Australian Super Made Easy Series Two

Transcript Episode Four: Insurance in super

Summary: CAAMA Radio host Kyle Dowling speaks with AustralianSuper representatives Darryl Florence and Katie Le Cras on insurance in superannuation – what it is and how it's paid for, different types of insurance: Death, Total and Permanent Disablement, and Income Protection insurance.

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Content:

KYLE

Welcome to the fourth episode of Australian Super Made Easy Series 2 a six-part radio programme on superannuation brought to you by Australia's largest fund, AustralianSuper. Last episode, we spoke about consolidating super. This episode, we're looking at insurance in super. I would like to welcome back Darryl from AustralianSuper in Darwin, who we've heard from in previous episodes, as well as Katie Le Cras, head of operations at AustralianSuper. Firstly, for Darryl, why do we have insurance in Super?

DARRYL

Well, before I start, I just want to remind you that this discussion is general in nature, and doesn't take into account your individual needs and circumstances. And before making any financial decisions, you should consider if the information is right for you. Now, it might surprise most people to learn that they may actually have insurance coverage within their super fund. Default super funds are required to automatically provide you with a minimum level of insurance cover for death, and total and permanent disablement. Some funds even provide you with an automatic income protection insurance cover as well. Now, there are some eligibility requirements that the federal government has introduced with this so that the cost of your insurance doesn't have a significant effect on your super if you're young, or you don't have a lot in your Super yet. This is because you actually pay for the cost of your insurance cover out of your super account. And generally, the cost of your insurance goes up as you get older. So it's important that you are paying the right cost for your insurance. We'll talk more about the cost in a minute.

KYLE

That would be great. Thanks, Darryl. So, the insurance cover can be automatic, we don't have to request it.

DARRYL

That's right. The main criteria for receiving automatic insurance coverage within your super is that you must be 25 years of age or older and have an account balance of at least $6,000 in your current super fund to be eligible to receive the automatic default level of insurance coverage. If you're under 25, or you have less than $6,000 in your account balance. Generally, you can apply to have insurance cover if you want it. So, speak to your super fund about your insurance cover. While the insurance cover is automatic, depending on your age and account balance, it's not compulsory. So you can change it whenever you like, apply for it, increase it, decrease it or cancel it to suit your own needs. Just remember though, that when you turn 25 And when your account balance goes over that $6,000 balance, then you may automatically receive insurance coverage at that time. So keep an eye on it.

KYLE

Thanks, Darryl. Let's go to a break now and we'll be back with more after this.

DELROY

G'day I'm Delroy and don't know much about Super just know that work? put some money away for me in the future.

KYLE

You're listening to Australian super Made Easy series two. Welcome back to the show. I was speaking with Darryl Florence from AustralianSuper Darwin a moment ago. Now let's turn to Katie Le Cras, Head of Operations at AustralianSuper. Katie, can you tell us about different types of cover?

KATIE

Sure. Like Darryl mentioned superfunds are required to provide automatic insurance cover for death and total and permanent disablement, or TPD. And some funds like AustralianSuper also provide income protection insurance as well. Death cover can help ease financial stress by paying a lump sum to your beneficiaries. If something happens to you. TPD can pay you a lump sum payment if you become totally and permanently disabled, and can no longer work. income protection insurance can help if you become ill, or injured at work or outside of work, and cannot work for a period of time, but may be able to later. It can provide monthly taxable payments to help you get by while you're not earning your regular income. It is important to note that different super funds provide different levels of default insurance cover. And that, like I mentioned before, you actually pay for the cost of insurance out of your super account.

KYLE

Okay, you've mentioned cost there. Can you explain a bit more about that?

KATIE

So let's talk about the cost of your insurance through super. Remember that you pay for this and it is deducted out of your super account. Essentially, the cost of your insurance cover that you pay for is based on your age, the amount of insurance cover you have and what sort of work you do.

KYLE

We might head to a break now and come back in a moment.

VICTOR

Super funds may also provide you with insurance for a fee. This will help you and your family with some money if you die or are too sick to work. Super funds typically have three types of insurance for members. Death cover, also known as life insurance is part of your benefit your beneficiaries receive when you die either as a lump sum or as an income stream. Total and permanent disability. TPD cover pays you a benefit if you become disabled and are not able to work again. And finally income protection cover which will pay you an income stream for a specific period if you cannot work due to an injury or illness. If you are not sure what insurance you have with your super, you should get in contact with the Superfund to find out more. If you mob need any further information though call ASIC's Indigenous helpline on 1300 365 957.

KYLE

This is episode four of Australian super Made Easy series two. I'm Kyle Dowling. And I've been chatting with Katie Le Cras, head of operations at AustralianSuper. Katie, what should we look for when checking what insurance we have?

KATIE

Generally, the older you are, the more your insurance will cost you. The higher the level of cover, the more the insurance will cost you. And generally, if you work in a manual, AustralianSuper

blue collar outdoors job, you will pay more than someone that works in an office job doing clerical work. The automatic level of cover that you may receive will generally be based on your age and the type of work you do. So, make sure that your current level of insurance cover is right for you. You should be able to see the type of insurance and the levels of cover you have in your online account or on your statement, which is sent to you once each year. If it's not right for you. Or if you work in an office and not outside in a manual job. Then contact your fund to tell them that you work in a clerical office job or you want more or less cover than you have or none at all.

KYLE

Got it. Thanks Katie and Darryl, that brings us to the end of today's episode. If you would like more information on anything we discussed today, call 1300 300 273. Tune in next episode to hear about how you can make a claim on your insurance.