



# Significant event notice

Protecting Your Super Reforms

## Super changes effective from 1 July 2019

In February 2019, the Federal Parliament introduced legislation called the Protecting Your Super reforms.

At Australian Ethical, we understand superannuation can be confusing, especially at a time when there are changes. We want to make it as easy as possible for you to keep up to date with these changes that will start affecting you from **1 July 2019**.

### Five main changes to your Super

#### 1. No exit fees

We're no longer charging exit fees when you leave or if you make any withdrawals regardless of your super balance. This allows you to combine your accounts without being charged an exit fee. You should know that other fees might still apply.

#### 2. Fees are capped at 3% for low balances

There will be a cap applied to the amount of administration fees, investment fees and certain costs that can be charged to members with an account balance below \$6,000 as at 30 June of each financial year.

This cap is equal to 3% of your account balance which protects members with low balance accounts.

#### 3. Insurance cancellation for inactive accounts

From **1 July 2019** we're unable to continue to provide insurance cover through your super when your account has been *inactive* (regardless of your account balance) unless you let us know you'd like to continue to receive insurance cover. An account is considered *inactive* if money hasn't been paid into your account for a continuous period of **16 months**.

##### What this means for inactive accounts

**Get active!** If you'd like to keep your insurance active, it's really easy.

All you need to do [fill out our opt-in form](#) and opt-in to keep your insurance

NOTE: If you don't opt-in and your account has been *inactive* for a continuous period of 16 months, your insurance may be cancelled from as early as 1 July 2019.

#### 4. Combining inactive low balance accounts

To allow for the consolidation of multiple accounts that you may hold across a number of super funds, we're required to transfer *inactive* low balance accounts to the Australian Taxation Office (ATO).

An account may be considered an *inactive* low balance account where it has an account balance of less than \$6,000, you haven't received any money into your account within the last **16 months** and you don't have insurance as part of your account.

If you'd like to keep your super with Australian Ethical, you can do a number of things, including **one\*** of the below:

- arrange a payment to be made into your account such as an employer contribution, salary sacrifice, personal contribution or a rollover from another fund. You'll need to consider the contribution caps that apply
- make changes to your investment options or insurance cover
- make or change your [Binding death benefit nomination](#).

\*at least **one** of the above has to be done before your account reaches **16 months** of inactivity.

If your super is transferred to the ATO, the ATO will try to combine the amount in your *inactive* account into another active account that you hold. If the ATO can't join your balances automatically, it'll stay with the ATO until you claim it.

#### 5. Updates to insurance pricing and new definitions

As a result of the Protecting Your Super reforms there will be an increase in your insurance premiums paid for Death, Death and Total and Permanent Disablement (TPD) and Income Protection.

As a member of the fund you automatically receive 3 units of Default cover for Death and TPD (standard occupation category). Unless you opted-out or changed your insurance, your premiums will change as shown in the table below.

|             | Current weekly Default cover | New weekly Default cover | Current annual Default cover | New annual Default cover |
|-------------|------------------------------|--------------------------|------------------------------|--------------------------|
| Death & TPD | \$3.69                       | \$4.23                   | \$191.88                     | \$219.96                 |

If you've changed your cover since joining the fund, you can have a look at the updated [rates tables](#) on our website to understand how this affects you. Alternatively, if you'd like to receive a hard copy, please contact us.

Please also consider the effect an increase in insurance premiums has on your super balance over time and whether it's appropriate in your circumstances.

The premiums paid by *employer sponsored* members for fixed cover and income protection is different to *personal members* and may be higher if you transfer between these categories.

If you've received an employer contribution, you'll be considered an *employer sponsored* member unless your employer contributions stop, in which case, you'll be considered a *personal member*. We recommend you take the time to read our [Insurance Guide](#) and understand the terms of your insurance cover.

## Other important changes to your insurance

With the Protecting Your Super reforms there are also changes to the reinstatement rules and policy definitions set out in our *Insurance Guide* which may affect your eligibility to make a claim if you ever need to.

For example, if your cover is cancelled because you've missed the opt-in cut off date, you may have as little as 30 days to reinstate your cover.

[Learn more](#) about these new insurance changes and read [Insurance guide definition 1 July 2019](#).

## More information

We encourage you to keep this information for your records and if you prefer to receive a printed copy of the rates table or any other information, feel free to call us and request a copy at no cost.

Log in online to see your account details at [australianethical.com.au/client-login](https://australianethical.com.au/client-login)

## We're here to help

If you're unsure of what to do, call us on **1300 134 337**, Monday to Friday 9am-8pm (AEST) or email us at [members@australianethical.com.au](mailto:members@australianethical.com.au)

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