

OPTIONAL BENEFIT APPENDIX

Retirement Protection Benefit

This *appendix* only applies if cover under the policy *schedule* includes the Retirement Protection Benefit. This *appendix* forms part of and is incorporated into the TotalCareMax policy, the terms of which apply to this *appendix*.

The Retirement Protection Benefit covers employee contributions to the life assured's *KiwiSaver scheme*. This is an agreed value disability income protection benefit. Details of the benefit and the names of the people insured for the benefit (called the life or lives assured) are shown in *the schedule*.

1. When will Sovereign pay a Retirement Protection Benefit?

Sovereign will pay a Retirement Protection Benefit monthly in advance if:

- > in Sovereign's opinion, the life assured is *totally disabled*; and
- > a total disability benefit is being paid in relation to that life assured under a *Sovereign Personal disability income policy* (TotalCareMax Disability Income Protection Benefit, Loss of Earnings Benefit or Mortgage and Income Protection Benefit).

The Retirement Protection Benefit will be paid to the life assured's *KiwiSaver scheme* by payment to Inland Revenue as a voluntary contribution made on behalf of the life assured. Payment will be made to Inland Revenue in compliance with the current process for contributions to *KiwiSaver schemes*. If the contributions do not meet the *KiwiSaver scheme's* minimum contribution amount, then Inland Revenue may retain the contributions until the minimum contribution amount is met.

Cover under this Retirement Protection Benefit is only available while the life assured also has cover under a *Sovereign Personal disability income policy*. Any premiums paid for the Retirement Protection Benefit for a life assured after cover for that life assured ceased under the *Sovereign Personal disability income policy* will be refunded to the policy owner and the Retirement Protection Benefit for that life assured will cease.

Where the waiting period under a *Sovereign Personal disability income policy* for the life assured is 8 weeks or less, the life assured is *totally disabled* due to injury and the nature of the injury is such that the life assured is expected to recover within a set period of time, Sovereign may choose to make a lump sum payment of up to 3 monthly benefit payments (after the shortest waiting period and any offsets have been taken into account) and close the claim. This payment may be made during the shortest waiting period.

If the life assured is still *totally disabled* at the end of the expected recovery period corresponding with the lump sum payment, then Sovereign will reopen the claim and pay the Retirement Protection Benefit in accordance with this *appendix*.

2. What amount will Sovereign pay for a Retirement Protection Benefit?

The amount that Sovereign will pay monthly is 1/12th of the benefit amount shown in *the schedule* less offsets shown below.

Offsets:

Any other *KiwiSaver scheme* contribution replacement benefit that any *person* receives or is entitled to receive from any sources in relation to the life assured and in respect of the same or a related disability.

Where the life assured is covered by *KiwiSaver scheme* contribution replacement benefits held with more than one provider, Sovereign will negotiate with the other provider(s) to determine the amount to be offset.

3. When will cover be suspended and when will Sovereign reinstate cover?

If cover under the *Sovereign Personal disability income policy* has been suspended in accordance with the provisions for suspending cover of that *Sovereign Personal disability income policy*, then cover for the life assured under this Retirement Protection Benefit *appendix* will also be suspended. Cover for the life assured under this Retirement Protection Benefit *appendix* cannot be suspended by itself.

No *premium* will be payable during the period that the cover is suspended.

No claim under the Retirement Protection Benefit will be payable during, or for any disability that occurs during, the period that the cover is suspended.

Cover under this Retirement Protection Benefit may be reinstated after it has been suspended in accordance with this section, without the need to provide further medical evidence only when cover under the *Sovereign Personal disability income policy* for the life assured is reinstated without the need to provide further medical evidence.

Cover for the life assured will be reinstated from the date set out in Sovereign's written acknowledgement.

The *premium* payable for the reinstated benefit will be based on Sovereign's *premium* rates at the time of the reinstatement.

If Sovereign does not receive notification to reinstate the cover under the *Sovereign Personal disability income policy* for the life assured within the required time and, as a result, cover for the life assured under that *Sovereign Personal disability income policy* terminates, then cover under this Retirement Protection Benefit *appendix* will also terminate for that life assured.

4. Law changes

Without limiting the law changes section of *your* TotalCareMax policy, if changes to the KiwiSaver law or regulations occur after the *risk commencement date* and Sovereign believes on reasonable grounds that those changes will affect this benefit, then Sovereign can change the provisions of this *appendix* in whatever way it deems appropriate.

5. Tax

Sovereign understands that under current tax legislation premiums payable for agreed value disability protection insurance are generally not deductible and claim payments are generally not taxable.

In the event of a *tax change* you may elect that, for the purpose of calculating the Retirement Protection Benefit only, the benefit amount shown in *the schedule* is increased to an amount agreed by Sovereign to reflect the change in tax treatment. *Your* premiums from that point onwards will be adjusted to reflect the increased amount of benefit and will be based on *premium* rates applicable at that time.

An election under this clause must be made within 180 days of the *tax change*. No further underwriting will be required for the increase but any existing exclusions and endorsements will apply. No election under this clause may be made if a Retirement Protection Benefit is payable in respect of the life assured (or would have been payable had a claim been made).

6. How to make a claim

To make a claim, the relevant procedures in the section of *your* TotalCareMax policy entitled 'How to make a claim' must be followed.

The 'How to make a claim' and 'Ongoing Claim Requirements' sections of the *Sovereign Personal disability income policy* also apply to this Retirement Protection Benefit.

In addition, Sovereign will not pay a claim under this Retirement Protection Benefit until Sovereign has received all the information it needs to pay this Retirement Protection Benefit, including the name of the life assured's *KiwiSaver scheme*.

7. When will Sovereign cease paying a benefit?

Sovereign will cease paying a benefit if:

- (a) Sovereign determines that the life assured is no longer *totally disabled* or a total disability benefit is no longer payable under a *Sovereign Personal disability income policy* for the life assured.
- (b) The life assured reaches age 65.
- (c) The life assured's Mental Health Limitation payment period ends (if applicable for the life assured under the *Sovereign Personal disability income policy*);
- (d) The life assured ceases to be a member of a KiwiSaver scheme;
- (e) The life assured or anyone acting on behalf of the life assured makes a false or fraudulent statement in respect of a claim or supports any claim with false evidence.
- (f) The life assured is in prison for any reason.
- (g) The life assured dies.

8. Exclusions – When Sovereign won't pay a benefit?

Sovereign will not pay a Retirement Protection Benefit if:

- > the life assured became *totally disabled* prior to, or within six months following the *risk commencement date* of this Retirement Protection Benefit;
- > a total disability benefit is not payable under a *Sovereign Personal disability income policy* for the life assured;
- > a partial disability benefit is payable in respect of the life assured under a *Sovereign Personal disability income policy*;
- > the life assured is not a member of a *KiwiSaver scheme*.

9. Key terms

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| <i>KiwiSaver scheme</i> | A registered KiwiSaver scheme as defined in the KiwiSaver Act 2006 (as amended or replaced). |
| <i>person</i> | An individual, employer, company, partnership, association, organisation or trust. |
| <i>Sovereign Personal disability income policy</i> | A Sovereign TotalCare Max Disability Income Protection Benefit, Loss of Earnings Benefit or Mortgage and Income Protection Benefit <i>appendix</i> under which the life assured is also a life assured. |
| <i>tax change</i> | As a result of a change in legislation or New Zealand Inland Revenue Department's interpretation of existing legislation, Sovereign changes its understanding of the tax treatment of claim payments under agreed value disability protection insurance, and notifies <i>you</i> accordingly. |
| <i>totally disabled</i> | Has the meaning set out in the applicable <i>appendix</i> for the <i>Sovereign Personal disability income policy</i> . |
| <i>you/your</i> | The 'Policy Owner' named in <i>the schedule</i> . |