PRODUCT INFORMATION UPDATE

OneCare

13 April 2019

KEEPING YOU UP-TO-DATE WITH THE LATEST CHANGES TO ONECARE'S INCOME SECURE SUPERLINK

We're making some changes to the policy wording for OneCare. This Product Information Update (Update) shows you what's changing and what Covers these changes apply to. We recommend you read this Update together with the original policy wording and keep a copy for future reference.

The changes to the policy wording for Income Secure SuperLink include:

1. Clarification of the way we split benefits across linked super and non-super policies
2. Clarification of the way we determine benefits under the Accident Options
3. Availability of the Rehabilitation and Retraining Expenses Benefit.

Why are some words in bold?

The words and expressions in bold throughout this Update have special meanings, which are defined in the Product Disclosure Statement and Policy Terms. Please refer to those documents for details.

Is the cost of my Cover changing?

No. These changes do not result in any changes to premium rates for your Income Secure Cover.

What do I need to do?

The changes explained in this Update are designed to better align the terms of the super policy with the requirements of superannuation law.

Where you are the trustee of a self-managed super fund who holds Income Secure SuperLink, you may confirm your acceptance of the change to the policy terms at the time you make a claim. We recommend you seek advice before making a decision about the changes.

Where you are the owner of the non-super policy, you may confirm your acceptance of the change to the policy terms at the time you make a claim.

What if I have questions?

If you have any questions about the changes outlined in this Update, or you need more information about your policy, please contact your financial adviser or call Customer Services on 133 667.

OnePath

1. CLARIFICATION OF THE WAY WE SPLIT BENEFITS ACROSS LINKED SUPER AND NON-SUPER POLICIES

The current policy wording for Income Secure SuperLink limits the benefit payable under the super policy to no more than the life insured's **pre-claim earnings**. This is intended to ensure that the full amount of the benefit paid under the super policy can be released to you under superannuation law. Where you are entitled to a benefit in excess of the life insured's **pre-claim earnings**, Income Secure SuperLink provides for any additional amount to be paid under the non-super policy.

The change we have made is to clarify where you are eligible for a Total Disability Benefit despite the life insured being able to return to work in a part-time capacity and earning an income, we may adjust the benefit paid under the super policy so that the benefit combined with their **monthly earnings** does not exceed their **pre-claim earnings**.

Any reduction in benefits we pay under the super policy will correspond with an increase in the benefits paid under the non-super policy.

Example 1

Susan has Income Secure SuperLink and so holds two linked policies – the first held in super, the second held outside super. Susan is insured for $6,000 per month.

Susan has been temporarily disabled due to a serious accident, and for a period of time is unable to work at all. As Susan has chosen a *guaranteed benefit payment type*, she is eligible for the full monthly benefit of $6,000. However, Susan's **pre-claim earnings** are only $4,000 per month and so the benefit we can pay under the super policy is limited to this amount. We pay the additional amount of $2,000 per month under the non-super policy.

After several months of complete absence from work, Susan is recovering from her injuries and is able to make a part-time return to her business, working 8 hours per week. Once back at work, Susan's **monthly earnings** is $1,000 per month. We still consider Susan to be **totally disabled** given the number of hours she is working, and so she continues to be eligible for the Total Disability Benefit of $6,000 per month.

However, so that the total of the benefit we pay under the super policy and her return-to-work earnings does not exceed her **pre-claim earnings** of $4,000 per month, we reduced the benefit we pay Susan under the super policy to $3,000 per month (the $1,000 return-to-work **monthly earnings** offsets the **pre-claims earnings** amount of $4,000). The benefit we pay under the non-super policy is increased accordingly to $3,000 per month, so that there is no overall change in the amount being paid across both policies of $6,000 per month.

Example 2

Brian also holds Income Secure SuperLink, and is insured for $6,000 per month. Brian has chosen the *indemnity benefit payment type*.

Brian's **pre-claim earnings** are $6,000 per month and we pay a monthly benefit of 75% of this amount, or $4,500, which can be paid in full under the super policy.

After several months of complete absence from work, Brian is able to make a part-time return, working 8 hours per week. Once back at work, Brian's **monthly earnings** is $2,000 per month. We still consider Brian to be **totally disabled** given the number of hours he is working, and so he continues to be eligible for the Total Disability Benefit of $4,500 per month.

However, so that the total of the benefit we pay under the super policy and his return-to-work earnings does not exceed his **pre-claim earnings** of $6,000 per month, we reduced the benefit we pay Brian under the super policy to $4,000 per month (the $2,000 return-to-work **monthly earnings** offsets the **pre-claims earnings** amount of $6,000). We pay $500 per month under the non-super policy, so that there is no overall change in the amount being paid across both policies of $4,500 per month.

Tax treatment of super and non-super benefits

Benefits paid under a super policy may be subject to PAYG withholding tax.

Benefits paid under a non-super policy within OneCare will generally not be subject to PAYG withholding tax, however recipients will be required to determine if those benefit amounts should be included as income in the recipient's tax return.

Updated policy wording

How benefits are calculated – Guaranteed benefit payment type

We have updated the section of your policy titled '**Guaranteed benefit payment type under SuperLink**' under '**Key benefit – Total Disability Benefit**' to set out how we calculate the benefits payable under the linked super and non-super policies. Your Policy Schedule will indicate whether the guaranteed benefit payment type applies to your Income Secure Cover.

Replace this existing policy wording:	With this new wording:

Guaranteed benefit payment type under SuperLink

This section explains how we calculate the **monthly amount insured payable** under each Income Secure SuperLink policy where you have chosen the guaranteed benefit payment type.

If you are entitled to payment of a **Total Disability Benefit** under the SuperLink (Non Super) policy only, we calculate the **monthly amount insured payable** in the same way as described in the adjacent column.

If you are entitled to payment of a **Total Disability Benefit** under both the SuperLink (Super) policy and the SuperLink (Non Super) policy, we will calculate the **monthly amount insured payable** under each policy as follows:

If we have verified the life insured's **pre-application income**:

1. Under the Income Secure SuperLink (Super) policy, we will pay the **monthly amount insured** up to the amount of the life insured's **pre-claim earnings**, reduced by any 'other payments' we take into account under the SuperLink (Super) policy. Please see the section 'Amount we pay reduced by other payment' for more details.
2. Under the Income Secure SuperLink (Non Super) policy, we will pay:
   a. the amount by which the **monthly amount insured** exceeds the life insured's **pre-claim earnings** used to calculate the amount payable under the Income Secure SuperLink (Super) policy

   plus

   b. any 'other payments' received while on claim that we take into account under the SuperLink (Super) policy that we do not under the SuperLink (Non Super) policy.

If we have been unable to verify the life insured's **pre-application income**:

1. Under the Income Secure SuperLink (Super) policy, we will pay the lower of the following amounts which will then be further reduced by the amount of any 'other payments' we take into account under the SuperLink (Super) policy:
   a. the **monthly amount insured**
   b. the life insured's **pre-claim earnings**
   c. 75%* of the life insured's **average monthly pre-application** income

Guaranteed benefit payment type under SuperLink

This section explains how we calculate the **monthly amount insured payable** under each Income Secure SuperLink policy where you have chosen the guaranteed benefit payment type.

If you are entitled to payment of a **Total Disability Benefit** under the SuperLink (Non Super) policy only, we calculate the **monthly amount insured payable** in the same way as described in the section 'Guaranteed benefit payment type'.

If you are entitled to payment of a **Total Disability Benefit** under both the SuperLink (Super) policy and the SuperLink (Non Super) policy, we will calculate the **monthly amount insured payable** under each policy as follows:

If we have verified the life insured's **pre-application income**:

1. Under the Income Secure SuperLink (Super) policy, we will calculate the **monthly amount insured** up to the amount of the life insured's **pre-claim earnings**, reduced by any 'other payments' as explained in the section 'Amount we pay reduced by other payments'.

   We use this amount except where this amount plus:

   - the life insured's **monthly earnings** while considered **totally disabled**, and
   - any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave,

   exceeds the life insured's **pre-claim earnings**. If it does, we will use an amount equal to:

   - the life insured's **pre-claim earnings**,

   less

   - the life insured's **monthly earnings** while considered **totally disabled**, and
   - any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave.

2. Under the Income Secure SuperLink (Non Super) policy, we calculate an amount equal to the **monthly amount insured** shown in the Policy Schedule reduced by:
   - any 'other payments' as explained in the section 'Amount we pay reduced by other payments', and
   - the amount for the Income Secure SuperLink (Super) policy calculated under Step 1 above.

If we have been unable to verify the life insured's **pre-application income**:

1. Under the Income Secure SuperLink (Super) policy, we will calculate the lesser of:
   - the **monthly amount insured** shown in the Policy Schedule,
   - the life insured's **pre-claim earnings**, and
   - 75% of the life insured's **pre-application income**, or 80% if the Priority Income Option is selected,

   reduced by any 'other payments' as explained in the section 'Amount we pay reduced by other payments'.

Please note that policy wording continues on the next page

Replace this existing policy wording:	With this new wording:
2. Under the Income Secure SuperLink (Non Super) policy, we will pay: a. the amount by which the lower of the following two amounts exceeds the life insured's **pre-claim earnings** (being the 'pre-claim earnings' used to calculate the amount payable under the SuperLink (Super) policy): i. the **monthly amount insured** ii. 75%* of the life insured's average monthly **pre-application income**, plus b. any 'other payments' received while **on claim** that we take into account under the SuperLink (Super) policy that we do not under the SuperLink (Non Super) policy. * 80% if the Priority Income Option is selected. At claim time we must receive satisfactory financial evidence of the life insured's pre-claim earnings.	We use this amount except where this amount plus: • the life insured's **monthly earnings** while considered **totally disabled**, and • any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave, exceeds the life insured's **pre-claim earnings**. If it does, we will use an amount equal to: • the life insured's **pre-claim earnings**, less • the life insured's **monthly earnings** while considered **totally disabled**, and • any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave. 2. Under the Income Secure SuperLink (Non Super) policy, we calculate the lesser of: • the **monthly amount insured** shown in the Policy Schedule, and • 75% of the life insured's **pre-application income**, or 80% if the Priority Income Option is selected, reduced by: • any 'other payments' as explained in the section 'Amount we pay reduced by other payments', and • the amount for the Income Secure SuperLink (Super) policy calculated under Step 1 above. At claim time we must receive satisfactory financial evidence of the life insured's **pre-claim earnings**.

How benefits are calculated – Indemnity benefit payment type

We have added a new sub-section to your policy titled '**Indemnity benefit payment type under SuperLink**' under '**Key benefit – Total Disability Benefit**'. This new section sets out how we calculate the benefits payable under the linked super and non-super policies. Your Policy Schedule will indicate whether the indemnity benefit payment type applies to your Income Secure Cover.

Add this new wording:

Indemnity benefit payment type under SuperLink

SL Non Super SL Super

This section explains how we calculate the **monthly amount insured payable** under each Income Secure SuperLink policy where you have chosen the indemnity benefit payment type.

If you are entitled to payment of a **Total Disability Benefit** under the SuperLink (Non Super) policy only, we calculate the **monthly amount insured payable** in the same way as described in the section 'Indemnity benefit payment type'.

If you are entitled to payment of a **Total Disability Benefit** under both the SuperLink (Super) policy and the SuperLink (Non Super) policy, we will calculate the **monthly amount insured payable** under each policy as follows:

1. Under the Income Secure SuperLink (Super) policy, we will calculate the lesser of:
   - the **monthly amount insured** shown in the Policy Schedule, and
   - 75% of the life-insured's **pre-claim earnings**, or 80% if the Priority Income Option is selected,

   reduced by any 'other payments' as explained in the section 'Amount we pay reduced by other payments'.

Please note that policy wording continues on the next page

Add this new wording:

We use this amount except where this amount plus:

- the life insured's **monthly earnings** while considered **totally disabled**, and
- any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave,

exceeds the life insured's **pre-claim earnings**. If it does, we will use an amount equal to:

- the life insured's **pre-claim earnings**,

less

- the life insured's **monthly earnings** while considered **totally disabled**, and
- any **paid leave** from an employer, including sick leave, maternity/paternity leave, annual leave or long service leave.

2. Under the Income Secure SuperLink (Non Super) policy, we calculate an amount equal to the lesser of:
   - the **monthly amount insured** shown in the Policy Schedule, and
   - 75% of the life-insured's **pre-claim earnings**, or 80% if the Priority Income Option is selected,

   reduced by:
   - any 'other payments' as explained in the section 'Amount we pay reduced by other payments', and
   - the amount for the Income Secure SuperLink (Super) policy calculated under Step 1 above.

How non-super benefits are calculated

We have updated the section of your policy titled '**The amount we pay**' under '**Key benefit – Total Disability Benefit**' to clarify that the Total Disability Benefit payable under the non-super policy is the difference between:

- the amount that would otherwise have been payable under the non-super policy alone, and
- the amount payable under the super policy.

Replace this existing policy wording:	With this new wording:
If you have Income Secure SuperLink, we do not pay the full **monthly amount insured payable** under both **linked policies**. If you are entitled to a **Total Disability Benefit** under both **linked policies** in respect of the same **illness** or **injury**, we will determine the **monthly amount insured payable** under the Income Secure SuperLink (Super) policy first, in accordance with the following sections of this PDS. We will then deduct this amount from the amount of the **Total Disability Benefit** payable under the Income Secure SuperLink (Non Super) policy.	If you have Income Secure SuperLink, we do not pay the full **monthly amount insured payable** under both **linked policies**. If you are entitled to a **Total Disability Benefit** under both **linked policies** in respect of the same **illness** or **injury**, we will determine the **monthly amount insured payable** under the Income Secure SuperLink (Super) policy first, in accordance with the following sections of this PDS. We will then deduct this amount from the amount of the **Total Disability Benefit** that would otherwise be payable under the Income Secure SuperLink (Non Super) policy.

How we treat other income earned while you are totally disabled

We have updated the section of your policy titled '**Amount we pay reduced by other payments**' under '**Key benefit – Total Disability Benefit**'' to clarify that any **monthly earnings** the life insured receive while they are considered **totally disabled** are taken into account when calculating the benefit under the super policy, but are not taken into account under the non-super policy.

Replace this existing policy wording:	With this new wording:
However, if you have Standard, Income Secure SuperLink, Comprehensive or Professional Cover, we will not reduce the **Total Disability Benefit** by: • **monthly earnings** due to the life insured working 10 hours* or less per week, or • any **monthly earnings** which are less than 20% of the life insured's **pre-claim earnings** as described within the **totally disabled** definition. * We will replace '10 hours' with 'five hours' if the life insured was working less than 30 hours per week immediately before the **illness** or **injury** and also when Income Secure Cover was applied for.	However, if you have Standard, Income Secure SuperLink (Non Super), Comprehensive or Professional Cover, we will not reduce the **Total Disability Benefit** by: • **monthly earnings** due to the life insured working 10 hours* or less per week, or • any **monthly earnings** which are less than 20% of the life insured's **pre-claim earnings** as described within the **totally disabled** definition. If you have Income Secure SuperLink, we may reduce the **Total Disability Benefit** to take account of the life insured's **monthly earnings** while **totally disabled** but will only do so under the SuperLink (Super) policy. We do not reduce the **Total Disability Benefit** under the SuperLink (Non Super) policy to take account of the life insured's **monthly earnings** while **totally disabled**. * We will replace '10 hours' with 'five hours' if the life insured was working less than 30 hours per week immediately before the **illness** or **injury** and also when Income Secure Cover was applied for.

Partial disability payments

We have updated the section of your policy titled '**The amount we pay**' under '**Key benefit – Partial Disability Benefit**' to clarify that the Partial Disability Benefit payable under the non-super policy is the difference between:

- the amount that would otherwise have been payable under the non-super policy alone, and
- the amount payable under the super policy.

Replace this existing policy wording:	With this new wording:
However, if you have Income Secure SuperLink, we do not pay the full **Partial Disability Benefit** under both **linked policies**. If you are entitled to a **Partial Disability Benefit** under both **linked policies** in respect of the same **illness** or **injury**, we will determine the **Partial Disability Benefit** under the Income Secure SuperLink (Super) policy first, in accordance with the following sections of this PDS. We will then deduct this amount from the amount of the **Partial Disability Benefit** payable under the Income Secure SuperLink (Non Super) policy.	However, if you have Income Secure SuperLink, we do not pay the full **Partial Disability Benefit** under both **linked policies**. If you are entitled to a **Partial Disability Benefit** under both **linked policies** in respect of the same **illness** or **injury**, we will determine the **Partial Disability Benefit** under the Income Secure SuperLink (Super) policy first, in accordance with the following sections of this PDS. We will then deduct this amount from the amount of the **Partial Disability Benefit** that would otherwise be payable under the Income Secure SuperLink (Non Super) policy.

2. CLARIFICATION OF THE WAY WE DETERMINE BENEFITS UNDER THE ACCIDENT OPTIONS

The Accident Option and the Premier Accident Option (together, the 'Accident Options') are available with Income Secure SuperLink. Each of the Accident Options provide for the payment of a benefit (equivalent to the Total Disability Benefit) during the waiting period, where **total disability** is due to an **injury**. Your Policy Schedule will indicate whether either of the Accident Options applies to your policy.

Updated policy wording

We have made two changes in relation to the Accident Options.

The first change, we have updated the section of your policy titled '**We determine if you are disabled under the Income Secure SuperLink (Super) policy first**' under `**Income Secure SuperLink Cover**' to clarify the rules that apply to Total and Partial Disability Benefits, also apply to benefits paid under the Accident Options.

Replace this existing policy wording:	With this new wording:
The circumstances of your claim will determine which benefits we pay and to whom. We will first assess a claim for **Total** or **Partial Disability Benefit** against the Income Secure SuperLink (Super) policy. Any amount payable will be paid to the trustee of your super fund. We will then assess whether a **Total** or **Partial Disability Benefit** is payable under the Income Secure SuperLink (Non Super) policy, and if so the amount payable, taking into account the amount payable under the linked super policy.	The circumstances of your claim will determine which benefits we pay and to whom. We will first assess a claim for a **Total** or **Partial Disability Benefit**, or a benefit under the Accident Option or the Premier Accident Option (if applicable), against the Income Secure SuperLink (Super) policy. Any amount payable will be paid to the trustee of your super fund. We will then assess whether a **Total** or **Partial Disability Benefit**, or a benefit under the Accident Option or the Premier Accident Option (if applicable), is payable under the Income Secure SuperLink (Non Super) policy, and if so the amount payable, taking into account the amount payable under the linked super policy.

The second change is to make it clearer that, when SuperLink applies, any benefits payable under either of the Accident Options can be split across the two linked policies when required.

- We have updated the section of your policy titled '**Accident Option**' under '**Extra cost options**' as set out below.

Replace this existing policy wording:	With this new wording:
If you have selected Basic SuperLink or Income Secure SuperLink, we will first assess entitlement under your policy held through super (Basic or Income Secure SuperLink (Super)) and only if the requirements are not met will we then assess you under the **linked policy** held outside super (Basic SuperLink or Income Secure SuperLink (Non Super). We do not pay this benefit under both **linked policies** at the same time in respect of the same **injury**.	If you have selected Basic SuperLink, we will first assess entitlement under your policy held through super and only if the requirements are not met will we then assess you under the **linked policy** held outside super (Basic SuperLink). We do not pay this benefit under both **linked policies** at the same time in respect of the same **injury**. If you have Income Secure SuperLink, we do not pay the full **monthly amount insured payable** under both **linked policies**. If you are entitled to a benefit under the Accident Option under both linked policies in respect of the same **illness** or **injury**, we will determine the **monthly amount insured payable** under the Income Secure SuperLink (Super) policy first, in accordance with this section of this PDS. We will then deduct this amount from the benefit that would otherwise be payable under the Income Secure SuperLink (Non Super) policy.

- We have also updated the section of your policy titled '**Premier Accident Option**' under '**Extra cost options**'.

Replace this existing policy wording:	With this new wording:
If you have selected Basic SuperLink or Income Secure SuperLink, we will first assess entitlement under your policy held through super (Basic or Income Secure SuperLink (Super)) and only if the requirements are not met will we then assess you under the **linked policy** held outside super (Basic SuperLink or Income Secure SuperLink (Non Super). We do not pay this benefit under both **linked policies** at the same time in respect of the same **injury**.	If you have selected Basic SuperLink, we will first assess entitlement under your policy held through super and only if the requirements are not met will we then assess you under the **linked policy** held outside super (Basic SuperLink). We do not pay this benefit under both **linked policies** at the same time in respect of the same **injury**. If you have Income Secure SuperLink, we do not pay the full **monthly amount insured payable** under both **linked policies**. If you are entitled to a benefit under the Premier Accident Option under both **linked policies** in respect of the same **illness** or **injury**, we will determine the **monthly amount insured payable** under the Income Secure SuperLink (Super) policy first, in accordance with this section of this PDS. We will then deduct this amount from the benefit that would otherwise be payable under the Income Secure SuperLink (Non Super) policy.

3. AVAILABILITY OF THE REHABILITATION AND RETRAINING EXPENSES BENEFIT

If you are **on claim** for Total or Partial Disability, we may assist with the life insured's return to work by paying a Rehabilitation and Retraining Expenses Benefit. We have made changes to the way the Rehabilitation and Retraining Expenses Benefit operates when Income Secure Cover is held in super.

If you have a SuperLink arrangement, the Rehabilitation and Retraining Expenses Benefit is now held under the non-super policy, rather than the super policy (see table below).

Income Secure Cover type	Current availability	New availability
SuperLink (Super)	Yes	No
SuperLink (Non Super)	No	Yes

Updated policy wording

As set out below, we have updated the section of your policy titled '**Rehabilitation and Retraining Expenses Benefit**' under '**Additional benefits**'.

Replace this existing policy wording:	With this new wording:
Rehabilitation and Retraining Expenses Benefit Does not apply to Basic SuperLink or Income Secure SuperLink (Non Super) If we are paying **Total** or **Partial Disability Benefits** for a life insured, we will also reimburse expenses related to an **approved rehabilitation program** for the life insured.	**Rehabilitation and Retraining Expenses Benefit** Does not apply to Basic Cover or Income Secure SuperLink (Super) If we are paying **Total** or **Partial Disability Benefits** for a life insured, we will also reimburse expenses related to an **approved rehabilitation program** for the life insured. We will reimburse up to 12 times the life insured's **monthly amount insured payable**, in total, over the life of their Income Secure Cover. We pay this benefit as well as any **Total Disability Benefit** or **Partial Disability Benefit payable**. We must agree in writing before the life insured starts the **approved rehabilitation program**. We do not reimburse expenses which the: • law does not allow us to reimburse • *National Health Act 1953* (Cth) or the *Private Health Insurance Act 2007* (Cth) regulate • life insured or the policy owner are entitled to have reimbursed from another source. This benefit does not apply if you have Basic Cover without a linked Basic SuperLink policy. If you have Basic SuperLink, we pay this benefit under the Income Secure Basic SuperLink (Non Super) policy, whether we are paying the **Total** or **Partial Disability Benefit** under that policy or under Basic Cover. If you have Income Secure SuperLink, we pay this benefit under the Income Secure SuperLink (Non Super) policy, whether we are paying the **Total** or **Partial Disability Benefit** under the Income Secure SuperLink (Super) policy or the Income Secure SuperLink (Non Super) policy. We do not pay this benefit during the waiting period.

OnePath Life Limited ABN 33 009 657 176 AFSL 238341 (OnePath Life) issues OneCare. This includes OneCare SMSF.

OnePath Life is a company within the Zurich Insurance Group. OnePath Life and OnePath Custodians are not related bodies corporate.

This Update is provided by OnePath Life. It has been prepared without taking any person's objectives, financial situation or needs into account. Before making a decision based on this information, consider its appropriateness having regard to your objectives, financial situation and needs. Before acquiring the product, or deciding whether to continue to hold the product, please consider the Product Disclosure Statement (PDS) which is available at onepath.com.au or by calling Customer Services on 133 667.

The taxation information provided in this Update is based on our interpretation of the taxation laws and rulings that were current when this Update was prepared. This Update relies upon that legislation, and its practice and interpretation, continuing. The information is of a general nature only, and does not constitute tax advice. We recommend you seek tax advice specific to your personal circumstances, from a tax adviser.

Examples provided in this Update are illustrative only and are provided as a guide to how the policy works. Individual claims are assessed based on their particular circumstances according to the terms of the OneCare policy terms.

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