

Your scheme insurance cover

The insurance cover available from the Scheme is a valuable benefit of being a member.

It provides additional financial security if you die or are unable ever to work again because of an extremely serious illness or injury (referred to as 'permanent incapacity') while you are contributing to the Scheme.

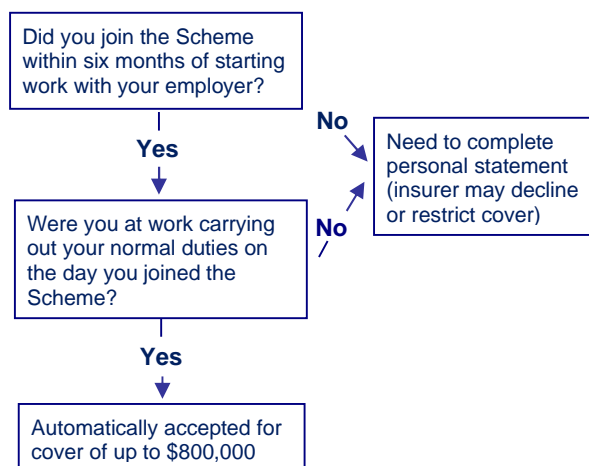
It is important that you understand how you can qualify for the insurance cover and how stopping or changing your contributions can affect it. This fact sheet focuses on key questions about member insurance cover however please call Helpline on **0800 355 900** if you have any queries.

Who is eligible?

Members of the Dairy Industry Superannuation Scheme are offered this insurance cover as part of their membership. If you:

- join the Scheme within six months of starting work with your employer; **and**
- you are at work doing your normal duties on the date you join the Scheme;

you will generally automatically be accepted for cover without having to provide additional information. The chart to the right shows how this works.



How much cover do I receive as a member?

Before age 62¹

If you die or become permanently incapacitated, the insured benefit payable is **50 times your member contributions (up to a maximum of 6% of your salary)** made during the 12 months immediately before the date of your death or permanent incapacity. This is paid **in addition** to the balances in your Member's Account, your Employer's No.1 Account and Locked In Accounts (death only¹.) and is subject to the Scheme's insurer (AIA) accepting your cover and your claim.

Example: If you earn \$45,000 a year and, in the 12 months before your death or permanent incapacity you contribute 6% of your salary ($\$45,000 \times 0.06 = \$2,700$), your insurance cover would be $50 \times \$2,700 = \$135,000$.

From age 62

The insured benefit reduces on a daily basis by 33.33% for each year from age 62 and ceases at age 65². Expanding on the example above, we can calculate the member's insurance cover as:

- age 62 is \$135,000.00
- age 63 (less 33.33%) is \$89,991.00
- age 64 (less 66.66%) is \$44,995.50
- age 65+ ceases the member's insurance cover irrespective of when they joined the Scheme.

Please note that insurance cover is reduced incrementally on a daily rate. The rates above are for example only.

You can also see what your insurance amount is by logging into your online account at www.dairysuper.co.nz.

What does permanent incapacity mean?

Eligibility for permanent incapacity is generally determined by the definition in the insurance policy, which is published on the Scheme's website under Documents. Please call the Helpline on **0800 355 900** if you have any questions.

¹ If you become permanently incapacitated, payment of your Locked In Account balances cannot be made until the later of the date you attain age 65 or complete five years' membership of a KiwiSaver scheme or complying superannuation fund such as the Scheme.

² If you joined the Scheme before 1 October 1994, this reduction does not apply. However, insurance cover for **all members** ceases at age 65 irrespective of when they joined the Scheme.

What does the insurance cover cost members?

Insurance costs are deducted from the crediting rates for each fund (at the same rate for each investment option). All members bear a share of these costs, those with no insurance cover from the Scheme will have this cost credited/refunded back to their member account. Each month the administrator of the Scheme will identify those members who are eligible for this rebate and accordingly arrange for the credit to be returned to the members' account.

Do members without insurance cover need to pay?

Members with no insurance cover with the Scheme will receive an insurance cover rebate under a new Scheme policy introduced in April 2020.

What if I don't automatically qualify for cover?

For example, because I didn't join the Scheme in time?

If you don't meet the criteria for automatic cover, you will be asked to complete AIA's group insurance personal statement (available from the Documents page of www.dairysuper.co.nz. AIA may then ask for more information, including a medical examination and blood tests or medical history from your doctor(s). (All medical evidence requested will be at AIA's expense.)

Can the insurer refuse to cover me?

After assessing your medical evidence, instead of offering you the standard cover the insurer may not cover you at all or offer cover under amended terms such as an increased premium and/or excluding specific medical condition(s). You may also only be offered limited cover (or declined cover) if you don't meet acceptable standards of height and weight ratio according to your age, and levels of alcohol/nicotine/ prescribed medication usage.

Note that if you fail to provide any relevant information or attend any medical examination requested, should you die or become permanently incapacitated, no insured benefit will be payable. It's also in your interests to supply the information as quickly as possible as you won't have full cover until you do. If you complete the personal statement and are asked to provide additional information, you should also provide it as soon as possible as the personal statement is only valid for three months.

Could the insured benefit be reduced or not paid out?

If the insurer (AIA) doesn't accept you for cover, places restrictions on your cover or doesn't accept your claim, your benefit could be reduced or not paid out.

How does changing my member contribution rate affect my cover?

Since your cover is based on your own contributions in the previous 12 months, increasing or reducing your contributions can also affect your insured benefit.

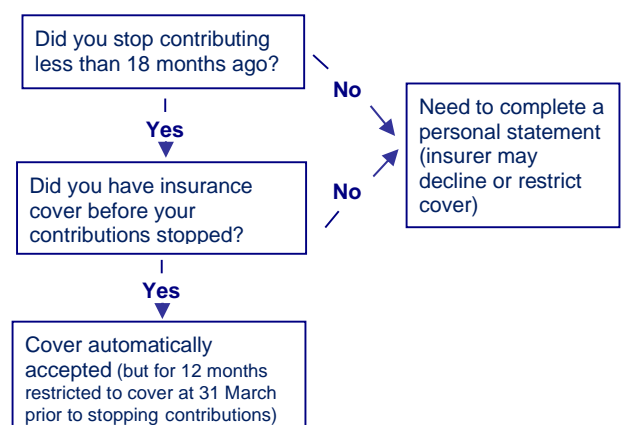
If I start contributing again, will my insurance cover automatically restart?

Your insurance cover will automatically restart provided:

- you previously held cover; and
- you start contributing again *within 18 months* of the date you stopped.

If you stop contributing *for more than 18 months*, you will be required to complete and return a personal statement (available from the Documents page of www.dairysuper.co.nz and be assessed by AIA before your cover can restart. Your cover will be subject to any restrictions imposed by AIA.

The chart to the right shows how this works.



How is my insured benefit affected if I stop contributing?

If you are not contributing and die or become permanently incapacitated, no insured benefit will be payable. (Note, however, that you will still be covered for one month from the date you stop contributing.)

How is my cover calculated when I restart contributing?

Your insurance cover will be based on the contributions (up to 6% of your salary) you would have made had you been contributing to the Scheme for the previous 12 months.

Will there be any restrictions on my cover?

If your cover automatically restarted (i.e. you were not required to provide a personal statement), for the first 12 months after you start contributing again, your insured benefit will be no greater than your insured benefit at the 31 March immediately before the date you stopped contributing.

More information

You can read more about insurance cover at:

- Member booklet;
- Log into your online account at www.dairysuper.co.nz to see your current insured amount;
- Your member statement.

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Reviewed December 2024