



PROTECTING YOUR SUPER CHANGES:

Time to take action

Financial Advice Matters' Advice Development Manager, Francis Rigby, states that "many people are not aware of changes to superannuation that are taking place from 1st July 2019 and the benefits they may lose if they don't take action. We have received numerous enquiries from those who have received letters from their fund providers. We are also aware that some product providers are struggling with the time frames to inform members of the changes that are happening." The main changes are outlined below.

From 1 July 2019, new arrangements to protect your super balance from erosion by inappropriate insurance and fees will apply:

Cancellation of insurance

Super funds will cancel insurance on accounts that haven't received contributions for at least 16 months. Your fund will contact you if your insurance is about to end. If you want to keep the **insurance through your super**, you must tell your super fund or make a contribution to that account. You may want to keep your insurance if you don't have any through another fund or insurer and you have a particular need for it (e.g. you have children or other dependents or work in a high-risk job).

No exit fees

There are no exit fees if you leave your super fund.

Fee limit on low-balance accounts

Annual administration and investment fees can't exceed 3% of the balance of accounts with less than \$6,000. Your account balance is calculated at the end of the fund year.

Inactive account transfers to ATO

Accounts with less than \$6,000 that are inactive for 16 months will be transferred to the ATO. The ATO will merge it with your other active super account. If you don't have another active account, the ATO will keep your super safe.

Source: <https://www.moneysmart.gov.au/superannuation-and-retirement/is-your-super-on-target>



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In order to retain the insurance cover, a number of options exist. You can:



If you have received a letter from your super fund informing you that your account has not received contributions or rollovers within the past six months, there is a risk that your insurance may be cancelled as early as 1 July 2019.

You need to take the following steps:

1. Review your insurance cover to determine if you still need the cover.
2. If you do, then either:
 - i. make a contribution to your super fund or arrange for other super benefits to be rolled over to your account, or
 - ii. make an election in the form provided by your super fund indicating that you wish to retain your insurance cover.

Better still, contact a licensed financial adviser and arrange to have a formal review of your insurances.

If you receive a letter from your super fund advising that your account is likely to become inactive, don't ignore the letter. If insurance cover is cancelled, it may be difficult to replace the cover where it is needed.



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