

# Important Information About Your Super

This notice highlights changes to the following aspects of your superannuation :

1. Taking effect from **1 August 2017**, Club Super insurance changes; and
2. Taking effect from **1 July 2017**, Superannuation legislation reforms.
3. Club Super investment option changes

We assure you that Club Super is here to help you navigate these changes and advise on any implications for your super and retirement.

## 1. Club Super insurance changes

### Death, Total and Permanent Disablement (TPD) and Income Protection insurance

There have been some changes to the insurance cover offered by Club Super which will take effect from **1 August 2017**. The tables below summarise these changes and full details will be available on our website, [clubsuper.com.au](http://clubsuper.com.au) from 30 May 2017 and in the *Club Super Additional Information - Insurance in your super* document from 30 June 2017 which can be accessed at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications)

If you currently hold insurance with Club Super you should review your cover to see how the changes impact you and decide what action (if any) you need to take. You can easily review your current cover via Club Super Member Online, at [secure.clubsuper.com.au/memberOnline](http://secure.clubsuper.com.au/memberOnline)

### Reasons for insurance changes

Club Super recently undertook a comprehensive insurance review with a focus on keeping fees affordable, whilst also making sure that you have access to your insurance benefit when you and your loved ones need it most.

There have been significant changes in the Australian insurance market over the last few years with a number of factors driving an increase in the number of insurance claims and the cost of providing cover.

Club Super understands the need to provide members with the best available insurance products at a competitive cost which is why we are pleased to advise that there are no changes to any insurance fees.

Club Super is committed to providing members with a sustainable insurance offering, tailored to your needs to provide peace of mind and financial security in the event of sickness, injury or death. To allow Club Super to continue to provide a sustainable insurance, there are some changes to the insurance offering and policy terms and conditions as outlined below.

### Income Protection (SalarySafe) cover

The most significant changes to the Income Protection cover are as follows:

	Current	New
Waiting period (default)	21 days	28 days
Loyalty bonus	N/A	After 5 years continuous cover with no claims, your benefit will be backdated to commence 7 days earlier* (i.e. to 21 days for default waiting period)
Superannuation benefit amount	12%	10%

\*Maximum benefit payment period remains at 104 weeks.

A number of additional Income Protection policy definitions, terms and conditions have been amended from **1 August 2017** and may impact your existing cover. These include changes to the definitions of *Commencement of Cover*, *Cessation of Cover*, *Actively At Work*, *Benefit*, *Income*, *Total Disablement*, *Partial Disablement*, *Pre-Existing Sickness*, *Sickness*, *Injury* and terms relating to when a benefit is payable and not payable. These are explained further on our website, [clubsuper.com.au](http://clubsuper.com.au)

## Death and TPD cover

The most significant changes to the Death and TPD cover are as follows:

- **Terminal Illness**  
The life expectancy period for a terminal illness insurance benefit has increased from 12 months to 24 months.
- **TPD cover for Spouse members**  
Spouse members will now be able to apply to the insurer and be underwritten for TPD cover.
- **TPD definition**  
The TPD definition has been amended as follows:
  1. Includes an allowance for reasonable retraining when assessing the likelihood of a member returning to work.
  2. Making it a requirement for a member to undergo all reasonable rehabilitation, and reached maximum medical improvement, before they can be considered TPD.
  3. Added clarity regarding what date the opinion has to be formed that a claimant is TPD.

A number of additional Death and TPD policy definitions, terms and conditions have been amended from 1 August 2017 and may impact your existing cover. These include changes to the definitions of *Eligibility for Cover*, *Limitations on Default Cover* and *Reinstatement of Cover* as well as terms relating to retaining any additional Death cover once a TPD benefit has been paid. These are explained further on our website at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications) under the 'News' tab.

## FOR MORE INFORMATION

Full details of the insurance changes will be outlined in the Club Super Product Disclosure Statement (PDS) and associated *Additional Information – Insurance in your super* document from 30 June 2017 which will be available on our website at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications)

If you have any questions about these changes, or your superannuation account in general, please contact Club Super Administration on **1300 369 330** between 8:30 am and 5:00 pm Monday to Friday or email us at [info@clubsuper.com.au](mailto:info@clubsuper.com.au)

## 2. Superannuation Changes

The significant superannuation reforms proposed by the Government in the Federal Budget in May 2016 have now been legislated and are taking effect from 1 July 2017. The following changes may be of varying relevance to you, depending on whether you are an Accumulation or Income Stream member, and your particular circumstances. Members who we identify are likely to be directly impacted by these changes will receive separate direct correspondence from Club Super.

### Caps to reduce on both concessional contributions and non-concessional contributions

Concessional contributions include:

- Superannuation Guarantee (SG) employer contributions;
- Salary sacrifice contributions; and
- Self employed contributions for which a tax deduction is claimed. From 1 July 2017, individuals who make personal contributions will be eligible to claim a tax deduction (i.e. you do not need to be self-employed). However, members over age 65 will need to meet the work test\*.

Concessional contributions are subject to tax at 15% when received by the superannuation fund.

**Before 1 July 2017**, the concessional contribution caps for 2016/17 are \$30,000 per year (across all superannuation funds) if you are under 49 and \$35,000 per year if you are 49 and over, at 30 June 2016.

**From 1 July 2017**, the concessional contributions cap will reduce to \$25,000 for all individuals, irrespective of age. The cap will index in line with wages growth.

Under both the current and new arrangements, concessional contributions above these caps are subject to additional tax.

Please note that from 1 July 2018, members under 65 as well as members aged 65 to 74 who meet the work test, can, if their total superannuation balances (across all superannuation funds) are less than \$500,000 at the previous 30 June, carry forward any unused concessional cap amounts on a rolling 5 year basis. Amounts not used after 5 years will expire.

\*The work test requires the person to be gainfully employed for at least 40 hours in a consecutive 30 day period in the year in which the contribution was made.

Non-concessional contributions include:

- personal contributions for which no tax deduction is claimed;
- spouse contributions; and
- excess concessional contributions

Non-concessional contributions are not subject to tax when received by the superannuation fund.

**Before 1 July 2017**, you can contribute a maximum of \$180,000 a year without incurring additional tax, or if you are under 65, “bring forward” up to 2 years’ worth of these annual contributions, giving you a cap of up to \$540,000 over 3 years.

**From 1 July 2017**, the annual non-concessional contribution cap will be lowered to \$100,000 per year (across all superannuation funds). Individuals under age 65 will still be eligible to bring forward 2 years of non-concessional contributions (\$300,000). Please note complex transitional bring forward arrangements apply for individuals who have partly used their non-concessional bring forward before 1 July 2017. Please contact our Client Contact Centre on **1300 369 330** or email **info@clubsuper.com.au** if this applies to you.

**From 1 July 2017**, individuals with a balance of \$1.6 million or more (across all superannuation funds) will no longer be eligible to make non-concessional contributions (nor will they be eligible for the Government Co-contribution or the Low Income Superannuation Tax Offset). Individuals with balances close to \$1.6 million will only be able to access the number of years of bring forward to take their balance up to \$1.6 million.

### **Transition to Retirement (TTR) income stream investment earnings to be taxed**

**Before 1 July 2017**, investment earnings in a TTR account are tax free.

**From 1 July 2017**, investment earnings in a TTR account will be taxed at 15%. This is irrespective of when the TTR income stream commenced.

Investment earnings in a Retirement Income Stream account will remain tax free.

### **Lifetime Retirement Income Account (RIA) transfer balance cap to be introduced**

**Before 1 July 2017**, there is no limit on the amount that can be held in a RIA.

**From 1 July 2017**, a cap of \$1.6 million will apply to the total amount of superannuation you can have in a tax free RIA over your lifetime (across all superannuation funds). This cap will be indexed in future years by the Consumer Price Index, but will increase only in \$100,000 increments.

If you currently exceed this cap, you will be required to reduce the amount of money in your RIA by 1 July 2017. Any excess amounts will either have to be transferred back to an accumulation account (where earnings are taxed at 15%), or withdrawn from the superannuation system. The earnings on your RIA will continue to be tax free.

The transfer balance cap does not apply to TTR accounts.

### **Additional tax on high income earners**

**Before 1 July 2017**, any individual earning more than \$300,000 p.a. in taxable income will pay 30% tax on concessional contributions.

**From 1 July 2017**, any individual earning more than \$250,000 p.a. in taxable income will pay 30% tax on concessional contributions. If your taxable income is below the \$250,000 threshold, but when added to the concessional contribution is over the \$250,000 threshold, the 30% tax rate will be applied to the concessional contribution.

### **Support for low income earners to be continued**

**Before 1 July 2017**, the Low Income Superannuation Contribution (LISC) is a Government super payment of up to \$500 per financial year to assist low income earners save for their retirement. It represents a refund of the 15% contribution tax paid on concessional contributions by those individuals who have a taxable income of up to \$37,000 p.a.

**From 1 July 2017**, the LISC is being renamed as the Low Income Super Tax Offset (LISTO) but it is effectively the same.

## Spouse contribution tax offset change

**Before 1 July 2017**, the gross income threshold to receive the maximum \$540 tax offset in respect of a spouse contribution is \$13,800.

**From 1 July 2017**, the gross income threshold will increase to \$40,000.

For a detailed list of the new superannuation reforms, please visit [www.treasury.gov.au/superreforms](http://www.treasury.gov.au/superreforms)

Please note that the Club Super Product Disclosure Statement and associated factsheets, as well as the Club Super Income Stream Product Disclosure Statement will be updated to reflect all the new requirements. These documents will be available from 30 June 2017 on our website at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications)

As outlined above, please note that a number of the above measures apply contribution caps, as well as caps to the total amount of money held in superannuation and also impose a transfer balance cap applying to RIA's. These caps apply to all accounts you may hold across all superannuation funds (not per fund). Although Club Super will disclose contributions received to Club Super on your Annual Member Statement and in Member Online, please note that Club Super will not be aware of your contributions or balances in other funds, and so will not be rejecting contributions or RIA transfers requested by you (unless you exceed the caps in relation to Club Super). Please note it is your responsibility to monitor your position across all of the superannuation funds you are in. The Federal Government has indicated it intends to produce a facility to disclose an individual's aggregated contribution and balance totals across all superannuation funds, however this facility is not yet available.

## The next steps

The reforms will take effect from 1 July 2017. You still have time to consider the changes and to seek appropriate advice. It is important that you take the right steps to ensure you remain in control of your superannuation and financial affairs.

## 3. Club Super investment option changes - Closure of MIC Options

From 31 March 2017, the Club Super Moderate and Pooled Term Deposit Fund investment options were closed to new investments. Members invested in these options were sent a significant event notice (SEN) on 4 April 2017. This can be found on the website at [clubsuper.com.au/members/publications](http://clubsuper.com.au/members/publications) under the 'News' tab. If you were invested in these options and didn't receive an SEN, please contact us.

## Club Super is here to help

Some of our members may feel uncertain about the implications of these changes and the consequences they might have on their superannuation or income stream accounts. Club Super wish to assure you that you can call our Client Contact Centre on **1300 369 330** or email [info@clubsuper.com.au](mailto:info@clubsuper.com.au) with all queries. Club Super also has a dedicated team of **Client Services Managers** who can assist members from the comfort of their workplace.

If you need more detailed advice, Club Super also offers access to personal financial planning through **Club Super Financial Planning** (Club Super FP). Club Super FP can offer advice across both super and non-super related issues by phone or face-to-face. Your initial consultation with a financial adviser is free of charge and free of any obligation. Fees may be charged for the provision of personal advice, but where the advice relates to your superannuation, these costs may be deducted from your superannuation account. To book an appointment with Club Super FP, please call our Client Contact Centre on **1300 369 330** or send an email to [info@clubsuper.com.au](mailto:info@clubsuper.com.au)

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The information provided is of a general nature only. It does not take into account your individual financial situation, objectives or needs. You should consider your own financial position and requirements before making a decision. You may like to consult a licensed financial adviser. You should also read the Product Disclosure Statement (PDS) and our Financial Services Guide (FSG) available at [clubsuper.com.au](http://clubsuper.com.au) before making a decision. Club Plus Qld Pty Ltd (ABN 30 010 892 396), the Trustee of Club Super (ABN 12 737 334 298), is Corporate Authorised Representative No. 268814 under Australian Financial Services Licence No. 238507 and is authorised to provide general financial product advice in relation to superannuation.

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