

Protecting your superannuation package

Current as of 13 June 2019

Resolution Life

It is important for us to let you know that one or more of the changes under the Federal Government's "Protecting your superannuation package" legislation may affect you.

These changes are designed to protect your retirement savings from erosion by fees and premium payments for potentially unwanted insurance.

To help you understand these legislative changes and how they might impact your superannuation, please find details of each of the changes below.

Capped fees for account balances under \$6,000

From 1 July 2019, if your account balance had less than \$6,000 at the end of the income year, the annual **total combined amount** of administration fees, investment fees and indirect costs that can be charged to your account is three per cent of your account balance. A proportionate cap on fees will also be applied if you leave the fund during the year of income and your account balance at the date of leaving is less than \$6,000.

Therefore, if the total combined investment fees, administration fees and indirect costs are in excess of the fee cap and your account balance is less than \$6,000 at the end of the income year, your 2020 Annual Statement would show the excess fee amount as a credit to your account balance.

Withdrawal fees

From 1 July 2019, Withdrawal fees (also known as Exit fees or surrender penalties) will no longer apply.

Insurance for 'inactive' accounts to be provided on an opt-in basis only

Your super fund will only be able to continue to provide insurance cover, on or after 1 July 2019, if a contribution or rollover has been received into your account in the previous 16 months, or you have specifically opted in to retain your insurance.

If you want your insurance cover to continue even if your account becomes inactive for 16 consecutive months (that is, if your account has not received any contributions or roll overs in that time) then you must **opt-in** to retain your insurance.

If your account had been inactive for 16 consecutive months as of the 30 June 2019, and we had not received your opt-in notice by 24 June 2019 your insurance cover would have been cancelled on the day before the July premium was due to be deducted.

If you need help making a decision about whether to opt in, including getting more information about the impact of changing or keeping your insurance cover, we recommend that you contact your financial adviser.

Inactive low balance superannuation accounts to be transferred to the Australian Tax Office (ATO)

This change required super funds to transfer to the ATO by the end of October 2019, the balance of all accounts that have been inactive for 16 consecutive months on 30 June 2019 and amount to less than \$6,000.

This is designed to help you consolidate any 'inactive' superannuation accounts you have into your active account. It is expected that this will help improve your retirement savings by avoiding multiple fees.

Your account will be inactive if none of the following transactions have occurred on your account over a continuous 16 month period:

- any type of contribution payment into your account
- a rollover into your account
- a switch of your investment options
- a change of your insurance cover or
- a binding beneficiary nomination has been made or amended on your account.

Within 28 days of receiving your money, the ATO will try to transfer it to an active super account (an account where ongoing contributions are being made) if you have one, and the transfer would take your total balance to \$6,000 or more. Don't worry, your retirement savings are safe with the ATO and should attract interest while held with them.

Visit ASIC's MoneySmart website at www.moneysmart.gov.au for more information.

Things you should know:

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