

# AIA Risk Only Super Solution (ROSS) Product Summary



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## Group insurance within super for employer groups with at least 15 lives

### About ROSS

ROSS is designed to provide insurance benefits to employees of Participating Employers within a superannuation environment.

The insurance cover available under ROSS is Death cover (including Terminal Illness) and if chosen by the Participating Employer, Death and Total and Permanent Disablement (TPD) cover.

As benefits relate to insurance only, there is no investment component in the Plan and Members cannot make any contributions or rollovers into the Fund for accumulation purposes.

### Why ROSS?

- Significant tax savings available on Death and TPD benefits paid through super.
- No Fringe Benefits Tax (FBT) on premiums paid through super.
- Attractive group rates and terms available for plans with a minimum of 15 lives.

## Key differences in group plan outside Super and group plan through ROSS

### Group premium – example

	Outside super	ROSS	Saving with ROSS
Employer paid Premium FBT @ 46.5% on premium	\$80,000	\$80,000	
FBT @ 46.5% on premium grossed up to \$149,536	\$69,534	\$0	
Total cost before tax	\$149,534	\$80,000	
Tax deduction @ 30%	\$44,860	\$24,000	
<b>Net cost to employer</b>	<b>\$104,674</b>	<b>\$56,000</b>	<b>\$48,674</b>

### Claim Proceeds to dependant – Example

Insured Benefit	\$500,000	\$500,000	
Tax on death claim proceeds (outside super – up to 46.5% on amount above \$160,000)	\$158,100	\$0	
<b>Net benefit to dependant</b>	<b>\$341,900</b>	<b>\$500,000</b>	<b>\$158,100</b>

## Group Risk under Super: Considerations

Advantages	Things to keep in mind
<ul style="list-style-type: none"> <li>• More tax beneficial than outside super;</li> <li>• Far less expensive overall than scaling up benefits;</li> <li>• Circumvents the ETP amendments to the Corporations Act, brought in as a result of the GFC;</li> <li>• Allows clients to retain benefits within the superannuation environment, and place risk with insurers other than Master Trusts or Industry Funds default insurer, without incurring 'external fees' and at the same time avoiding member communication material;</li> <li>• Provides cover for 100% of employees regardless of choice of fund – a number of Master Trusts and Industry Funds do not provide a risk only solution to deal with employer paid benefits;</li> <li>• Good for multinational clients who are pooled as reporting is far more streamlined and transparent when compared to being bundled with a multi-employer fund; and</li> <li>• Allows Group Life &amp; Salary Continuance to be insured with the same insurer, reducing underwriting and claims burden for client and adviser.</li> </ul>	<ul style="list-style-type: none"> <li>• Premiums count towards contributions cap – members need to keep track of total contributions so as to avoid excess cap contributions</li> </ul>

### Benefits to advisers

- No administration burden
- Retail opportunities from ROSS business – potential to write retail / private insurance on members as well as financial planning
- Competitive commission

### Services for advisers

- Group quotations (minimum 15 lives). Target market: Professionals, White-Collar, Mix of White & Blue Collar (on application)
- Tailored reports for your clients (underwriting, claims and reviews)
- Annual reviews (premium reconciliation)
- Tailored final membership schedule / report for client and adviser records

### Minimum policy size

At least 15 lives to be insured

### Products

#### Group Life (GL)

- Death only
- Death and Standard TPD
- Death and Alternative TPD (Rates to age 70 available)

### Product features

- Automatic Acceptance Levels (AAL) concessions
  - When taking over an existing group insurance policy, if AIA Australia has offered a more competitive AAL than the previous policy, AIA Australia may apply the new AAL to all members regardless of previous underwriting decisions.
- Underwriting loadings waived for plans with more than 100 lives (non voluntary, underwritten cover).
- Worldwide cover, 24/7
- 60 day continuation option with extended cover

### Premium rates

All rates quoted are annual rates per \$1000 sum insured. Premiums are payable quarterly or monthly in arrears. Rates are non-participating rates. Rates exclude member fee which is \$0.65 per week per member. Rates are applicable to white collar occupations only, for other occupations, the following loading/ discount factors are applied:

Occupation Class	Death	TPD
Professional	90%	85%
White Collar	100%	100%
Supervisory/Qualified with field work	110%	125%
Light Blue Collar	135%	175%
Heavy Blue Collar	175%	300%
Hazardous/Special Risk	Not insurable	