

Important information about our insurance and the fees on your account

Dear

We're driven to deliver an exceptional retirement for you by growing your super balance and protecting your lifestyle, both now and in retirement.

Insurance is one of the ways we're able to help you achieve peace of mind through your working life. This is particularly important for people working in mining who often find it hard to obtain adequate and reasonably priced insurance.

As part of the process leading to the appointment of our new insurer TAL Life Limited* (**TAL**) on 1 April 2017, we conducted an extensive review of our insurances, including premiums and claims, and negotiated some changes with TAL. These changes come into effect on 1 October 2017.

The changes will result in almost \$4 million in premium savings each year for members of Mine.

The great news for you is that your premiums will reduce on 1 October 2017.

Here's a summary of the changes.

- + Single definition of total and permanent disability.
- + Fairer premiums for members with Basic Insurance Cover by introducing age based premiums.
- + We'll pay a terminal illness insurance benefit for people whose doctor has certified that they're likely to pass away within 24 months. This is an increase from the current 12 months.
- + Benefits will only be paid for nine months to people who reside overseas before they'll be required to return to Australia.
- + Automatic Basic Total and Permanent Disablement Insurance Cover is reducing for people over 55.
- + More equitable premiums for members with Income Protection insurance by increasing the premiums for people who've changed their waiting and / or benefit periods.
- + As a corporate member of the coal mining community, we've taken the step to negotiate with the insurer to create an arrangement under which Coal Workers Pneumoconiosis (CWP) total and permanent disablement (TPD) claims will continue to be paid.

This is the first step in a review of our insurances to ensure we continue to offer the most appropriate insurance arrangements for all members.

Insurance plays an important role in protecting you, your family, your assets and your lifestyle. You need to take the time to read this notice and understand how these changes impact your personal situation. You can find full information about our insurance in the Product Disclosure Statement and Insurance Guide at mine.com.au/super-pds

Important information about the fees on your account.

In addition to the changes to our insurance, the government has introduced new rules for super funds changing how they calculate the fees they communicate to members. These new rules come into effect on 30 September 2017. While we're not changing how much we're charging you, please read the enclosed notice to understand the changes.

Questions?

If you'd like to discuss your insurance needs or the changes to how we have to communicate our fees, please contact us on 13 MINE (13 64 63).

Regards



Glenda Abraham
Chief Engagement Officer

This letter and the enclosed information acts as a Significant Event Notice for the purposes of the Corporations Act.

*Our insurance is provided by TAL Life Limited ABN 70 050 109 450 AFSL 237848.



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This is general information only and does not take into account your financial situation, needs or objectives. Before acting, you should consider whether the information is appropriate for you and read our Product Disclosure Statement (PDS). If there's any inconsistency between this document and the PDS or Trust Deed the terms of the PDS or Trust Deed prevail. This information is based on our understanding of current Australian laws and assumes they will remain unchanged. Issued by AUSCOAL Superannuation Pty Ltd ABN 70 003 566 989 AFSL 246 864 Trustee for Mine Wealth and Wellbeing Superannuation Fund ABN 16 457 520 308. Mine Wealth + Wellbeing Financial Advice is a trading name of Mine Wealth and Wellbeing Services Pty Ltd ABN 49 051 315 014 a Corporate Authorised Representative of Adviser Network Pty Ltd ABN 25 056 310 699 AFSL 232729.

Great news, as a result of the changes we're making to your insurances you'll pay less for your insurance from 1 October 2017

The table below shows how the changes affect you and is based on your insurance at 10 August 2017. Visit mine.com.au/premium-rates for the new rates for all insurances, ages and genders.

Why change our premiums?

Greater fairness for all members is behind why we've made these changes. Groups of members with a greater potential for claims will now pay more for their insurance cover. Groups of members with a lower potential for claims will now pay less for their insurance cover.

Overall members will pay about **\$4 million less in premiums** each year. Each person will be affected differently by the changes dependent on a number of things, but mostly their age and the type of insurances they have.

What's changing?

Income protection (IP) insurance

- + We've been able to negotiate with our insurer TAL, a **9.5% reduction** in the cost of our IP insurance. So IP premiums for most members will be going down.
- + Premiums will however increase for members who choose a benefit period of 5 years and / or waiting period of 30 days, 90 days or 120 days. Our analysis has shown these people are much more likely to make a claim.

Death and disablement insurance

- + Our analysis has also shown that young people are much less likely to claim than older people. So, to bring greater fairness to our Basic Insurance Cover, we're introducing 'age based premiums'.
- + The cost of Voluntary Death and Terminal Illness (DTI) insurance cover overall is increasing by approximately 3.86% while the cost of Voluntary Total and Permanent Disablement (TPD) insurance cover is decreasing by approximately 0.77%. This is to cover a slight change in the amount of claims we've had compared to what we expected when we originally set the premiums.

How does this change affect you?

As at 10 August 2017 you had the following insurances on your account. This won't reflect any changes to your insurance since this date.

Death and disablement insurance

Insurance type	Current amount of cover	Your current annual premium	New amount of cover*	Your new annual premium	Premium difference
Basic Insurance Cover	DTI		DTI		
	TPD		TPD		
Voluntary DTI Insurance Cover					
Voluntary TPD Insurance Cover					
Job classification					
Smoking status					

*As you're aged 55 or over, your TPD cover has been reduced in line with new insurance cover amounts coming in on 1 October 2017. This is also reflected in your new annual premium amount in the table above. Go to page 3 of this notice for more information.

Income protection insurance

Your current annual premium	Your new annual premium	Difference
Monthly benefit amount		
Waiting period	days	
Benefit period	years	
		For sicknesses – 12 weeks or to age 70, whichever comes first. For injuries – 52 weeks or to age 70, whichever comes first.
Job classification		

Total cost of your insurance from 1 October 2017

Monthly cost	Annual cost



Did you know you can reduce the cost of your IP insurance by changing back to the standard 60 day waiting period and / or 2 year benefit period?

A person of your age with the standard 60 day waiting period and 2 year benefit period would pay \$X.XX each month or \$X.XX each year for their IP insurance.

You can make this change over the phone by calling 13 MINE (13 64 63) or visiting mine.com.au. Remember, everyone's personal situation is different so before you make any changes you should get financial advice. We can put you through to Mine Wealth + Wellbeing Financial Advice when you call.

The definition of total and permanent disablement (TPD) is changing

Currently members who had insurance on their account prior to 1 July 2014 have their TPD claims assessed on their ability to continue working in their own job. Due to a change in the law, members with insurance that started on their account on or after 1 July 2014, must have their claim assessed on their ability to work in any job which they're reasonably qualified by their experience, education and training.

From 1 October 2017, this will change so that **all members** will have their TPD claims assessed on their ability to work in any job which they're reasonably qualified by their experience, education and training.

This doesn't apply to members diagnosed with Coal Workers Pneumoconiosis (CWP) who had insurance on their account before 1 July 2014. These members will continue to be assessed on their ability to work in their own job.

Why have we made this change?

As the government emphasised when they made their changes in 2014, the true purpose of TPD insurance is to provide a person with money to protect them if they can't work because of disablement. Assessing a person by their ability to only work in one industry, for example mining, is not what TPD insurance was designed for. In fact, many people who've been paid a TPD benefit because they can't work in mining often continue to work in other industries.

The change also means that the rules for paying out a TPD benefit will now be the same as the rules for paying out your super if you become permanently incapacitated under super law. Under our current policy, the rules are different for some people, and a TPD benefit could be locked in a person's super account until they meet the 'permanent incapacity' rules. For more information on this go to mine.com.au/access-super

We'll now pay a terminal illness insurance benefit to people with 24 months to live

Under our death and disablement insurance, your death cover can be paid early if you have a terminal illness. This gives people peace of mind as they can organise their affairs for their loved ones before they pass away.

Currently if two doctors say a person is likely to pass away within 12 months we'll pay a benefit. The good news is that from 1 October 2017 we'll pay a benefit if two doctors, one being a specialist, agree a person is likely to pass away within 24 months.

This change also brings the payment of death cover under terminal illness in line with the payment of super account balances.

Benefits for people who reside overseas

Currently if a person is unable to work and is receiving an income protection benefit, they can reside overseas and continue to receive a benefit for 12 months for an Australian or New Zealand citizen or 90 days for people of other nationalities. After that time, they can continue to receive a benefit but to do so need to return to Australia. If someone is legally prevented from returning to Australia this restriction on their benefit won't apply.

From 1 October 2017, anyone who is receiving a benefit will be able to reside overseas for nine months before their benefits will stop. If they return to Australia their benefits can recommence for the balance of their benefit period or until they're able to work again, whichever occurs first. This benefit period restriction will also now apply in situations where a person is legally prevented from returning to Australia.

Reduction in Basic TPD Insurance Cover for people 55 and over

The TPD part of Basic Insurance Cover reduces gradually from age 55 to be zero at age 65. From 1 October 2017, the amount of TPD cover for people aged 55 and over will reduce faster. This is shown in the table below.

Why have we made this change?

We've seen an increase in the amount of TPD claims made by older people, which has resulted in higher premiums for all members. Reducing the amount of TPD cover for people aged 55 and over ensures we can maintain a fair premium for this cover across all age groups. The level of death cover is not changing.

Age	Current TPD cover	TPD cover from 1 October 2017	Death cover – not changing
55-59	\$60,000	\$45,000	\$60,000
60	\$50,000	\$25,000	\$50,000
61	\$40,000	\$20,000	\$50,000
62	\$30,000	\$15,000	\$50,000
63	\$20,000	\$10,000	\$50,000
64	\$10,000	\$5,000	\$50,000

Special offer to lock in your current higher levels of TPD cover

As you'll be aged 55 or over on 1 October 2017, your current level of Basic TPD Insurance Cover will reduce on 1 October 2017 in line with the table above.

However, if you feel that the current level of cover is more suitable to your needs, we're offering you the opportunity to keep that current higher level of cover.

What this means is that your current Basic TPD Insurance Cover won't reduce on 1 October 2017 and will reduce as you get older as it does now. You can see this in the table above in the second column under 'Current TPD cover'.

To take up this offer, call us on 13 MINE (13 64 63) by 24 December 2017 and we'll do this for you over the phone.

If you decide to take up this offer:

- + your premiums will still increase in line with the general increase in premiums.
- + you won't be able to reduce your insurance cover to the new amounts outlined above.

An increase in premiums for people who change their IP benefit and waiting periods

Our experience has been that people who change their standard two year benefit period and / or 60 day waiting period have made significantly more claims than people with the standard benefit and waiting periods.

To reflect this increased risk, we've increased the premium for people who change their waiting and benefit periods. This ensures the cost of these higher claims is spread fairly across all members, with those members making the most claims paying a fair premium.

We've done this by increasing what we call the 'loading factor' that is applied to the standard premium. This is outlined in the table below.

	Current loading factor	New loading factor from 1 October 2017
Five year benefit period	1.40	1.80
30 day waiting period	1.25	1.50
90 day waiting period	0.75	0.90
120 day waiting period	0.65	0.80



For more information about the insurance on your account please login to your Member Account at mine.com.au and read the Product Disclosure Statement and Insurance Guide, which you can find at mine.com.au/super-pds

Important information about the fees on your account

The government has introduced new rules for super funds changing how they calculate the fees they communicate to members. These new rules come into effect on 30 September 2017.

What's the impact on members?

There's no impact on the net investment return calculated for members. The change is just a disclosure requirement as a result of changing legislation.

Why the new rules?

The new rules ensure:

- + super funds use a consistent method in how they communicate fees and costs which makes it easier to compare fees and costs across different funds.
- + all costs are included in the fees super funds communicate.

What does this mean for our fees?

We're not charging you more in fees. However, the number we communicate as the 'indirect cost ratio' might change.

How can the number change but the charge be the same?

At the moment there are some fees and costs our investment managers charge or have been charged themselves, which are deducted before they pass an investment return to us. Currently these charges might not be included in the 'indirect cost ratio' we communicate to you.

From 30 September 2017, investment managers have been asked to disclose all these fees and costs and we need to include these in the figures we report to you.

What's the indirect cost ratio?

These are the fees and operational costs all super funds disclose. It captures fees and costs that are deducted from your investment and includes amounts that have reduced the return on your investment but are not charged directly to you as a fee. Investment returns are reflected in movements in the unit price calculated daily for each investment option.

The indirect cost ratio includes fees and costs our investment managers charge and other operational costs.

For more on unit prices go to mine.com.au/unit-pricing

What are the new indirect cost ratios for our investment options?

Below is a table which shows you the current indirect cost ratios and the new ratios from 30 September 2017. The figures below include both the changes discussed above, as well as the impact of changes to the investment options' asset mixes we wrote to you about in May and came into effect on 1 July 2017. **As mentioned above, despite changes to the indirect cost ratios we're not charging you more in fees.**

Investment option	Indirect Cost Ratio – current	Indirect Cost Ratio – 30 September 2017
Aggressive	0.82%	0.96%
Growth	0.77%	0.94%
Balanced	0.69%	0.94%
Stable	0.60%	0.92%
Australian Shares	0.58%	0.40%
International Shares	0.68%	0.77%
Property	0.69%	0.41%
Bonds	0.42%	0.55%
Cash	0.23%	0.28%
Term Deposit	0.00%	0.00%