

Gold State Super includes automatic insurance cover for all contributing members up until the age of 60. This provides you and your family with the security of knowing that, while you are a member of Gold State Super, financial support is available should you die or become permanently disabled. This insurance cover is an integral part of Gold State Super and is provided to you at no extra cost.

Levels of insurance cover

Your insurance cover in Gold State Super is based on the results of the medical examination undertaken at the time you joined the scheme and will comprise one of the following:

Standard Cover

This means the results of your medical examination were satisfactory. Standard Cover provides the maximum insurance cover available under Gold State Super. In the event of your death or permanent disablement, your insured benefit is equivalent to what you would have received if you had continued as a contributing member of Gold State Super to age 60 years.

Limited Cover

Your medical examination revealed certain medical conditions that make you an above-average risk of retiring prior to age 60, and your cover is limited to Minimum Cover in relation to these conditions. If your death or permanent disability is not caused by or related to the medical conditions for which your cover is limited, then benefits equal to Standard Cover are payable.

Minimum Cover

This means you only have basic cover because you chose not to have a medical examination at the time you joined Gold State Super. This cover is the same as that given automatically to all members and is based on the Commonwealth government's Superannuation Guarantee (SG) rate. Your insured benefit is equivalent to the value of the SG that you would have accrued from the date of death or from the date of retirement owing to permanent disability until you reach age 60 years.

Your latest Member Statement shows your current level of insurance cover.

Changing your level of insurance cover

You can undergo a medical examination to reassess your level of cover at any time, at your own expense. If you have Limited Cover, you can apply to have your cover reviewed if your medical condition(s) has improved. For information relating to the removal of limitations, call your Member Services Centre on 13 43 72.

If you have Minimum Cover and you would like to increase your level of insurance cover, you will need to complete a medical examination, which will require part of the report to be completed by a Registered General Practitioner.

Death and Permanent Disability benefits

Death benefit

Your Death benefit includes an insured component if you die whilst employed within the WA public sector and you are under age 60 years. The amount payable depends upon your accrued benefit at the time of death plus any insured component. The insured component is calculated based on your future service to age 60 and the level of your insurance cover.

Note: upon death, your super benefit is paid to your estate. If you wish to have your super paid to certain beneficiaries, then you will need to make provisions in a Will.

Total and Permanent Disability benefit

You are deemed to be totally and permanently disabled if GESB is satisfied that you are medically incapable of working in your usual position until at least age 60 years, and any other alternative position for which you are qualified by way of experience, education and training or re-training.

A Total and Permanent Disability benefit comprises your accrued benefit, together with an insured component. The insured component is calculated based on your future service to age 60 and the level of your insurance cover.

Partial and Permanent Disability benefit

You are deemed to be partially and permanently disabled if GESB is satisfied that you are medically incapable of working in your usual position to age 60 years, but have the capacity to perform the duties of an alternative position which is suitable to your experience, education and training or ability to be re-trained.

A Partial and Permanent Disability benefit comprises your accrued benefit together with an insured component. The calculation of the insured component is similar to that of a Total and Permanent Disability benefit and is reduced in proportion to your assessed future earning capacity to age 60 years.

Calculation of Death or Permanent Disability benefits

Your Death or Permanent Disability benefit is the sum of your accrued benefit plus insured component (see diagram overleaf).

Accrued benefit

This is your total benefit built-up in Gold State Super until the date of death or retirement due to permanent disablement.

Insured component

This is the benefit you would have built-up from the date of death or retirement due to permanent disablement until age 60 and is based on several factors.

Your death and disability insurance cover ceases on termination of your employment in the WA public sector, e.g. retirement, resignation, redundancy, privatisation, dismissal or when you reach age 60. If you die or become permanently disabled after ceasing employment with the WA public sector, your accumulated benefit plus interest would be payable.

The following examples show how John's Death benefit (or permanent disability) would be calculated if he had Standard Cover or Minimum Cover.

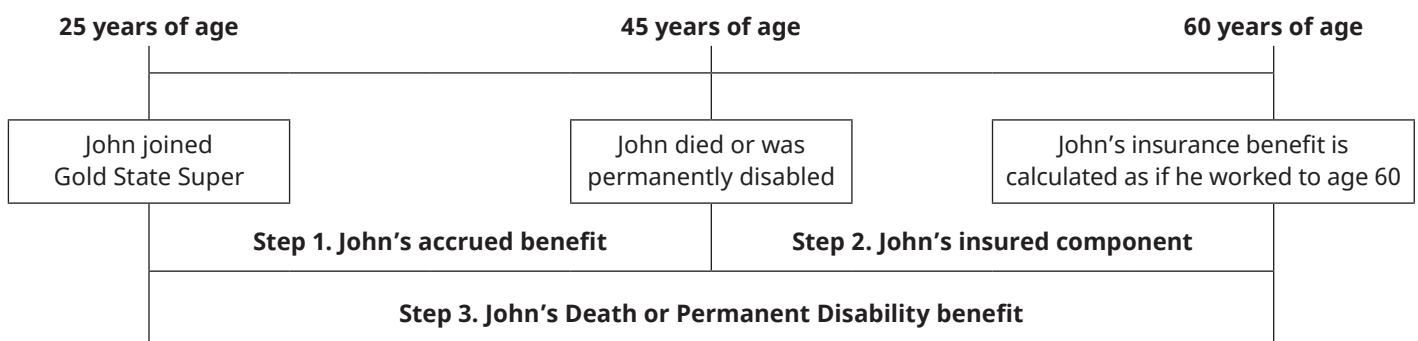
The assumptions for both scenarios are as follows:

Assumptions about John

- Age John joined Gold State Super: 25 years old
- Age John died or became permanently disabled: 45 years old
- Employment status: full-time
- Average Contribution Rate: 5% (maximum)
- Final Remuneration: \$45,000
- Completed Months of Service: 240 months (20 years x 12 months)
- Notional Service: 180 months (15 years to age 60 x 12 months)

The insured component for Death or Permanent Disability benefits are determined by the following factors:

- Your Final Remuneration
- Your Notional Service to age 60, equals the number of completed months from the date of death or disability to age 60 years (pro rata if you work part-time)
- Your Average Contribution Rate
- Your level of insurance cover
- Your future remuneration capacity as determined by GESB (if a Partial and Permanent Disability payment)



Example one - John has standard insurance cover

Step 1 Increasing his income

The following formula is used to calculate John's accrued benefit (as at the date of death or permanent disablement):

$$\frac{\text{Completed Months of Service}}{12} \times 20\% \times \frac{\text{Average Contribution Rate}}{5} \times \text{Final Remuneration}$$

$$\left[\frac{240}{12} \times 20\% \times \frac{5}{5} \right] \times \$45,000 = \mathbf{\$180,000 \text{ (before-tax)}}$$

Step 2 Calculate the insured component of the Death or Permanent Disability benefit

To calculate the insured component we use the same formula as above, except we calculate the Notional Service John would have accumulated from the time of his death or permanent disablement until the age of 60. As John had 15 years until he reached age 60, his Notional Service is calculated as 180 months.

$$\frac{\text{Notional Service}}{12} \times 20\% \times \frac{\text{Average Contribution Rate}}{5} \times \text{Final Remuneration}$$

$$\left[\frac{180}{12} \times 20\% \times \frac{5}{5} \right] \times \$45,000 = \mathbf{\$135,000 \text{ (before-tax)}}$$

Step 3 Calculate the Death or Permanent Disability benefit

This is the sum of the accrued benefit plus insured component as calculated in steps 1 and 2.

$$\begin{aligned} &= \$180,000 + \$135,000 \\ &= \mathbf{\$315,000^1 \text{ (before tax)}} \end{aligned}$$

¹ GESB does not withhold tax as your estate is responsible for paying any relevant taxes.

Example two - John has minimum insurance cover

Step 1 Calculate the accrued benefit

This is the same as the accrued benefit calculation in the previous example, i.e. \$180,000 (before tax).

Step 2 Calculate the insured component of the Death or Permanent Disability benefit

The benefit amount changes in this example because John has Minimum Cover. In contrast to the last example, where the maximum 20% Average Contribution Rate was used in the calculation, in this case the current 9.5% SG is used.

$$\frac{\text{Notional Service}}{12} \times 9.5\% \times \text{Final Remuneration}$$
$$\frac{180}{12} \times 9.5\% \times \$45,000 = \mathbf{\$64,125.00 \text{ (before-tax)}}$$

Step 3 Calculate the Final Benefit

This is the sum of the accrued benefit plus Death or Permanent Disability benefit as calculated in steps 1 and 2.

$$= \$180,000 + \$64,125.00$$

$$= \mathbf{\$244,125.00 \text{ (before tax)}}$$

Glossary

Completed Months of Service – is the number of equivalent full-time months of service while contributing to Gold State Super.

Notional Service – is the potential number of equivalent months of service you would have worked from the date of death or retirement due to permanent disablement until the date of your 60th birthday.

Average Contribution Rate – is the average percentage rate of your salary you contributed during your employment within the WA public sector.

Final Remuneration – is your average salary based on three key dates during your last two years of Gold State Super membership. For part-time employees, your Final Remuneration is based on your equivalent full-time salary.

Note: the Final Benefit may also include a transferred service benefit from the WA Public Sector Pension Scheme or a non-contributory service benefit if you transferred from being a non-contributory member to a contributory member before September 1993.

Working part-time can affect your Death or Permanent Disability benefit

If you change to working part-time your accrued benefit will grow at a slower rate, due to the fact that your Completed Months of Service accrue according to the hours you actually worked. The table below provides an example:

	Service Multiple
Full-time employee (FTE)	Normally accrues one month of service every 30.4 days
Part-time employee	At 50% of full-time equivalent, normally accrues one month of service every 60.8 days

Your insured component will be lower than if you were full-time because your Notional Service is calculated based on your current part-time working arrangements.

Your equivalent full-time salary will be used when calculating your accrued benefit and insured component of the Death or Permanent Disability benefit, regardless of whether you are working part-time or full-time.

For more information see the '**Working part-time**' fact sheet for Gold State Super at www.gesb.com.au/factsheets or call your Member Services Centre on 13 43 72.

Taking unpaid leave can affect your Death or Permanent Disability benefit

Recognised Unpaid Leave

- If you take a period of 'Recognised Unpaid Leave' greater than three months and choose to continue paying your regular contributions, then your insurance benefit remains the same as if you were actually working
- If you opt to have a 0% contribution rate, then your insured benefit will be reduced in line with your Average Contribution Rate

Unrecognised Unpaid Leave

- If you take a period of 'Unrecognised Unpaid Leave' then you can elect to maintain your current level of insurance cover by paying a premium

- If you choose not to pay the premium and are permanently disabled or die while on that leave, your insured component is calculated as if you had Minimum Cover

For more details on the differences between 'Recognised Unpaid Leave' and 'Unrecognised Unpaid Leave' see the 'Taking unpaid leave' fact sheet for Gold State Super at www.gesb.com.au/factsheets or call your Member Services Centre on 13 43 72.

For contribution rates of less than the maximum 5%

If your Average Contribution Rate is less than the maximum 5% then both your accrued benefit and insured component of the Death or Permanent Disability benefit will be lower than if you contributed the maximum 5%. See example below.

Example three

John has not contributed to Gold State Super at the maximum Average Contribution Rate. His average is only 3%.

Step 1 Calculate the accrued benefit

$$\frac{\text{Completed Months of Service}}{12} \times 20\% \times \frac{\text{Average Contribution Rate}}{5} \times \text{Final Remuneration}$$

$$\left[\frac{240}{12} \times 20\% \times \frac{3}{5} \right] \times \$45,000 = \text{\$108,000 (before-tax)}$$

Step 2 Calculate the insured component of the Death or Permanent Disability benefit

$$\frac{\text{Notional Service}}{12} \times 20\% \times \frac{\text{Average Contribution Rate}}{5} \times \text{Final Remuneration}$$

$$\left[\frac{180}{12} \times 20\% \times \frac{3}{5} \right] \times \$45,000 = \text{\$81,000 (before-tax)}$$

Step 2 Calculate the Death or Permanent Disability benefit

Accrued Benefit + insured component

= \$108,000 + \$81,000

= **\$189,000 (before-tax)**

More information

- If you would like more information about Gold State Super, your Death or Permanent Disability benefit or any other aspect of your super, call your Member Services Centre on 13 43 72.
- See the '**Gold State Super essentials**' brochure, available at www.gesb.com.au/brochures

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How to contact us

T Member Services Centre 13 43 72

F 1800 300 067

W gesb.com.au

PO Box J 755, Perth WA 6842

Government Employees Superannuation Board ABN 43 418 292 917