

# Death and Incapacity cover brochure

For Contributors to the Contributory Scheme and Compulsory Preserved Account (CPA) holders.

Information in this brochure is current as at 1 July 2018.



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# Eligibility for cover

All contributors of the Contributory Scheme:

- ▶ Under the age of 65 automatically receive Death and Total and Permanent Incapacity cover as a limited benefits contributor without having to provide any health evidence.
- ▶ The insured amount of a Death and Total and Permanent Incapacity lump sum is based on the member's full-time equivalent prospective service in years and days. Prospective service is calculated from the date of the member's death or retirement on the grounds of Total and Permanent Incapacity to the date the member would have attained age 60, or 25 years whichever is the lesser.
- ▶ Under the age of 70 are automatically provided with Interim Invalidity (Income Protection) cover without having to provide health evidence.

You can increase your potential Death, Terminal Illness and Total and Permanent Incapacity benefit by becoming a full benefits contributor. See 'How to become a contributor for full benefits' section on page 2 for more details.

CPA holders are eligible for **Death benefits** (refer section below) and may also be eligible to access their super benefit early on compassionate grounds (refer to the Accessing your super early on compassionate grounds fact sheet for more information).

## When does my cover start?

Your Contributory Scheme Death and Incapacity cover starts from the date you joined the Contributory Scheme. While you remain a contributor to the Contributory Scheme you will be covered:

- ▶ seven days a week, 24 hours a day; and
- ▶ for any illness or injury, not just work-related injuries (including outside of Australia).

## When does my cover end?

Your Contributory Scheme Death and Incapacity cover ceases on the earliest of the following dates:

- ▶ in the case of Death, Terminal Illness and Total and Permanent Incapacity cover
  - the day you attain age 65 for anyone contributing prior to 1 April 1987; or
  - if you are a police officer and were contributing prior to 1 April 1987 the day you reach age 60; or
  - if you are female and were contributing as at 1 July 1982 the day you reach age 60; or
  - any contributors who commenced contributing on or after 1 April 1987, the day you reach 55.

- ▶ Your Death and Incapacity cover will also cease on the earliest of the following dates:
  - the date you cease to be a contributor to the Contributory Scheme; or
  - the date you reach your 70th birthday in the case of Interim Invalidity; or
  - the date you die.

## Warning

**You must remain a contributor and employed by your Tasmanian public sector employer to be eligible for payment of any incapacity benefits from the Contributory Scheme.**

If you cease your public sector employment before you make a claim for payment of incapacity benefits or before you know and have accepted the outcome of RBF's assessment of your claim for payment of incapacity benefits, you will not be entitled to any of the insured benefits described in this brochure.

## What am I covered for?

You are covered for the following while you are an employee of your Tasmanian public sector employer and a contributor to the Contributory Scheme:

- 1 Interim Invalidity (income protection cover);
- 2 Total and Permanent Incapacity;
- 3 Terminal Illness; and
- 4 Death.

CPA holders have Death cover only and do not have the other types of cover listed above.

## What is the difference between limited benefits cover and full benefits cover?

You are a limited benefits contributor if you:

- 1 have not successfully upgraded your medical status to full benefits by passing an RBF approved medical examination; or
- 2 have not completed 10 years of contributory service as a limited benefits contributor.

You are a full benefits contributor if you have successfully upgraded your medical status by passing an RBF approved medical examination or you have completed more than 10 years contributory service. Death and disability premiums are the same for both full and limited benefits contributors.

The insured amount of a limited benefits contributor's Death, Terminal Illness or Permanent Incapacity benefit **is less than** the insured amount payable to a **full benefits** contributor.

If you are a **limited benefits** contributor the insured amount of your Death, Terminal Illness and Total and Permanent Incapacity benefit is calculated by multiplying:

- a** your Final Average Salary (FAS(1)). FAS(1) is calculated over your last year of employment with your Tasmanian public sector employer;
- b** your full-time equivalent prospective service in years and days. Your prospective service is calculated from the date of your death or final date of service to the date you would have attained age 60; and
- c** the result from the multiplication of **a** and **b** above is then multiplied by the current Superannuation Guarantee rate which is currently 9.50% of salary.

$$\begin{aligned} &\text{Insured amount (limited benefits)} \\ &= \text{FAS(1) x prospective service x} \\ &\text{Superannuation Guarantee (9.50\%)} \end{aligned}$$

If you are a **full benefits** contributor the insured amount of your Death, Terminal Illness and Permanent Incapacity benefit is calculated by multiplying:

- a** your Final Average Salary (FAS(3)). FAS(3) is calculated over your last three years of employment with your Tasmanian public sector employer;
- b** your full-time equivalent prospective service in years and days. Your prospective service is calculated from the date of your death or final day of service to the date you would have attained age 60 or 25 years whichever is the lesser;
- c** the result from the multiplication of **a** and **b** above is then multiplied by 20%.

$$\begin{aligned} &\text{Insured amount (full benefits)} \\ &= \text{FAS(3) x prospective service x 20\%} \end{aligned}$$

The Interim Invalidity Pension is the same for both full and limited benefits contributors and equals 75% of the salary you have received (or would have received if you had continued to work in your normal capacity) over the 12 month period immediately prior to receiving this benefit.

Please contact the RBF Enquiry Line on **1800 622 631** to find out if you are a full benefits or limited benefits contributor.

## How to become a contributor for full benefits?

You are eligible to be a contributor for full benefits if you:

- ▶ successfully pass an RBF approved medical examination at any time during the first 10 years of your Contributory Scheme membership (this is arranged at your own expense); or
- ▶ have completed 10 years continuous contributory service excluding any periods of purchased non-contributory service and periods of leave without pay.

# Interim Invalidity Pension

As a contributor, you may be entitled to the payment of an Interim Invalidity Pension, if you are suffering from a sickness or injury where, on the basis of medical evidence, RBF is reasonably satisfied that:

- a** you have been absent from work because of ill health;
- b** you are unfit to perform the duties of your usual position;
- c** you are likely to recover sufficiently to enable you to perform the duties of your usual position, or the duties of some other position or office for which you are reasonably qualified by reason of your education, training or experience; and
- d** you should not be retired on the grounds of Total and Permanent Incapacity, or where applicable Partial and Permanent Incapacity.

## Who is eligible to apply for an interim invalidity pension?

All contributors to the Contributory Scheme are eligible to apply for an Interim Invalidity Pension. CPA holders are not covered for Interim Invalidity.

## When your Interim Invalidity Pension is paid?

Your Interim Invalidity Pension is up to 75% of the salary paid to you over the last year of your employment or your annual equivalent salary as advised by your employer in certain circumstances. Your Interim Invalidity Pension is paid on a fortnightly basis.

Payment of your Interim Invalidity Pension is subject to you completing a minimum benefit waiting period of 30 calendar days' sick leave without pay.

Your Interim Invalidity Pension is payable for a maximum period of two years and is subject to regular financial income and medical reviews.

## Contributions while receiving an Interim Invalidity Pension

While receiving an Interim Invalidity Pension you must continue to make compulsory member contributions to the Contributory Scheme based on the salary you would be receiving if you were at work. These contributions must be personal (after tax) contributions; salary sacrifice (pre-tax) contributions cannot be made whilst receiving the Interim Invalidity Pension.

# Total and Permanent Incapacity

Total and Permanent Incapacity means that RBF is reasonably satisfied that, as a result of your incapacity, you are unlikely to ever again engage in gainful employment for which you are reasonably qualified by education, training or experience.

When considering your application RBF will have regard to the most recent medical reports provided by your treating medical practitioner and/or specialist (Part 2 of your 'Contributory Scheme – Application for ill health benefit' form) and the most recent medical report prepared by a medical practitioner approved by RBF (if applicable).

## Who is eligible to apply?

All contributors to the Contributory Scheme who are covered are eligible to apply for a Total and Permanent Incapacity benefit. See page 1 for information on when your cover ceases.

## How is the Total and Permanent Incapacity benefit paid?

**You must remain employed to make a claim for an incapacity benefit and stay employed until you have accepted the Superannuation Commission's decision in respect of your claim.** To receive payment of a Total and Permanent Incapacity benefit you must cease employment on the grounds of Total and Permanent Incapacity within six months of the Commission's decision.

If your Total and Permanent Incapacity lump sum entitlement is greater than \$50,000:

- 1 you may take up to \$50,000 (before tax) of your Contributory Scheme entitlement as a lump sum;
- 2 you must take the remainder of your Contributory Scheme entitlement as a Contributory Scheme Life Pension.

You may, subject to RBF approval, apply in writing for the release of an additional lump sum up-to a maximum of \$30,000 (before tax). If an additional lump sum is released, your gross annual Contributory Scheme Life Pension entitlement will be reduced.

You may be entitled to taxation concessions on any Contributory Scheme benefit if two legally qualified medical practitioners have certified that, because of the ill health, it is unlikely that you can ever be gainfully employed in a position for which you are reasonably qualified by education, experience or training.

# Partial and Permanent Incapacity

Partial and Permanent Incapacity means that:

- ▶ you have been absent from work because of ill health;
- ▶ RBF is reasonably satisfied on the basis of medical and other evidence, that you are currently unable to work in any position for which you are suited by training, experience or aptitude; and
- ▶ RBF is not satisfied that you will remain unfit to work in a position for which you are suited by training, experience or aptitude until age 65.

When considering your application RBF will have regard to the most recent medical reports provided by your treating medical practitioner (Part 2 of your 'Contributory Scheme – Application for ill health benefit' form) and medical report prepared by a medical practitioner approved by RBF (if applicable) (Part 4 of your 'Contributory Scheme – Application for an ill health benefit' form).

## Who is eligible to apply?

You are eligible to be considered for a Partial and Permanent Incapacity benefit if you were a Contributory Scheme member prior to 1 July 1994 and have continuous membership of the Contributory Scheme from that time.

## How is the Partial and Permanent Incapacity benefit paid?

**You must remain employed to make a claim for an incapacity benefit and remain employed until you have accepted the Commission's decision in respect of your claim.** To receive payment of a Partial and Permanent Incapacity benefit you must cease employment on the grounds of Partial and Permanent Incapacity within six months of the Commission's decision.

If you are a contributor for limited benefits, your Partial and Permanent Incapacity benefit is payable only as a lump sum.

If you are a contributor for full benefits, a Partial and Permanent Incapacity benefit is payable as:

- ▶ a Schedule 1 Contributory Scheme Life Pension; plus
- ▶ an additional lump sum.

The additional lump sum represents the account balance of your former Superannuation Accumulation Fund (SAF) as at 30 June 1994. This lump sum must be preserved until you reach preservation age and retire from the workforce.

The table below shows your preservation age under Commonwealth legislation.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 30 June 1964	60

## Schedule 1 Contributory Scheme Life Pension

If you are a pre 1 July 1994 Contributory Scheme member you may elect to have your Total and Permanent Incapacity pension calculated in accordance with clause 7 of Schedule 1 of the Public Sector Superannuation Reform Regulations 2017. This is a pension only benefit. That is you must elect to take all of the Contributory Scheme entitlement as a Contributory Scheme Life Pension.

In addition to the Schedule 1 Contributory Scheme Life Pension, you will also qualify for the payment of an additional lump sum which is represented by the accrued value of your Superannuation Accumulation Fund (SAF) account balance in the former Superannuation Accumulation Fund (SAF) as at 30 June 1994. The additional lump sum does not need to be converted to a Contributory Scheme Life Pension.

If you take this option you will have a once off opportunity to convert all or part of your pension to a lump sum within six months of turning 60, 63 or 65. Please contact the RBF Enquiry Line on **1800 622 631** for further details.

## Terminal illness

All contributors to the Contributory Scheme are eligible to apply for the payment of a Terminal Illness benefit if:

- a** two registered medical practitioners have certified that you suffer from an illness, or injury that is likely to result in your death within a period (the certification period) that ends not more than 12 months after the date of the certification;
- b** at least one of the registered medical practitioners is a specialist practising in an area related to the illness or injury from which you suffer;
- c** for each of the certificates, the certification period has not ended; and
- d** RBF is satisfied on the basis of the medical or other evidence, and despite reasonable medical treatment, the Terminal Illness is likely to lead to your death within 12 months of the date of the certification.

Where RBF determines that you are suffering from a Terminal Illness and you subsequently retire you may choose to:

- 1** take all or part of your lump sum entitlement as a cash lump sum. Lump sum payments are tax free;
- 2** convert all or part of your lump sum entitlement to a Contributory Scheme Life Pension;
- 3** rollover all or part of your lump sum entitlement; or
- 4** do any combination of the above.

## Applying for an incapacity benefit

If you suffer from ill health that prevents you from working in your usual capacity you can lodge an application for an ill health benefit with RBF whilst you are a contributor to the Contributory Scheme and an employee of your Tasmanian public sector employer. RBF will assess your application to determine your eligibility.

You need to complete the 'Contributory Scheme – Application for ill health benefit' form:

- ▶ **Part 1** – You must complete this part;
- ▶ **Part 2** – The medical report and certificate is to be completed by your treating medical practitioner (this is arranged at your own expense); and
- ▶ **Part 3** – This report must be completed by your employer.

You and your employer must then forward the completed forms and supporting documents to RBF.

### What happens next?

When RBF receives your completed application form (Parts 1-3), your application will be assessed and you will be informed of its status.

You will need to be examined by a medical practitioner. This examination is at your expense and you can see your choice of medical practitioner. RBF does not pay for the medical examination. The medical practitioner will complete Part 2 of the application form.

RBF may contact you and ask you to provide further medical evidence if required. You may be requested to attend a medical with an RBF approved specialist. This specialist will complete Part 4 of the application form. If this is required, this will be paid for by RBF.

RBF will form a decision based on the medical evidence and other information provided.

**If RBF approves your application** you will receive one of the following:

- ▶ a Permanent Incapacity benefit; or
- ▶ a Partial and Permanent Incapacity benefit; or
- ▶ a Terminal Illness benefit; or
- ▶ an Interim Invalidity Pension.

## If you are unhappy with the Preliminary Decision

you must contact RBF within 21 days.

RBF will explain how the review process works. If you wish to initiate a review of the Preliminary Decision your matter will be transferred to RBF's review section to manage your claim.

### Important facts

- ▶ Ill health applications remain valid for six months from the date of the medical practitioner's report. If you seek a review of the Preliminary Decision and the review has not been completed within this six month period you may need to provide another medical report or recommence the application process.
- ▶ You must not cease employment with your Tasmanian public sector employer until you know and have accepted the outcome of your application for the payment of Contributory Scheme incapacity benefits.
- ▶ To receive payment of a Total and Permanent Incapacity benefit or a Partial and Permanent Incapacity benefit you must cease employment on the grounds of incapacity within six months of RBF's decision that you are suffering from a Total and Permanent Incapacity or Partial and Permanent Incapacity.
- ▶ If you have not retired on the grounds of incapacity within the six month timeframe and still wish to receive an incapacity benefit you will need to recommence the ill health application process.
- ▶ While RBF endeavours to complete the assessment process as quickly as possible; there are factors outside RBF's control that can extend the timeframes taken to complete assessment of your application.
- ▶ While receiving an Interim Invalidity Pension you must remain an employee. Payment of your Interim Invalidity Pension will stop if your employment with the public sector is terminated for any reason.
- ▶ While receiving an Interim Invalidity Pension you must continue to make compulsory member contributions to the Contributory Scheme based on the salary you would be receiving if you were at work.

You are encouraged to contact the RBF Enquiry Line on **1800 622 631** if you are considering applying for an incapacity benefit.

## Workers' compensation – impact on benefits

Whilst you are still employed and receiving workers' compensation payments, you have RBF Death and Incapacity cover.

Workers' compensation payments are independent of any payments from RBF.

If you terminate your employment as a result of a workers' compensation settlement, your Interim Invalidity Pension payment will stop. You will be ineligible to:

- ▶ apply for an incapacity benefit; and
- ▶ receive payment of an incapacity benefit arising from an unresolved application made prior to the termination of your employment.

If you retire on the grounds of Total and Permanent Incapacity or Partial and Permanent Incapacity you may continue to receive workers' compensation payments in addition to your Contributory Scheme Life Pension.

## Reviews

Members who receive Interim Invalidity Pensions are required to undertake regular reviews. This enables RBF to ensure that you are receiving the relevant benefits and entitlements.

The review can take the form of:

- ▶ medical reviews; and
- ▶ financial income reviews.

The Commission may change or suspend your benefit as a result of the review due to the following possible reasons:

- ▶ employment status;
- ▶ income generating capacity; or
- ▶ workers compensation.

### Medical reviews for Interim Invalidity Pensions

RBF medical reviews are only required for Interim Invalidity pensions and are undertaken to determine if you have, or you can, return to work. RBF will request you to be examined by your treating specialist or medical practitioner. This examination is at your expense. A completed medical report must be provided by a specific date as instructed by RBF.

On receipt of the completed report RBF will make an assessment to determine if your benefit should be adjusted or suspended. In some cases you will be required to attend another medical appointment with an RBF approved specialist.

### Important information:

- ▶ the period of any suspension may count towards the two year benefit payment period.
- ▶ the benefit will cease if it is determined that you have or can return to work in a position for which you are qualified by education, training or experience.
- ▶ the benefit will be reduced if it is determined that you have, or you can, commence a return to work program.

If the benefit has expired due to reaching the maximum benefit payment period, the pension will cease, unless

- ▶ RBF grants a total and permanent incapacity benefit; or
- ▶ RBF grants a partial and permanent incapacity benefit.

If you do not return to duty once the interim invalidity pension has ceased, then your membership of the Contributory Scheme will cease. If you subsequently recommence duty in your previous position or any other position within any Agency, your Contributory Scheme membership will be reinstated.

## Financial income reviews for Interim Invalidity Pensions

Monthly financial income reviews are required for members receiving an Interim Invalidity Pension.

You are required to advise the Commission of any income received as a result of:

- ▶ receiving worker's compensation payments; and/or
- ▶ undertaking paid employment.

Receipt of income in addition to the Interim Invalidity Pension will result in the pension payment being reduced.

For further information please contact the RBF Enquiry Line on **1800 622 631** to obtain details of the current earnings thresholds.

# Death benefit

## Who receives my Death benefit?

If you die and you have not made an election for your benefit to be paid to your estate, your Death benefit will be paid to:

- a** your surviving partner<sup>1</sup>; or
- b** if there is no surviving partner, the person who is your registered carer<sup>2</sup>; or
- c** if there is no person referred to in **a** or **b** above, to your estate.

<sup>1</sup> Surviving partner is a person who RBF is satisfied that at the time of your death was either married to or in a significant relationship with you (see the section below), and:

- a** was living with you on a genuine domestic basis and was receiving significant financial support from you; or
- b** was living with you on a genuine domestic basis; or
- c** was not living with you on a genuine domestic basis but was receiving significant financial support from you.

Your surviving partner includes a person of the same or the opposite sex with whom you have a significant relationship as a couple (within the meaning of the *Relationships Act 2003*) and you are not married to one another or related by family.

<sup>2</sup> Registered carer is a person with whom the member was in a caring relationship which was subject to a Deed of Relationship registered under Part 2 of the *Relationships Act 2003*.

## How is the Death benefit paid?

If you die whilst a contributor to the Contributory Scheme, subject to any Death benefit nomination that you may make, your surviving partner may elect to:

- a** convert all or part of your Death benefit to a Contributory Scheme Life Pension;
- b** cash all or part of your Death benefit; or
- c** choose a combination of the above.

If you are a former contributor to the Contributory Scheme, subject to any Death benefit nomination that you may make, your surviving partner may elect to:

- a** use all or part of your accrued Contributory Scheme CPA benefit to purchase an RBF Life Pension;
- b** cash all or part of your accrued benefits; or
- c** do any combination of the above.

Payments to your estate and registered carer can only be received as lump sum benefits.

You should note a Death benefit paid to your estate is taxed differently to a Death benefit paid to your surviving partner. You may wish to seek advice from your lawyer or a financial adviser before making an election.

## Can I nominate my beneficiary?

Although RBF cannot pay your Death benefit to a nominated beneficiary, you can ensure that your benefit is paid to the person you choose by preparing a Will and providing RBF with a valid election to have all or part of your benefit paid to your estate.

Your benefit will then be distributed in accordance with your Will.

If you make an election, but do not have a Will, the benefit will be paid in accordance with the law. If you want to have all or part of your benefit paid to your estate, please complete the 'Making a Death benefit election' form and return it to RBF.

The election remains valid until such time as it is revoked or varied. You can vary your election to have your Death benefit paid to your estate at any time by completing the same form and returning it to RBF.

If you elect to only have part of your Death benefit paid to your estate the balance will be paid to your surviving partner (as determined by the Commission) or registered carer, if you have one.

## Applying for a Death benefit

If a contributor to the Contributory Scheme or a CPA holder dies, the surviving partner, registered carer or Legal Personal Representative<sup>3</sup> should contact the RBF Enquiry Line on **1800 622 631**.

<sup>3</sup> A Legal Personal Representative is the executor of a Will or administrator of the estate of a deceased person.

## Are your details up-to-date?

It's important we can contact you at any time about your benefit. Ensure your details are up-to-date. Log in to Member Access at **www.rbf.com.au** or call the RBF Enquiry Line.



The information in this brochure is of a general nature only. It does not take into account your personal objectives, financial situation or needs. Accordingly, before acting on the contents of this brochure, you should consider whether it is appropriate to you, having regard to your objectives, financial situation and needs. You should consider speaking with a financial adviser before making any decisions about this product.

At RBF, we strive to provide accurate and up-to-date information to our members. However, things may have changed since the date of publication of this brochure. Information contained in this brochure that is not materially adverse may be updated at any time without prior notification to you. Updated information can be downloaded from our website at **www.rbf.com.au**. A hard copy will also be posted free of charge by calling the RBF Enquiry Line on **1800 622 631**.

The privacy of your personal information is important to RBF. RBF will hold your personal information securely and use it only for the purposes described in the RBF 'Privacy Policy Statement' available at **www.rbf.com.au**. Your personal information including (sensitive health information) may be transferred between RBF and RBF's administrator Australian Administration Services Pty Ltd (ABN 62 003 429 114).

## Need help?

RBF offers a range of services such as personal interviews, seminars and workplace visits to assist you in making informed choices with regard to your super.

An appointment with an RBF Superannuation Consultant can be arranged by phoning the RBF Enquiry Line on **1800 622 631**. We can provide you with information regarding your benefits and options.

You can also explore your benefit options by reading RBF's brochures and fact sheets available on our website at **www.rbf.com.au**, or by contacting the RBF Enquiry Line on **1800 622 631**. Our friendly staff are also available to answer any enquiries you may have regarding your Contributory Scheme benefit.

Your Member Benefit Statement provides an estimate of the amount of your potential incapacity benefit or Death benefit calculated at 30 June each year. Your Member Benefit Statement is sent to you yearly and is available on Member Access at **www.rbf.com.au**.

If you would like further details about your benefit and options, please contact the RBF Enquiry Line on **1800 622 631**.

## Contacting RBF

Contact RBF if you would like additional information or assistance.

RBF Enquiry Line: 1800 622 631 or  
+61 2 8571 6868  
(international)

Visit: [www.rbf.com.au](http://www.rbf.com.au)

Write: RBF, Reply Paid 89418,  
PARRAMATTA NSW 2124

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