

I emailed the below to our local member as it is a great concern for many people who have illness that requires ongoing treatment for over a 2yr period. We have had several people who have had potential to have been able to access Income Protection and or TPD insurance however due to the length of their illness they have had their insurance cancelled after 16 months of no activity. Having read your consultation paper there is no consideration in this on the impact on young people who may become ill and how this effects not only their income and family but our economy as they are now welfare dependant and if they die, leave families in financial crisis.

I have copied couple of areas off the Cancer Council website to explain changes in the super. The impact this has is quite devastating for some people. Many people are unaware they have insurance attached to their super and when they become ill may move to be nearer to family for support etc. These people did not receive letters as had not thought to change their address which has meant they have not been eligible for their insurance entitlements. These may be \$200,000 and more which would have given them financial peace of mind at a difficult time and know their families will be okay. I get why the change was made but there was no consideration regarding people who have illnesses such as cancer and are not only sick but trying to cope with their diagnosis/prognosis. Felt this issue should be raised and understand Cancer Council are fully aware but unfortunately I am coming across people who may have had insurance but due to them not understanding the insurance attached have left their super sitting during their ill health and as such no longer have this leaving them with limited money.

Not sure what if anything can be done on this but feel we should highlight this issue

### **Insurance through super**

People often don't realise that they may have insurance attached to their super. Many industry super funds, as well as some retail funds, offer insurance by default. In many cases, you will be covered as long as you did not choose to "opt out". Types of insurance offered through super funds include:

- life insurance (may be called death cover) - paid as a lump sum or an income stream (to nominated beneficiaries) or a combination. Some policies will pay the insured amount if you are diagnosed with a terminal medical condition
- total and permanent disability (TPD) insurance - paid as a lump sum or an income stream or combination
- income protection insurance - usually paid as an income stream for a certain time.

We know through clients of our Pro Bono Program just how hard a cancer diagnosis can hit. One of the main tasks our volunteer financial planners undertake is helping cancer patients access insurance attached to their superannuation policies. This is often a welcome surprise for people affected by cancer, many of whom don't even know the insurance exists. This boost to their bank account during a very difficult time provides immeasurable emotional and practical relief as some of their financial burden is lifted and they can instead focus on their health. However, legislation changes coming into effect may mean that accessing much needed life or TPD insurance attached to superannuation is no longer an option for some people facing significant health conditions.

To give some context, legislation was recently introduced to protect Australians' superannuation savings from undue erosion by fees and insurance premiums. These amendments include cancelling insurance policies attached to superannuation funds that are considered inactive (have received no contributions or rollovers for more than 16 months). Funds were required to notify anyone with an account with insurance that it will be cancelled. People have until 30 June to either opt in to keep their insurance, or to make a contribution to their account so that the insurance remains.

There are many instances when cancer patients or carers will have taken significant time off work for treatment or to care for someone, resulting in no contributions for 16 months. These people might seek to access life insurance or total and permanent disability insurance (TPD) attached to their superannuation, however after 1 July this insurance will be cancelled and unavailable to them at a time when they are most in need. Also, there are patients who have taken a lot of time off work but may not yet be eligible to access insurance. However, if their insurance is cancelled, they will not be able to claim in the future once they become eligible.

Many of the people we assist don't know that there is insurance attached to their superannuation fund. Additionally, people may not be opening mail or reading emails from their superannuation fund, particularly while going through treatment or at another stressful time. So, it's likely that those affected will not be aware this insurance will be cancelled and could be left in the lurch at a time when they need support the most.

**Please use [nhwpalliativecare@nhw.org.au](mailto:nhwpalliativecare@nhw.org.au) for all patient related emails as we work part time. A team member will respond**

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*Every patient, every time*



Northeast Health Wangaratta acknowledges the traditional custodians of this land and pays respect to the history, culture, diversity and value of all Aboriginal peoples.