are charged and shown on member accounts.

Administration costs are currently included in the Indirect Cost Ratio, meaning they are deducted from the assets of HESTA before investment returns are declared (via the weekly crediting rates) and so are not always easy for members to understand the impact on their account.

From 1 September 2016, these administration costs will be deducted directly from your account at the end of each month or when you close your account (in the same way the \$1.25 per week administration fee is deducted), meaning you will be able to see the charges each month in your transaction details by accessing your account through HESTA Member Online.

It is important to note that the amount of the Administration costs will not change (current costs are 0.08% per annum for the Core Pool investment option and 0.10% per annum for all other investment options), simply the way they are charged will be different so as to increase transparency.

## Changes to Fees and Costs (continued)

	Until 31/8/2016	From 1/9/2016	
Type of fee or cost	Amount	Amount	How and when paid
Administration Fee	\$1.25 per week	\$1.25 per week, plus 0.08% p.a. (Core Pool) 0.10% p.a. (All other options)	Deducted from your account at the end of each month or when you close your account
Indirect Cost Ratio			Deducted from the assets of HESTA before investment returns are declared.  Check table below for costs relating to each Investment Option
<ul style="list-style-type: none"> <li>Administration costs</li> <li>Investment costs</li> </ul>	0.08% p.a. (Core Pool) 0.10% p.a. (All other options)  0.04% - 3.56%	Nil Nil  0.04% - 3.40%	

### Indirect Cost Ratio (ICR) - Investment Costs

Investment Option	2014/2015	2015/2016
Conservative Pool	0.50% p.a.	0.39% p.a.
Core Pool	0.83% p.a.	0.75% p.a.
Shares Plus	0.94% p.a.	0.74% p.a.
Eco Pool	0.89% p.a.	0.79% p.a.
Cash	0.14% p.a.	0.04% p.a.
Your Choice – Global Bonds	0.32% p.a.	0.22% p.a.
Your Choice – Property	0.94% p.a.	0.88% p.a.
Your Choice – Infrastructure	0.91% p.a.	0.92% p.a.
Your Choice – International Shares	0.68% p.a.	0.50% p.a.
Your Choice – Australian Shares	0.60% p.a.	0.45% p.a.
Your Choice – Private Equity	3.66% p.a.	3.40% p.a.

### Administration Fee capped

HESTA will introduce a cap on the percentage based Administration Fee. The cap will apply once your account balance reaches \$350,000, which means the maximum percentage based Administration Fee you will pay is \$350 per year.

These fees will be shown as an individual transaction ('% based Admin Fee') when you log onto HESTA Member Online.

## Taxation

### Tax deductions

HESTA is able to claim a tax deduction for the Administration costs incurred in operating the Fund and in the past where it received this deduction, the benefit has been passed onto members. From 1 September 2016, HESTA will no longer pass on this tax benefit, rather investing those monies back into the Fund for the purpose of providing better services to members.

### Tax threshold changes

The following superannuation tax thresholds have changed for the 2016/2017 financial year;

	2015/2016	2016/2017
Untaxed plan cap	\$1.395m	\$1.415m
Co-contribution lower income threshold	\$35,454	\$36,021
Co-contribution upper income threshold	\$50,454	\$51,021

# Investment changes

## Investment objectives and benchmarks

Investment Option	Up to 31/8/2016	From 1/9/2016
Conservative Pool	Medium term objective CPI+2.5%	Medium term objective CPI+1.5%
Core Pool	Medium term objective CPI+3.5%	Medium term objective CPI+3.0%
Shares Plus	Medium term objective CPI+4.5%	Medium term objective CPI+4.0%
Eco Pool	Medium term objective CPI+3.5%	Medium term objective CPI+3.0%
Cash	Equivalent or higher than the RBA Cash Rate	To earn a return after appropriate taxes and after the Indirect Cost Ratio, equivalent to or higher than the RBA Cash Rate
Your Choice – Global Bonds	0.5% or more above its benchmark of: <ul style="list-style-type: none"> <li>50% Bloomberg AusBond Composite 0+ Year Index</li> <li>50% Barclays Capital Global Aggregate Hedged to \$A</li> </ul>	To earn a return after appropriate taxes and after the Indirect Cost Ratio above: <ul style="list-style-type: none"> <li>50% Bloomberg AusBond Composite 0+ Year Index</li> <li>50% Barclays Capital Global Aggregate Hedged to \$A</li> </ul>
Your Choice – Property	Equivalent or higher than its benchmark of: <ul style="list-style-type: none"> <li>72.5% Mercer/IPD Australian Property Pooled Fund Index</li> <li>17.5% US NCREIF National Fund Index</li> <li>10% RBA Cash Rate</li> </ul>	To earn a return after appropriate taxes and after the Indirect Cost Ratio, equivalent to or higher than CPI+3.5%
Your Choice – Infrastructure	2% or more above its benchmark of: <ul style="list-style-type: none"> <li>45% S&amp;P/ASX 300 Accumulation Index</li> <li>45% Bloomberg AusBond Composite 0+ Year Index</li> <li>10% RBA Cash Rate</li> </ul>	To earn a return after appropriate taxes and after the Indirect Cost Ratio, equivalent to or higher than CPI+3.5%
Your Choice – International Shares	1% or more above its benchmark of: <ul style="list-style-type: none"> <li>50% MSCI All Country World ex Australia Index in \$A Net dividends Reinvested Unhedged</li> <li>50% MSCI All Country World ex Australia Index in \$A Net dividends Reinvested Hedged</li> </ul>	To earn a return after appropriate taxes and after the Indirect Cost Ratio above: <ul style="list-style-type: none"> <li>50% MSCI All Country World ex Australia Index in \$A Net dividends Reinvested Unhedged</li> <li>50% MSCI All Country World ex Australia Index in \$A Net dividends Reinvested Hedged</li> </ul>
Your Choice – Australian Shares	1% or more above its benchmark of S&P/ASX 300 Accumulation Index	To earn a return after appropriate taxes and after the Indirect Cost Ratio above S&P/ASX 300 Accumulation Index
Your Choice – Private Equity	3% or more above its benchmark of: <ul style="list-style-type: none"> <li>22.5% S&amp;P/ASX300 Accumulation Index</li> <li>67.5% MSCI World ex-Australia in \$A Net Dividends Reinvested Hedged</li> <li>10% RBA Cash Rate</li> </ul>	To earn a return after appropriate taxes and after the Indirect Cost Ratio 3% or more above the return from the combination of: <ul style="list-style-type: none"> <li>13.5% S&amp;P/ASX300 Accumulation Index</li> <li>76.5% MSCI World ex-Australia in \$A Net Dividends Reinvested Hedged</li> <li>10% RBA Cash Rate</li> </ul>

## Annual Returns – probable number of negative annual returns over 20 years

Investment Option	Up to 31/8/2016	From 1/9/16
Conservative Pool	0.5 to less than 1	1 to less than 2
Global Bonds	0.5 to less than 1	1 to less than 2
Infrastructure	3 to less than 4	4 to less than 6

## Strategic Asset Allocations – Ready-Made Investment Pools

(there are no changes to Your Choice Asset Classes)

Investment Option	Up to 31/8/2016			From 1/9/2016		
	Asset Class	Strategic Allocation	Allocation Range	Asset Class	Strategic Allocation	Allocation Range
Conservative Pool	Australian Shares	13%	7-18%	Australian Shares	13.7%	7-18%
	International Shares	12%	5-15%	International Shares	10.3%	5-15%
	Infrastructure	11%	2-20%	Infrastructure	10.3%	2-20%
	Property	8%	2-20%	Property	9.5%	2-20%
	Alternative Defensive	0%	0-15%	Global Debt	34.2%	10-50%
	Global Credit	26%	10-50%	Cash	22.0%	15-50%
	Cash	29%	15-50%			
	Other Assets	1%	0-10%			
Core Pool	Australian Shares	27%	17-37%	Australian Shares	29%	17-37%
	International Shares	26%	16-36%	International Shares	23%	16-36%
	Alternative Growth	7%	0-14%	Alternative Growth	7%	0-14%
	Infrastructure	13%	4-25%	Infrastructure	12.5%	4-25%
	Property	10%	3-20%	Property	11.5%	3-20%
	Alternative Defensive	0%	0-10%	Global Debt	15%	4-25%
	Global Credit	14%	4-25%	Cash	2.0%	0-30%
	Cash	2%	0-30%			
Other Assets	1%	0-10%				
Shares Plus	Australian Shares	36%	23-49%	Australian Shares	39.7%	23-49%
	International Shares	34%	16-42%	International Shares	31.6%	16-42%
	Alternative Growth	9%	0-20%	Alternative Growth	10.0%	0-20%
	Infrastructure	9%	2-20%	Infrastructure	8.7%	2-20%
	Property	6%	2-16%	Property	8.0%	2-16%
	Alternative Defensive	0%	0-8%	Global Debt	0%	0-10%
	Global Credit	3%	0-10%	Cash	2.0%	0-25%
	Cash	2%	0-25%			
Other Assets	1%	0-10%				
Eco Pool	Australian Shares	33%	23-47%	Australian Shares	35.2%	23-47%
	International Shares	31%	17-41%	International Shares	28.8%	17-41%
	Alternative Growth (Cleantech)	4%	0-10%	Alternative Growth (Cleantech)	4.0%	0-10%
	Infrastructure	0%	0-10%	Infrastructure	0%	0-10%
	Property	8%	0-16%	Property	8.0%	0-16%
	Alternative Defensive	0%	0-10%	Global Debt	16.0%	4-30%
	Global Credit	15.5%	4-30%	Cash	8.0%	5-30%
	Cash	8.5%	5-30%			
Other Assets	0%	0-10%				

## Foreign Currency Exposure by investment option

Investment Option	Up to 31/8/2016			From 1/9/2016		
	Strategic foreign currency exposure (%)	Strategic foreign currency exposure range (%)	Active hedge (%)	Strategic foreign currency exposure (%)	Strategic foreign currency exposure range (%)	Active hedge (%)
Core Pool	17.5%	0% - 50%	Yes	15.0%	0% - 50%	Yes
Shares Plus	27.5%	0% - 60%	Yes	25.0%	0% - 60%	Yes
Conservative Pool	8.5%	0% - 30%	Yes	7.5%	0% - 30%	Yes
Eco Pool	17.5%	0% - 50%	Yes	15.0%	0% - 50%	Yes
Your Choice – Property	0.0%	0% - 20%	No	0.0%	0% - 20%	No
Your Choice – Infrastructure	0.0%	0% - 50%	No	0.0%	0% - 50%	No
Your Choice – Private Equity	0.0%	0% - 70%	No	0.0%	0% - 70%	No
Your Choice – Australian Shares	0.0%	0% - 10%	No	0.0%	0% - 10%	No
Your Choice – International Shares	55.0%	0% - 100%	Yes	50.0%	0% - 100%	Yes
Your Choice – Global Bonds	0.0%	0% - 0%	No	0.0%	0% - 0%	No

## Automatic account closure changes

An account may be automatically closed by the trustee at the end of the month where an account:

- has been open for at least 12 months; and
- the account has had a nil balance and not received any contributions for 7 months.

## Insurance Changes

As part of our ongoing commitment to improving products and services, Insurance cover provided through HESTA will now provide increased protection for members.

### Income Protection

HESTA has made some recent changes to the Income Protection (IP) cover we provide. Changes have different effective dates so it is important that you read this notice carefully. These changes may mean that some members could have an entitlement to claim for an injury or illness causing Total and Temporary Disability for events that have occurred since 1 July 2014.

### Group Life

HESTA has also provided improvements and wishes to clarify its Group Life cover. This is also explained below.

**The below table outlines key changes you should know about. Generally, changes will take effect from 1 July 2016. It is important that you read these changes carefully so you are fully aware of any entitlements you may have through your HESTA Insurance arrangements.**

## Changes affecting all insured members

Previous Cover	New Arrangements
New HESTA members under age 55 (excludes HESTA Personal Super) may apply for additional cover up to 6 units of cover in total, subject to completing a short personal health statement when they first join.	New HESTA members under age 55 (excludes HESTA Personal Super) may apply for additional cover up to 6 units of cover in total, subject to completing a short personal health statement within 6 months of joining by completing their member application form. This cover is subject to approval by the Insurer
A new member of HESTA was not entitled to default IP and death cover in instances where they had previously opted out of cover under a previous membership.	Where a member joins HESTA and has previously been a member that decided to opt out of cover or provided a written request for cover to cease under a previous membership, they are entitled to "New Events" cover as a new member of HESTA.  In these circumstances members can only have the "New Events" restriction removed by making a full application for cover to the Insurer. Any request would be subject to the approval by the Insurer.
Default IP and death cover for new HESTA members (excluding Personal Super members) commences as "New Events" cover when a member joins HESTA and is both not "At Work" and not in "Active Employment" Default Cover provided for members over age 55 is "New Events" only.	Default IP and death cover for new HESTA members (excluding Personal Super members) commences as "New Events" cover where a member is not in "Active Employment". The "New Events" cover restriction for these members where they are under age 55 will no longer apply from the date a member returns to "Active Employment".
Where a member has insufficient funds to enable insurance fees to be deducted, cover will cease 63 days after the date their account last had a positive balance sufficient to enable an insurance fee deduction. If within 6 months of the fee being last deducted a member has a positive balance sufficient to enable an insurance fee to be deducted, cover will be reinstated. No cover is provided in the period between the period when cover ceased and when cover is reinstated.	Where a member has insufficient funds to deduct insurance fees, cover will cease 63 days after the date the account last had a positive balance sufficient to enable an insurance fee deduction. If within 183 days of the insurance fee being last deducted a member has a positive balance sufficient to enable an insurance fee deduction, cover will be reinstated.  Cover will apply from when it originally ceased, however, cover for any IP or TPD lump sum cover (where eligible) will not apply to any new injury or illness which arose between cover ceasing and when there is a positive balance sufficient to deduct insurance fees owing.  This means where an injury or illness occurred between cover ceasing and when the member has a positive account balance that enables the deduction of premiums due, a member will not be able to make a claim for that injury or illness.  Death cover will not provide a benefit in circumstances where the member's death occurs within the period from when cover ceased and when the member has a positive account balance that enables the deduction of premiums due.
There was no minimum age for any insurance cover to commence.	Cover will begin when a member is age 15 or over and under the cover expiry age. Cover will automatically commence when a member reaches age 15.
The rules in respect of the commencement of cover have changed. Previously, where a member was eligible for default cover, it would commence on the earlier of: <ul style="list-style-type: none"> <li>• the date cash is first received into their super account, provided it is enough to cover the first weeks' insurance fee</li> </ul> or <ul style="list-style-type: none"> <li>• the start date of the payment period in which we receive the first employer SG contribution subject to other eligibility requirements.</li> </ul>	Default cover will now commence for a HESTA Member (excludes HESTA Personal Super members) on the date they joined the fund. Date Joined Fund is as follows ; On the earlier of: (a) the date the first contribution or rollover is received in respect of the Member; and (b) the later of: i) the first day of the period that the first contribution from the Member's Participating Employer relates to; and ii) the date the Member commenced employment with their Participating Employer  For a HESTA Personal Super Member, cover commences on the date the first contribution or rollover is received, but only if the member is "At Work" on that day. If a HESTA Personal Super Member is not "At Work" on that day, Default Cover will start on the first day they are "At Work".

## Changes affecting Income Protection cover

Previous Cover	New Arrangements
<p>Members were entitled to claim a Total and Temporary Disability benefit where they had ceased work as a result of an injury or illness. Members were not entitled to claim a Total and Temporary Disability benefit when they suffer an injury or illness in circumstances where they are not employed.</p>	<p>Where a member who has continuously held Income Protection cover, since before 1 July 2014 suffers injury or illness they may be eligible to claim a Total and Temporary Disability benefit in circumstances where their disability occurred while not employed.</p> <p>Where a member commenced Income Protection Cover after 1 July 2014, they may be eligible to claim for a Total and Temporary Disability benefit where the disability occurred within 90 days of having ceased employment.</p> <p>Due to the requirements of superannuation law, where a member who has continuously held Income Protection cover since before 1 July 2014 suffers Total and Temporary Disability more than 90 days after they were last employed, any benefits must be directed to their superannuation account and can only be accessed when the member satisfies a condition of release under the Superannuation Industry (Supervision) Act 1993 e.g. Permanent Incapacity.</p> <p>The notification of this change is being provided to clarify an Insured member's entitlements in these circumstances.</p>
<p>For IP cover, the definition of salary from employment previously was the total amount of annual remuneration received from a member's regular occupation (or occupations) averaged over the most recent 12 month period the member was working (or the actual period of work if less). The remuneration is determined by calculating the amount the Insured member could be expected to receive if all his or her remuneration from their regular occupation was received as wage before the deduction of income tax, based on group certificate income and includes salary, fees, commissions, bonuses, regular overtime and fringe benefits.</p>	<p>For IP cover, where Total Disability happens after 1 July 2016 the definition of employment income means the total amount of remuneration received by the member from employment for the relevant period prior to disability and comprises;</p> <ol style="list-style-type: none"> <li>a) All salary and wages including fees, commissions, bonuses and regular overtime</li> <li>b) All fringe benefits, and</li> <li>c) All employer superannuation contributions referable to that period (whether or not paid in that period)</li> </ol>
<p>A member will only receive benefits for one disability at a time. Therefore, where a member is disabled for more than one injury or illness or both, whether related or not, benefits are payable in respect of one injury or illness.</p>	<p>The Insurer will continue to only pay benefits in respect of one disability at a time.</p> <p><b>Members with IP Cover since before 1 July 2014</b></p> <p>Where a member, continues to be disabled at the end of the first two year benefit payment period (where cover exceeds 2 years), as a result of a new injury or illness that occurred independently to a previous claim, a new waiting period, benefit payment period and maximum aggregate 24 month period of total and partial disability apply to the new claim.</p> <p><b>Members with IP Cover commenced after 1 July 2014</b></p> <p>Where a member's IP cover commenced after 1 July 2014 and the benefit payment period is more than 2 years, any new illness that continues to cause disability will be treated as part of the same claim and will not give rise to a separate claim. In these circumstances a new waiting period, benefit payment period or aggregate 24 month period of total and partial disability will not apply to the new claim</p>
<p>A member who was on claim or entitled to claim with OnePath (formerly ING) at 1 March 2012 who returns to their pre-disability employment and hours for two consecutive months, will receive cover under the Commlnsure policy to age 67 provided they are under the cover expiry age applying under the Onepath Policy (generally age 60).</p> <p>The Benefit Payment Period and number of units of cover will be the same as which applied immediately before their cover ended under the Former Policy.</p> <p>Please note that different rules apply to members on claim with Asteron.</p>	<p>A member who was on claim with OnePath or entitled to claim with Onepath at 1 March 2012 who returns to their pre-disability hours and duties for two consecutive months after ceasing to be on claim, by returning to work, will receive cover under the Commlnsure policy to age 67. This applies provided they return to work before the Former Cover Expiry age that applied under the Onepath policy.</p> <p>A member who returns to work before the Former Cover Expiry age applicable under the Onepath policy but not at their pre-disability hours and duties for two consecutive months, will have full cover to their Former Cover Expiry Age and New Events Cover only from their Former Cover Expiry Age to age 67.</p> <p>The Benefit Payment Period and number of units of cover will be the same as which applied immediately before their cover ended under the Onepath Policy.</p> <p>The Former Cover Expiry age under the Onepath policy was age 60. In rare cases some members may have made an active decision to elect cover to age 65 on joining HESTA through Onepath.</p> <p>Please note that different rules apply to members on claim with Asteron.</p>



## Changes affecting all insured members

Previous Cover	New Arrangements
<p><b>Pre-Disability Salary</b></p> <p>For Insured members who were employed immediately prior to their disability Pre-Disability salary means the average monthly income during the 12 months prior to disability. Where a member becomes Disabled during a period of parental or employer approved leave Pre-Disability Salary is the average of monthly income in the 12 months before the leave commenced.</p> <p>Where a member has been both employed and self- employed in the 12 month period before disability the income from employment and self- employment in the 12 month period before Disability will be added together and divided by 12 to determine the monthly pre-disability income subject to a minimum averaging period of 1 month.</p> <p>Members who obtained cover as a result of being over the Former Policy cover expiry age (age 60 under Onepath) at 1 March 2012 have a different method of determining Pre-Disability Salary in these circumstances.</p>	<p><b>Pre-Disability Income for claims where the waiting period commences after 1 July 2016</b></p> <p>For Insured members who were employed immediately prior to their disability, Pre-Disability Income means the average monthly income during the 12 months prior to the recent period of disability. Where a member becomes Disabled during parental or employer approved leave Pre-Disability Income is the average of monthly income in the 12 months before the leave commenced.</p> <p>Where a member is on unpaid parental leave or other employer approved leave in the 12 month period before disability or suffers disability within 90 days of ceasing employment with their employer, the average monthly Pre-Disability Income only takes into account the months the member was in paid employment for the entire month.</p> <p>Where a member is both employed and self- employed in the 12 month period before disability the income in the 12 month period before disability will be added together and divided by 12 to determine the monthly pre-disability income subject to a minimum averaging period of 1 month.</p> <p>Where a member continuously covered since before 1 July 2014, becomes entitled to a benefit while they are unemployed in other circumstances Pre-Disability Income will be the total monthly employment and self-employment income in the 12 month period the member was employed or self- employed prior to disability.</p> <p>If the member was employed or self- employed for less than 12 months when last employed or self- employed before becoming disabled the income will be averaged over the period the member was last in continuous employment or self-employment. The method of averaging Pre-Disability Income may vary for members who obtained cover after the Former Policy expiry age on 1 March 2012.</p>
<p>Where a member needed to be certified by a registered medical practitioner, the practitioner needed to be registered and practising in Australia.</p>	<p>From 1 July 2016, the Insurer may in its absolute discretion, accept a similarly qualified person who is registered and practising as a medical practitioner in another country, and who has a formal qualification that is generally equivalent to that required to practise in Australia.</p> <p>The Insurer reserves the right to seek an independent opinion from a qualified registered medical practitioner in Australia to review such overseas medical evidence.</p>
<p>Where a member was self-employed prior to their disability, the definition of self-employment income did not include concessional contributions.</p>	<p>From 1 July 2016, self-employment income will include any concessional contributions made in the 12 months prior to a member's disability.</p>
<p>Where Total Disability occurred before 1 July 2016 superannuation contributions referable to the period when benefits are payable were not subject to an offset against IP benefits.</p>	<p>Where Total Disability occurs after 1 July 2016, superannuation contributions referable to the period of claim will be subject to offset against IP benefits payable. This applies whether the payment is made via a Workers Compensation scheme or other common law settlement.</p> <p>Superannuation contributions referable to a period will also be subject to offset under the Partial Disability benefit provisions when a member returns to work.</p>

## Further clarification about Death and TPD cover

### TPD definitions for members with TPD lump sum cover

Under the provisions of the Group Life insurance policy HESTA has sought to clarify the circumstances where a member would be entitled to a benefit under the definitions of Total and Permanent Disablement. Where a member suffers Total and Permanent Disablement and has never previously worked, they will be assessed against the loss of independent existence definition of Total and Permanent Disablement.

Where a member is over age 65 years any claim for a total and permanent disablement benefit will only be assessed against the specific loss, loss of independent existence and cognitive loss definitions of Total and Permanent Disablement under the insurance policy.

For clarification of the requirements for each definition you should refer to Insurance Options for more information [www.hesta.com.au/pds](http://www.hesta.com.au/pds)

Furthermore, changes have been made to the Group Life policy to ensure that members continuously covered for lump sum TPD since before 1 July 2014 will be entitled to qualify for a benefit in circumstances under Specific loss, loss of independent existence, Cognitive loss or the Activities of Daily Work definitions in circumstances where they might not meet the Permanent Incapacity condition of release under the Superannuation Industry (Supervision) Act 1993. If an eligible member becomes entitled to a benefit that cannot be released under the Permanent Incapacity condition of release, it will be directed to their superannuation account until such time as the member is able to meet a condition of release. For more information on the definitions applicable for a lump sum TPD benefit you should refer to Insurance Options for additional detail.

For members whose TPD lump sum cover started after 1 July 2014, HESTA's Insurer will also be required to be satisfied that the member is permanently incapacitated to such an extent as to render him or her unlikely ever to engage in any gainful employment for which the member is reasonably qualified by education, training or experience.

### Insurance Fee

HESTA members are advised that the insurance fees disclosed in Insurance Options are inclusive of an administration fee in addition to the premiums charged by the Insurer. This administration fee is charged to cover the costs associated with administering insurance arrangements.

However, HESTA is able to claim a tax deduction for the cost of providing insurance, which we pass on to members, resulting in a lower net insurance fee.

If you require any further clarification about the information in this notice, please contact us on 1800 813 327.