UniSuper

Fact sheet

About inbuilt benefits

INFORMATION FOR MEMBERS WHO JOINED THE DEFINED BENEFIT DIVISION BEFORE 1 JANUARY 2015

Inbuilt benefits are a unique feature of Defined Benefit Division (DBD) membership. They provide benefits to eligible members (and their beneficiaries) in the event of *disablement*, *temporary incapacity*, *terminal medical condition* and death. All inbuilt benefits are determined by a formula in the governing rules of the Fund, parts of which changed on 1 January 2015. As a result, inbuilt benefits for most DBD members who joined before 1 January 2015 will be calculated differently than for members who joined on or after 1 January 2015.

What this fact sheet covers

How inbuilt benefits will be calculated for members who joined the DBD **before 1 January 2015**.

You will find more details on inbuilt benefits in the *About leaving service benefits* fact sheet and the *Defined Benefit and Accumulation 2 Product Disclosure Statement (PDS)*, both available at **unisuper.com.au/pds**. You can also obtain a copy of the governing rules of the Fund—UniSuper's Trust Deed and Regulations (together the Trust Deed)—via our website.

Who is this fact sheet for?

Members who joined the DBD **before 1 January 2015** and want to know how the inbuilt benefit formulas will work if they become entitled to inbuilt death, disablement, temporary incapacity or terminal medical condition benefits.

This fact sheet does not apply to members who transferred to UniSuper from the Walter and Eliza Hall Institute of Medical Research superannuation fund.

If you joined the DBD before 1 January 1990 or before 1 January 2002, other calculations may apply.

What changed?

On 1 January 2015, we changed the way benefit salary—part of the formula used to calculate inbuilt benefits—is calculated. For members who joined the DBD before 1 January 2015, your inbuilt benefits will be based on your *apportioned benefit salary*, your *three-year benefit salary* for employment before 1 January 2015, and your *five-year benefit salary* for employment from 1 January 2015.

Important definitions

The 'Important definitions' section at the end of this fact sheet explains the meaning of certain important terms which appear in *italics* throughout.

Calculating inbuilt benefits

Inbuilt benefits cover eligible members in the event of *disablement*, *temporary incapacity*, *terminal medical condition* and death. For most members who joined the DBD before 1 January 2015, any inbuilt benefits they qualify for will be calculated using *apportioned benefit salary*. This is a weighted average of your *three-year benefit salary* and *five-year benefit salary*.

Apportioned benefit salary is calculated as follows:

Inbuilt disablement and temporary incapacity benefits

If you qualify for an inbuilt disablement or temporary incapacity benefit for an event that occurs on or after 1 January 2015, your monthly benefit will be calculated as follows:

Important

If you joined the DBD before 1 January 1990, other calculations may apply.

You can also obtain a copy of the governing rules of the Fund—UniSuper's Trust Deed and Regulations (together the Trust Deed)—via our website.

PART-TIME WORK AND LEAVE WITHOUT PAY

Periods of part-time work or leave without pay during your membership will decrease your monthly disablement or temporary incapacity benefit because your *Average Service Fraction* will be less than 100%.

DISABLEMENT BENEFITS

From 1 January 2015, if you qualify for an inbuilt disablement benefit, you can request a disablement lump sum payment not exceeding your *apportioned benefit salary* as at your date of *disablement*, multiplied by your *Average Service Fraction*. If you elect to receive a lump sum disablement payment, your monthly income benefit and retirement benefit at age 65 would be reduced.

TEMPORARY INCAPACITY BENEFITS

An inbuilt temporary incapacity benefit is paid as a monthly payment, payable for up to two years, regardless of your age.

For the purposes of calculating your other DBD entitlements, we treat the period while you're receiving a temporary incapacity benefit as if you're still employed and making default member contributions.

For more information about how and when these benefits are paid, see the *Inbuilt disablement benefits for DBD members* and *Inbuilt temporary incapacity benefits for DBD members* fact sheets at **unisuper.com.au/pds**.

Weren't employed on 1 January 2015?

If you weren't employed on 1 January 2015 but you recommence contributing to the DBD after 1 January 2015, a *five-year benefit salary* will apply to the employment you started after 1 January 2015.

If you qualified for an inbuilt temporary incapacity benefit before 1 January 2015 and don't subsequently commence an inbuilt disablement benefit or retire, a *five-year benefit salary* will apply from 1 January 2015.

CHECK YOUR ENTITLEMENTS

You may also be entitled to a continued inbuilt benefit if you die, suffer *disablement* or *temporary incapacity* or are diagnosed with a *terminal medical condition* within 90 days of ceasing employment or otherwise cease to be eligible for DBD membership. See the *DBD and Accumulation 2 PDS*—available at **unisuper.com.au/pds**—for more information.

INSURANCE COVER

If you're assessed as being permanently incapacitated, you may also be entitled to an additional lump sum payment through any Total and Permanent Disablement (TPD) insurance cover you may have through your UniSuper membership. If you want to make a claim under your insurance cover, you'll need to apply separately. See the *Insurance in your super* document at **unisuper.com.au/pds** for details.

Example: Alison's temporary incapacity benefit

Alison joined the DBD on 1 January 2005. She is working when she has an accident on 1 January 2023 and is deemed eligible for a temporary incapacity benefit.

Her *three-year benefit salary* is $70,000 and her *five-year benefit salary* is $67,500.

Alison's *apportioned benefit salary* is calculated as follows:

THREE-YEAR BENEFIT SALARY	×	YEARS OF MEMBERSHIP BEFORE 1 JAN 2015	÷	TOTAL YEARS OF MEMBERSHIP	+	FIVE-YEAR BENEFIT SALARY	×	YEARS OF MEMBERSHIP FROM 1 JAN 2015	÷	TOTAL YEARS OF MEMBERSHIP	=	APPORTIONED BENEFIT SALARY
$70,000		10		18		$67,500		8		18		$68,889

Alison always worked full-time, so her *Average Service Fraction* is 100%.

Her monthly temporary incapacity benefit is calculated as follows:

APPORTIONED BENEFIT SALARY	×	60%	×	AVERAGE SERVICE FRACTION	÷	12 MONTHS	=	MONTHLY BENEFIT ($)
$68,889				100%				$3,444

Inbuilt death benefits

If you joined the DBD before 1 January 2015, your inbuilt death benefit will be a lump sum, calculated as **the greater of** the following amounts (A or B):

A

APPORTIONED BENEFIT SALARY × BENEFIT SERVICE* × 21% × AVERAGE SERVICE FRACTION

OR

B

THREE-YEAR BENEFIT SALARY × BENEFIT SERVICE BEFORE 1 JAN 2015 × LUMP SUM FACTOR × AVERAGE SERVICE FRACTION × AVERAGE CONTRIBUTION FRACTOR

+

FIVE-YEAR BENEFIT SALARY × BENEFIT SERVICE FROM 1 JAN 2015 × LUMP SUM FACTOR × AVERAGE SERVICE FRACTION × AVERAGE CONTRIBUTION FRACTOR

+ (if you're under age 60 when you die)

APPORTIONED BENEFIT SALARY × POTENTIAL SERVICE × 21% × ADJUSTED SERVICE FRACTION

* Includes potential service from the date of death to age 60 (if you're under age 60 when you die).

If, at the time of your death, you've reduced your default member contributions below:

- 4.45% after tax (5.25% before tax) while receiving 17% employer contributions, or
- 7% after tax (8.25% before tax) while receiving 14% employer contributions

your benefit will be calculated under 'B' only, regardless of your age when you die. That's because your *Average Contribution Factor* will be less than 100%.

INSURANCE COVER

If you have Death cover through your UniSuper membership at the time of your death, your beneficiaries may be entitled to an additional lump sum payment. A separate claim would be required—see the *Insurance in your super* document at **unisuper.com.au/pds** for information on how to make a claim.

The final death benefit payable will include the balance (if any) of your accumulation component, plus—if you have any insurance cover with the Insurer—any insurance proceeds that may be payable under the insurance policy. See the next page for an example calculation.

If you joined the DBD before 1 January 2002

An additional amount may be payable based on your three-year *benefit salary*. For more information, refer to your most recent *Benefit statement* or call us on **1800 331 685**.

Inbuilt terminal medical condition benefits

If you qualify before age 60, you can elect to receive a terminal medical condition benefit. Your election will be irrevocable. If you receive this benefit, you won't be entitled to any further inbuilt death or disablement benefits and you won't be eligible to remain a DBD member.

The inbuilt terminal medical condition benefit is a lump sum equivalent to your inbuilt death benefit (see the 'Inbuilt death benefits' section for a description of how inbuilt death benefits are calculated).

If you take a terminal medical condition benefit and subsequently decide to continue employment or recommence employment at any time in the future, you won't be eligible for DBD membership (all future contributions will be made into an Accumulation 1 account) and you won't be eligible to apply for any insurance cover.

For more information, see **unisuper.com.au** and the *DBD and Accumulation 2 PDS*.

INSURANCE COVER

If you have Death cover through your UniSuper membership, a terminal illness benefit may also be payable. A separate claim would be required—see the *Insurance in your super* document at **unisuper.com.au/pds** for information on how to make a claim.

Example: Andrea's death benefit

Andrea was 50 years old when she died on 1 January 2020. She'd been a UniSuper member for 10 years and was 10 years away from turning 60. Her *three-year benefit salary* was $75,000 and her *five-year benefit salary* was $72,000. Andrea hadn't reduced her default member contributions at the time of her death, and her *Average Service Fraction* and *adjusted service fraction* were both 100%. Andrea always made 7% (after-tax) default member contributions, so her *Average Contribution Factor* was 100% too. Andrea's *apportioned benefit salary* would be calculated as follows:

THREE-YEAR BENEFIT SALARY	×	YEARS OF MEMBERSHIP BEFORE 1 JAN 2015	÷	TOTAL YEARS OF MEMBERSHIP	+	FIVE-YEAR BENEFIT SALARY	×	YEARS OF MEMBERSHIP FROM 1 JAN 2015	÷	TOTAL YEARS OF MEMBERSHIP	=	APPORTIONED BENEFIT SALARY
$75,000		5		10		$72,000		5		10		$73,500

Because Andrea was 10 years away from turning 60 when she died, she had 10 years of *potential service* to age 60. Her *potential service* is included in her *benefit service* (the number of years and days she was a DBD member) for the calculation of (A). Her inbuilt death benefit would therefore be calculated as **the greater of** the following amounts (A or B):

A

APPORTIONED BENEFIT SALARY	×	BENEFIT SERVICE*	×	21%	×	AVERAGE SERVICE FRACTION	=	INBUILT DEATH BENEFIT
$73,500		20 years				100%		$308,700

OR

B

THREE-YEAR BENEFIT SALARY	×	BENEFIT SERVICE BEFORE 1 JAN 2015	×	LUMP SUM FACTOR FOR A 50-YEAR-OLD	×	AVERAGE SERVICE FRACTION	×	AVERAGE CONTRIBUTION FRACTOR
$75,000		5 Years		20%		100%		100%

+

FIVE-YEAR BENEFIT SALARY	×	BENEFIT SERVICE FROM 1 JAN 2015	×	LUMP SUM FACTOR FOR A 50-YEAR-OLD	×	AVERAGE SERVICE FRACTION	×	AVERAGE CONTRIBUTION FRACTOR
$72,000		5 Years		20%		100%		100%

+

APPORTIONED BENEFIT SALARY	×	POTENTIAL SERVICE	×	21%	×	ADJUSTED SERVICE FRACTION	=	INBUILT DEATH BENEFIT
$73,500		10 Years				100%		$301,350

In this example, Andrea's inbuilt death benefit would be calculated using the formula set out in **A** because it's greater than the amount calculated under **B**.

Andrea's death benefit could be increased by the proceeds of any Death cover she may have had, as well as the balance (if any) of her accumulation component.

* Includes potential service from the date of death to age 60.

Important definitions

ADJUSTED SERVICE FRACTION (GF)

Also known as GF, your adjusted service fraction is the greater of:

- your *service fraction* at the date of death, and
- your *Average Service Fraction* at the date of death.

APPORTIONED BENEFIT SALARY

For DBD members, the *apportioned benefit salary* is a weighted average of your *three-year benefit salary* and *five-year benefit salary* based on your pre and post-1 January 2015 membership of the DBD. It applies in respect of the inbuilt death benefits and the inbuilt disablement and temporary incapacity benefits for DBD members.

For calculations of the *apportioned benefit salary* prior to 1 January 2015, apportioned *benefit salary* will work out as simply the *three-year benefit salary* as there is no post-1 January 2015 DBD membership.

For DBD members entitled to an inbuilt disablement or temporary incapacity benefit, the *apportioned benefit salary* is calculated as at the date of *disablement* or *temporary incapacity* and then indexed with the CPI in respect of any subsequent death, retirement or—in the case of *temporary incapacity*—disablement benefits that may become payable.

AVERAGE CONTRIBUTION FACTOR (ACF)

This is the time-weighted average of your *contribution factor*. If you always make the default 7% after-tax member contributions, your ACF is 100%.

Reducing your default member contributions will generally decrease your ACF. For more information, see the *Default member contributions fact sheet and application form* at unisuper.com.au/forms.

AVERAGE SERVICE FRACTION (ASF)

This refers to how much of your DBD membership has been spent in full-time employment. It is calculated by averaging all of your service fractions over your period of *benefit service* with a UniSuper participating employer. For example, if you always worked full-time with your UniSuper employer(s), your ASF is 100%. However, any breaks in employment will reduce your ASF. Typical breaks in employment include the time between ceasing one job and starting another, periods of leave without pay, periods of part-time work and half-contributions. Breaks in employment are calculated in days and include weekends.

BENEFIT SERVICE

Your period of service covers the years and days of your DBD membership as a contributing member.

If you die before age 60, your *benefit service* will also include the period from the date of your death to what would have been your 60th birthday. If you suffer *disablement*, your *benefit service* covers the period (years and days) from the date of your disablement up to age 65.

CONTRIBUTION FACTOR

Contribution factors are applied on a time-weighted basis in the DBD calculation—see the definition of *Average Contribution Factor*. If you reduce your default member contributions, the final benefit you receive will generally also reduce. This reduction to your defined benefit entitlement will be calculated by adjustments to your *Average Contribution Factor*. See our website and the *DBD and Accumulation 2 PDS* for more information on the impact of reducing your default member contributions.

IF YOU RECEIVE 17% EMPLOYER CONTRIBUTIONS AND MAKE AFTER-TAX DEFAULT MEMBER CONTRIBUTIONS OF	YOUR CONTRIBUTION FACTOR WILL BE
0%	74.5%
1%	80.2%
2%	86.0%
3%	91.7%
4%	97.4%
4.45%	100%
7%	100%

IF YOU RECEIVE 14% EMPLOYER CONTRIBUTIONS AND MAKE AFTER-TAX DEFAULT MEMBER CONTRIBUTIONS OF	YOUR CONTRIBUTION FACTOR WILL BE
2.55%	74.5%
3.55%	80.2%
4.55%	86.0%
5.55%	91.7%
6.55%	97.4%
7%	100%

DISABLEMENT

Disablement is defined as a state of health which, in the opinion of the Trustee, leaves you permanently incapable of performing duties or engaging in employment for which you're reasonably qualified by training and experience, where:

- you've met the 'waiting period', which means within a period of twelve consecutive months you've been absent from employment through injury or illness for:
  - 60 working days if you're working full-time (prorated if you're not working full-time); or
  - if your injury or illness occurred before 1 July 2019, the lesser of:
    - 60 working days if you're working full-time (prorated if you're not working full-time); or
    - three months; and
- the Trustee is satisfied that your state of health isn't due to or induced by any wilful action on your part to obtain a benefit.

If you ceased to be in DBD eligible employment* due to disablement prior to 1 April 2020, you must have met the waiting period immediately prior to ceasing DBD eligible employment.

If you haven't met the waiting period prior to the date of ceasing DBD eligible employment on or after 1 April 2020, you must meet the waiting period by the later to occur of:

- 60 working days; or
- three months

from the date of ceasing DBD eligible employment.

FIVE-YEAR BENEFIT SALARY

The '*five-year benefit salary*' is the average of your annual equivalent full-time salary (not indexed) as a contributing member over your last five years of employment with a UniSuper employer(s), before your benefit is calculated. If you've worked for less than five years, it is averaged over the time you have been employed as a contributing member. The five-year *benefit salary* is subject to a maximum of the three-year *benefit salary*.

LUMP SUM FACTOR

Your lump sum factor is determined by your age, as shown in the following table.

AGE WHEN YOU RETIRE OR LEAVE THE DBD	LUMP SUM FACTOR (%)
40 or under	18.0
41	18.2
42	18.4
43	18.6
44	18.8
45	19.0
46	19.2
47	19.4
48	19.6
49	19.8
50	20.0
51	20.2
52	20.4
53	20.6
54	20.8
55	21.0
56	21.2
57	21.4
58	21.6
59	21.8
60	22.0
61	22.2
62	22.4
63	22.6
64	22.8
65 and over	23.0

* DBD eligible employment is defined as employment with an employer who is eligible to participate in the DBD, in a role that the employer agrees can participate in the DBD.

POTENTIAL SERVICE

The number of years and days from your date of death until you would have reached age 60.

SERVICE FRACTION

Refers to how much of your DBD membership has been spent in full-time employment.

TEMPORARY INCAPACITY

Temporary incapacity is defined as a state of health which, in the opinion of the Trustee, leaves you unable to perform your own duties or any other duties for which you're reasonably qualified by training and experience and available at your employer, where:

- you've met the 'waiting period', which means within a period of twelve consecutive months immediately prior to the date of lodging the claim for a temporary incapacity benefit, you've been absent from employment through injury or illness for:
  - 60 working days if you're working full-time (prorated if you're not working full-time); or
  - if your injury or illness occurred before 1 July 2019, the lesser of:
    - 60 working days if you're working full-time (prorated if you're not working full-time); or
    - three months; and
- the Trustee is satisfied that your state of health isn't due to or induced by any wilful action on your part to obtain a benefit.

TERMINAL MEDICAL CONDITION

A condition in relation to the member where the Trustee is satisfied that the following circumstances exist:

- two registered medical practitioners have certified separately that the person suffers from an illness, or has incurred an injury, where it is likely to result in the death of that person with a period that ends not more than 12 months after the date of the certification,
- at least one of the registered medical practitioners is a specialist practising in the area related to the illness or injury suffered by the person, and
- for each of the certificates, the 12-month period has not ended.

THREE-YEAR BENEFIT SALARY

The '*three-year benefit salary*' is the average of your annual equivalent full-time indexed (by CPI) salary as a contributing member over your last three years of employment with a UniSuper employer(s), before your benefit is calculated. If you've worked for less than three years, it is averaged over the time you have been employed as a contributing member.

This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement for your membership category and whether to consult a licensed financial adviser. This information is current as at January 2026 and is based on our understanding of legislation at that date. Information is subject to change. To the extent that this fact sheet contains information which is inconsistent with the UniSuper Trust Deed and Regulations (together the Trust Deed), the Trust Deed will prevail. Issued by: UniSuper Management Pty Ltd ABN 91 006 961 799, AFSL No. 235907 on behalf of UniSuper Limited the trustee of UniSuper, Level 1, 385 Bourke Street, Melbourne Vic 3000.

Fund: UniSuper, ABN 91 385 943 850
Trustee: UniSuper Limited, ABN 54 006 027 121 AFSL 492806
Date: January 2026 UNIS00F119 0126