

9 December 2021

Important changes to tax refunds on administration fees and insurance premiums

I am writing to let you know that on 1 February 2022, LGIAsuper is making two changes to the tax refund that you receive for your administration fee and insurance premium.

You are not required to do anything, but we recommend you review these changes in case you would like to update your account.

This notice explains the changes and what they could mean for you. You can also access this notice at Igiasuper.com.au/sen.

Passing on the tax benefit on administration fees

Currently, you pay an administration fee of 0.18% of your account balance, capped at \$900 per year to cover the operating and general costs of managing your account. LGIAsuper claims a tax deduction on the administration expenses that are covered by this fee which reduces the amount of tax paid by the fund and no tax refund is passed back to members.

From 1 February 2022, a tax refund of 15% of the administration fee will be passed back to your account. As this fee is deducted from the investment returns applied to your account, the tax refund on the administration fees will also be applied to the investment returns.

The net result after applying the tax refund is a net administration fee of 0.15% per year.

Changes to the tax refund on insurance premiums

We believe insurance is crucial to the financial security of you and your family – and providing insurance cover to our members has always been an important part of what we offer as a super fund.

Over the last couple of years, there has been a significant amount of new legislation impacting insurance in superannuation and an increasing number of insurance claims. Both factors have resulted in increasing operating costs for LGIAsuper and a decreasing number of members holding insurance.

If you have insurance, insurance premiums are deducted monthly from your account and these premiums are paid to the insurer. We do not retain any of the premium to cover the costs of providing insurance. These include the cost of administration, communicating to members about their cover, and providing services to assist you if you need to make a claim.

LGIAsuper receives a tax deduction on insurance premiums paid by members which reduces the tax paid by the Fund. Currently, members with insurance receive a credit to their account of 15% of your insurance premium as a tax refund.

From 1 February 2022, the refund will reduce to 7% of your insurance premium. The reduction in the tax refund will be used to fund an insurance administration fee equal to 8% of your insurance premium.

This will enable us to meet the increased operating costs associated with providing you with your insurance cover and support the delivery of insurance products and services to our members and their families in their times of greatest need, should they need to make a claim.

This change only impacts your tax refund amount and does not affect the insurance premiums charged to you or your level of cover. The impact of this change will vary depending on the cost of your cover.

Whilst there is no change to your cover or premiums, it may be a good time to review your insurance cover to ensure it is right for you.

Where your insurance cover is paid by your employer, there is no change to you.

Things to think about regarding your insurance cover

Your insurance only stays effective if you review it regularly – something we recommend you do every couple of years.

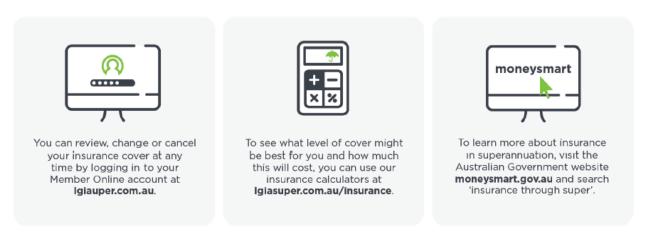
Here are some things to think about when reviewing your insurance:

- Do you have dependants, and if so, have there been any changes since you last checked your insurance?
- Have you increased or decreased your debts recently?
- Have you considered how the cost of insurance might affect your retirement balance?
- If you were to cancel this cover, do you have a safety net to protect you and your family?
- Do you have insurance outside of your superannuation account?

If you have received financial advice regarding your insurance cover, we encourage you to contact your financial adviser to check whether the change affects the advice that was given.

What you should do next

There are a few things you could do next:



We're here to help

For further information about our fees and insurance cover, please refer to our *Product Disclosure Statement* and the *Insurance guide* for your account, both of which can be found at **Igiasuper.com.au/PDS**.

If you need assistance reviewing your insurance, our team of superannuation specialists and financial advisers can help you. Call us on **1800 444 396** to arrange a telephone appointment with one of our team. We are open weekdays 8:00 am to 5:30 pm AEST.

Yours sincerely

Kate Farrar

Chief Executive Officer