TPD in Super – what is it good for?

Attachment 2: How do industry participants communicate with members on TPD product?

Communicating with members about their TPD cover requires more than just disclosure — it's about helping members understand what they're covered for, how it fits into their circumstances, and what to expect if they need to claim. Because TPD insurance within super is technical and often poorly understood, funds and insurers are increasingly shifting from compliance-driven communication to more member-centred engagement. An example of how members' understanding of the TPD product may be improved is via simplify disclosure and comparisons. Below is an example of how the key TPD definition and terms can be compared across a range of funds. The table also includes the legislated permanent incapacity definition.

TPD Key definition comparison table example

Fund	SIS Act	Income Tax Assessment Act 1997	ART-Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
TPD Definition	**SUPERANNUATION INDUSTRY (SUPERVISION) REGULATIONS 1994 - REG 1.03C** **Meaning of permanent incapacity** For subsection 10(1) of the Act, a member of a superannuation fund or an approved deposit fund is taken to be suffering permanent incapacity if a trustee of the fund is reasonably satisfied that the member's ill - health (whether	Member's Super fund must be satisfied that member has a permanent physical or mental medical condition that is likely to stop member from ever working again in a job member was qualified to do by education, training or experience. To receive concessional tax treatment, a super withdrawal due to	'Unable' to return to any occupation (employed immediately prior to date of disablement and has participated in retraining program if required) - TPD Assist cover only, paid by 4 instalments over a minimum of	Any occupation (including home duties if not gainfully employed at date of disablement) 'Any occupation' includes any occupation the member could reasonably become suited to	'Unable' to return to any occupation (working at any time in the last 16 months) 'Unable' to return to any occupation and Activities of daily work (not employed during last	Any occupation 'Any occupation' includes any occupation the member could reasonably become suited to with further retraining	Any occupation (employed during last 24 months); otherwise Any occupation and one of the following: - Activities of daily work (12-month	Any occupation (under age 67, employed at any time during last 16 months); otherwise, Any occupation and one of the following: - Cognitive loss (6 month waiting period) - Loss of use of limbs/eyes

Fund	SIS Act	Income Tax Assessment Act 1997	ART-Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
	physical or mental) makes it unlikely that the member will engage in gainful employment for which the member is reasonably qualified by education, training or experience.	permanent incapacity must be certified by at least 2 medical practitioners.	3 years and subject to annual assessment 'Unable' to return to any occupation (employed immediately prior to date of disablement) - Tailored cover only; otherwise 'Unable' to return to any occupation and one of the following: - Activities of daily work (3 month waiting period) - Loss of use of limbs/eyes - Cognitive impairment (3 month	with further retraining	16 months, 6 months waiting period) 'Any occupation' includes any occupation the member could reasonably become suited to with further retraining		waiting period) - Psychiatric Impairment - Specified medical conditions	- Permanent impairment - Activities of daily work (12 month waiting period) 'Any occupation' includes any occupation the member could reasonably become suited to with further retraining

Fund	SIS Act	Income Tax Assessment Act 1997	ART-Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
			waiting period) - Specified medical conditions (employed immediately prior to date of disablement) - TPD Assist cover only, paid by lump sum					
Unable	✕	✕	✓	✓	✓	✕	✕	✕
Unlikely	✓	✓	✕	✕	✕	✓	✓	✓
TPD payment type	NA	NA	Instalment	Lump sum	Lump sum	Lump sum	Lump Sum	Lump Sum
Day 1 TPD/Specified Medical Condition Definition?	NA	NA	✓	✕	✕	✓	✓	✕
Waiting Period (months)	NA	NA	0	0	3	3	3	6

Fund	SIS Act	Income Tax Assessment Act 1997	ART-Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
			3 for Cognitive Loss					
Retraining and Rehab requirement	NA	NA	To date of assessment	Future	Future	Future	None	To date of assessment
No restrictive TPD definition (ADL, ADW, hours/employment)?	NA	NA	✓	✓	✗	✓	✗	✗
Eligibility & limitations								
Is the automatic acceptance period at least 120 days from joining?	NA	NA	✓	✓	✓	✓	✓	✓
Does automatic cover commence on date of joining employer, subject to receiving an SG contribution?	NA	NA	✗	✗	✓	✗	✗	✗
Unrestricted eligibility for cover if previously received a TI/TPD benefit?	NA	NA	✗	✗	✗	✗	✗	✓

Fund	**SIS Act**	**Income Tax Assessment Act 1997**	**ART-Super Savings**	**ART – QSuper**	**Aus Super**	**Aware Super**	**CBUS**	**HOSTPLUS**
Is eligibility **not** restricted by type of occupation?	NA	NA	✓	✗	✓	✓	✓	✓
Does cover end if contribution inactivity is < 16 months? (13 month standard)	NA	NA	✓	✓	✗	✗	✗	✗
No Standard Exclusion for:								
Suicide/Self-inflicted injury	NA	NA	✗	✗	✗	✗	✓	✗
Act of war	NA	NA	✓	✗	✓	✗	✓	✗
Criminal act	NA	NA	✓	✗	✓	✓	✓	✓
Service in armed forces	NA	NA	✗	✗	✗	✓	✗	✗
Terrorism	NA	NA	✓	✓	✓	✗	✓	✓
PEC	NA	NA	✗	✗	✗	✗	✗	✗
Travel to DNT country	NA	NA	✓	✓	✓	✓	✓	✓

Fund	SIS Act	Income Tax Assessment Act 1997	ART-Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
Pandemic	NA	NA	✓	✕	✓	✓	✓	✓
Period of limited cover/PEC prior to full cover being provided:								
For members who joined the fund within standard eligibility criteria - Is period of limited cover/PEC less than 30/60 days 'At Work' ?	NA	NA	✓	✓	✕	✓	✓	✓
For members who joined the fund outside of standard eligibility criteria - Is period of limited cover/PEC less than or equal to12/ 24 months?	NA	NA	✓	✕	✓	✓	✓	✓
For increases without underwriting, is limited cover/PEC less than or equal to	NA	NA	✕	✕	✕	✕	✕	✕

Fund	SIS Act	Income Tax Assessment Act 1997	ART- Super Savings	ART – QSuper	Aus Super	Aware Super	CBUS	HOSTPLUS
12 months? (if no increases offered, 0)								
For increases without underwriting, is limited cover/PEC less than or equal to 24 months? (if no increases offered, 0)	NA	NA	✓	✕	✓	✕	✕	✕
For automatic restart of cover, is there no period of limited cover/PEC (if no restart of cover offered, 0)	NA	NA	✕	✓	✕	✕	✓	✕

[1] ART Super Savings TPD Assist: Intention statements | Insurance | ART
[1] ART QSuper Total & permanent disability cover (TPD) | QSuper
[1] Aware Super Total and permanent disablement cover | Aware Super - Australian Superannuation Fund
[1] Australian Super Applying for a Total & Permanent Disablement payment
[1] Cbus: Applying-For-TPD-Payment-Factsheet.pdf
[1] Hostplus Important information about insurance at Hostplus
[1] Rest Super Total And Permanent Disablement Cover - Insurance | Rest Super
[1] TAL TPD Insurance explained: top things you should know | TAL
[1] Zurich Total and Permanent Disability Insurance (TPD) | Zurich Australia

Source	Wording
SIS Act 1993 Section 62(1)(b) (ii)	For one or more of the core purposes and for one or more of the following purposes (the ancillary purposes): ………. (ii) the provision of benefits for each member of the fund on or after the members' cessation of work, if the work was for gain or reward in any business, trade, profession, vocation, calling, occupation or employment in which the member was engaged and the cessation is on account of ill-health (whether physical or mental)
SIS Act 1993 Section 68AA	Benefits for permanent incapacity and death--MySuper members Requirement to provide permanent incapacity benefit and death benefit by taking out insurance (1) Each trustee of a regulated superannuation fund must ensure the following: (a) that the fund provides permanent incapacity benefit to each MySuper member of the fund; (b) that the fund provides death benefit in respect of each MySuper member of the fund; (c) that the benefits referred to in paragraphs (a) and (b) are provided by taking out insurance.

TPD in Super – what is it good for?