

Life Insurance

## SUPPLEMENTARY PRODUCT DISCLOSURE STATEMENT

TOWER Protection Policy

**Issue date**  
04 August 2008

**Issuer and Trustee**  
TOWER Australia Limited  
(ABN 70 050 109 450)  
(TOWER) is a registered life  
insurance company. TOWER's  
Australian Financial Services  
Licence number is 237848.

TOWER Australian  
Superannuation Limited  
(ABN 69 003 059 407  
and RSE Lic. L0000642)  
(the "Trustee") is the trustee of  
the TOWER Superannuation  
Fund (the "Fund"). The  
Trustee's Australian Financial  
Services Licence number  
is 237851.

The Trustee and TOWER  
are joint issuers of this  
Supplementary Product  
Disclosure Statement.

The contact details for the  
Trustee and TOWER are:

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**This document is a Supplementary Product Disclosure Statement (SPDS). It supplements and updates the information in the "TOWER Protection Policy Product Disclosure Statement" dated 30 April 2008 and should be read in conjunction with this Product Disclosure Statement (the "PDS") and any SPDS which accompany this PDS. This SPDS is not available for general use. Please contact TOWER for further information regarding the use of this SPDS.**

This SPDS has been issued to inform you of changes to the Plan Conditions. These changes only apply if the Income Protection Plan is indicated in your Policy Certificate.

The information contained in this SPDS is general advice only. It has not taken into consideration your individual objectives, financial situation or needs. To cater for that, you should consider the appropriateness of this product. The Trustee recommends you seek advice from your financial adviser should you have any questions or concerns.

This SPDS takes effect for all applications for the above Plan Conditions completed on or after the issue date of this SPDS.

On page 4/90 of the above named PDS, under the first column of the Contents replace:

"Life Protection Plan through the TOWER Superannuation Fund"

with

"TOWER Protection Policy through the TOWER Superannuation Fund"

## PROTECTION NOW + FOR THE FUTURE

On page 10/90 of the above named PDS under the heading "**Ensuring our product meets your needs**" replace the paragraph:

"The Life Protection Plan structured through the TOWER Superannuation Fund is simply a variation on the second structure mentioned above."

with

"The TOWER Protection Policy structured through the TOWER Superannuation Fund is simply a variation on the second structure mentioned above."

On page 18/90 of the above named PDS, under the heading "**Income Protection Plan & Business Expense Plan**" insert the following paragraph between the second and third paragraphs:

"The Income Protection Plan can be owned directly by you. Alternatively, it can be structured through your own superannuation fund or structured through the TOWER Superannuation Fund. Further explanation is set out on page 22 under "Can my Policy be owned by a superannuation fund?"

On page 22/90 of the above named PDS, under the heading **“How many people can apply?”** insert the following sub-heading and text:

**“Can my policy be ‘owned’ by a superannuation fund?”**

Yes. We know and understand that most people look to superannuation to provide for their future and that you may wish to structure your income protection within this environment. For this reason, the option is available for you to elect to have the Income Protection Plan owned by the trustee of a complying superannuation fund. Quite simply this approach means the trustee becomes the Policy owner and you become a member of the fund. When benefits are paid, they will be received by the trustee who will then distribute them in accordance with the governing rules of the superannuation fund.

If you are considering the option where your Income Protection Plan is owned by a trustee of a superannuation fund, there are a number of issues that you should keep in mind. In some instances, benefits payable to you under the Policy could be withheld by the trustee due to superannuation law or the governing rules of the superannuation fund. In effect, payments can be delayed by the trustee while the conditions governing the superannuation fund are satisfied.

If you would like to know more about this option and the way in which benefits may be distributed, you should contact your adviser or the trustee of your superannuation fund.

Once you have satisfied yourself that you would like your income protection to be held by the trustee of your superannuation fund, you should ensure that you complete the additional information included in our Application Form attached to this document. If income protection cover structured through superannuation is for you, but you don't have your own superannuation fund, you should consider applying for cover through the TOWER Superannuation Fund. This option is explained further in pages 63 – 67.

Business Expenses cover is not available through a superannuation arrangement.”

On page 24-26/90 of the above named PDS replace the header **“Life Protection Plan through the TOWER Superannuation Fund”** with **“TOWER Protection Policy through the TOWER Superannuation Fund”**

On page 24/90 of the above named PDS:

- replace the heading **“Life Protection Plan through the TOWER Superannuation Fund”** with **“TOWER Protection Policy through the TOWER Superannuation Fund”**;
- insert **“and/or Income Protection.”** at the end of the first paragraph; and
- replace **“Life Protection Plan”** in the second paragraph under the above heading with **“TOWER Protection Policy”**

On page 25/90 of the above named PDS, under the heading **“Plan Overview”** replace the entire page with the following:

**“Plan Overview**

Everyone expects to live long enough to enjoy the benefits of hard work. No-one wants to think about the impact of ill health or their death on family and loved ones.

While careful planning cannot prevent death, disability or illness, it can alleviate the financial pressures on the people we care about.

For a plan overview, please refer to the description of cover provided through the Life Protection Plan on pages 12-14 and Income Protection Plan on pages 18-23. Further details on any conditions or applicable restrictions in relation to this Plan are explained in section 4 Plan conditions on page 28.

If at any time you are unsure of your requirements and how this Plan may be able to assist in providing appropriate cover, you are urged to contact your adviser for further advice.

The Life Protection Plan and Income Protection Plan are all about life and income cover. The central difference, between this Plan and of the Life Protection Plan and Income Protection Plan described earlier, is that the Policy is owned by the Trustee of the TOWER Superannuation Fund. As such, while you are the life insured you also become a member of the Fund and any benefit payments are made directly to the Trustee. The benefits described below presume membership of the TOWER Superannuation Fund.

On your death, the Life Protection Plan will pay a lump sum in accordance with the amount of cover purchased. If you are diagnosed with a Terminal Illness or if you are Totally and Permanently disabled (if this option is selected), TOWER will pay a lump sum in advance. As indicated above, any payments will be made to the Trustee.

In considering your requirements, you should note that the Total and Permanent Disability Benefit (if this option is selected) must be attached to the Life Protection Plan. This Benefit is not available as a stand-alone Plan under the TOWER Superannuation Fund.

The Income Protection Plan generally pays a monthly income if a life insured is unable to work because of sickness or injury after a period of time we call the Waiting Period. As indicated above, any payments will be made to the Trustee.

Once the policy has been issued, you can rest assured that your cover is working to protect you 24 hours a day, no matter where you are in the world, subject to your Policy terms and conditions.

**Am I eligible to apply?**

Naturally, to obtain cover in this manner you must first apply for superannuation membership. To obtain this membership, you must be eligible to contribute and must complete the additional information included in the Application Form, which is found at the back of this document.

On page 26/90 of the above named PDS, under the heading **“How many people can apply on one Plan?”** replace the text under this heading with the following:

“Given the establishment of the TOWER Protection Policy through the TOWER Superannuation Fund only one person can be covered.”

On page 26/90 of the above named PDS, under the heading **“Is there a limit to how much cover I can apply for?”** insert the following after the last paragraph:

Under the Income Protection Plan, a percentage formula is used to calculate the maximum amount you are able to apply for under the Policy. This formula is applied in the following manner:

- Up to 75% of the first \$20,833 Monthly Earnings;
- 50% of the next \$12,500;
- 25% of the next \$8,333; and
- 15% of the next \$41,666;

You are able to apply for a further 15% of the Monthly Earnings of the life insured for the full amount over \$41,666. Please note that only a one year or a two year benefit period is available for this extra 15%, regardless of the benefit period you have selected for the initial Benefit Amount under the formula above.

If the life insured works part-time, the maximum monthly Benefit Amount you are able to apply for under this Plan is the lesser of:

- 50% of the first \$13,000 of Monthly Earnings; or
- \$6,500

On page 26/90 of the above named PDS, replace the first paragraph under the heading **“Does the amount of cover increase with inflation?”** with the following:

“Once your policy is in place there is a built in Inflation Protection Benefit. The reason for this is simply to preserve the real value of your benefit. Each year the Benefit Amount on your Policy is increased by the greater of the Consumer Price Index and three per cent. While the increase will occur automatically on each Policy anniversary (unless your premium is being waived under the Waiver of Premium Benefit), you can choose not to have this applied to your Policy. All you have to do is let us know. The choice is up to you. It should be noted that this increase naturally does not apply if your premiums are being waived under the Premium Relief Option.”

and insert the following at the end of the text under this heading:

“While the Inflation Protection Benefit is there to ensure the value of the Income Protection Plan keeps pace with inflation, the overall benefit cannot be increased past a maximum amount. Under the Inflation Protection Benefit, the maximum amount that your benefit can be increased is:

- \$30,000 a month for the Income Protection Plan;
- \$3,000 a month for Retirement Protection Option;
- \$15,000 a month for the Disability Plus Option.

Increases under the Inflation Protection Benefit will cease on the earlier of the Policy anniversary prior to the life insured’s 65th birthday or when you ask us not to increase the Benefit Amount.

If your Benefit Amount is not an agreed value, in considering whether to accept an Inflation Protection increase to your Benefit Amount, you should keep in mind the formula on page 25 in “How much can I apply for?”

Under the heading **“How long will my cover last?”** add as the second last paragraph the following:

“The Income Protection Plan cover will stop at the Policy anniversary prior to the life insured’s 65th birthday for benefit Periods of one year, two years, five years or ‘To age 65’ or the death of the life insured. A Benefit Period to age 70 is not available when the Income Protection Plan is structured as a TOWER Superannuation Policy.”

On page 48/90 of the above named PDS, under the heading **“Income Protection Plan (IPP) Plan Conditions”** add the following sentence at the end of the first paragraph:

“The Income Protection Plan Plus is not available when structured as a TOWER Superannuation Policy.”

On page 48/90 of the above named PDS, under the heading **“Benefits”** insert the following under the 1st paragraph:

Any benefits payable under the Income Protection Plan when owned by TOWER Australian Superannuation Limited are payable to the Trustee. The Benefits will be released from the Fund by the Trustee when the member meets a condition of release under superannuation law.

On page 50/90 of the above named PDS, add **“(not applicable when structured as a TOWER Superannuation Policy)”** at the end of the **“Rehabilitation Expense Reimbursement Benefit”** heading.

On page 50/90 of the above named PDS, add **“(not applicable when structured as a TOWER Superannuation Policy)”** at the end of the **“Scheduled Injury Benefit”** heading.

On page 51/90 of the above named PDS, under the heading **“Death Benefit”** replace the paragraph under this heading with the following:

“If the life insured dies while covered under the Income Protection Plan we will pay a lump sum equal to three times the monthly Benefit Amount, to a maximum of \$60,000”

On page 54/90 of the above named PDS, add **“(not available when structured as a TOWER Superannuation Policy)”** at the end of the **“Scheduled Illness Option”** heading.

On page 55/90 of the above named PDS, under the heading **“Increasing Claim Option”** insert the following at the end of the first paragraph:

“When a Total or Partial Disability Benefit is payable and the Increasing Claim Option is included, the

Benefit Amount will increase on the anniversary of the commencement of the benefit payments by the Indexation Factor. This increase will be capped to five per cent when the Income Protection Plan is structured through superannuation."

On page 55/90 of the above named PDS, add "(not available when structured as a TOWER Superannuation Policy)" at the end of the "Retirement Protection Option" heading.

On page 55/90 of the above named PDS, add "(not available when structured as a TOWER Superannuation Policy)" at the end of the "Disability Plus Option" heading.

On page 56/90 of the above named PDS, under the heading "Plan Adjustments" insert the following text as a new paragraph after the third bullet point:

"When the Income Protection Plan is structured as a TOWER Superannuation Policy, a reduction will only be made if the life insured receives other payments through:

- any other individual or group disability income insurance, credit or mortgage insurance not disclosed at the time of underwriting or increase in benefits; or
- workers' compensation, common law or statute where such payments are in respect of the disability of the life insured and in calculating the payment the relevant authority did not, or could not, take into account payments due under this Plan; or
- sick leave, where the life insured has accrued entitlements of at least 60 days at the commencement of the Waiting Period and chooses to use those entitlements during the Benefit Period. No adjustment will be made for accumulated sick leave where:
  - the life insured has less than 60 days' accumulated sick leave, or
  - the life insured has at least 60 days' accumulated sick leave but the life insured chooses not to use that leave during the Benefit Period.

On page 63/90 of the above named PDS, under the heading "The TOWER Superannuation Fund" replace the 1st paragraph with the following:

"If you choose the Life Protection Plan and the Income Protection Plan and wish to structure your benefits through the Fund, you must first become a member of the Fund."

On page 78/90 of the above named PDS, below the section headed "What Tax is Payable on Death Benefits?" insert the following text and heading:

**"How does tax apply to Income Protection benefits?"**

When a temporary disability benefit is paid, this constitutes income in the hands of the recipient and will be taxed at the recipient's marginal tax rates.

Where TOWER is required by law to deduct any tax, duty, impost or the like in connection with the payment of a benefit, TOWER will deduct the required amount from the payment and forward it to the relevant authority."

On page 83/90 of the above named PDS, replace the heading and text under "Life Protection Plan structured through the TOWER Superannuation Fund" with the following:

**TOWER Protection Policy structured through the TOWER Superannuation Fund**

If your Policy is structured through superannuation, in refunding the premiums paid you should be aware that this payment is subject to preservation. This means that it may need to be rolled over to another superannuation arrangement rather than be paid in cash. You must do this in writing within one month of advising the Trustee that you are cancelling the TOWER Protection Plan. If you nominate a superannuation arrangement that does not accept the payment, the Trustee can only pay the refund to an eligible rollover fund.

**Change to Application Form**

On page 2/24 of the TOWER Protection Policy Series 28 Application Form, under heading "POLICY OWNER DETAILS"

The reference to "Life Protection Plan" under question 2(B) has now been changed to "TOWER Protection Policy"