

Budget 2018/2019 – Changes to Super

The Federal Government released changes to superannuation in this year's budget. Legislation is still to be passed however the changes are scheduled to take effect from 1 July 2019.

KEY HIGHLIGHTS

- Insurance opt in
- Super account rule changes
- Super work test exemption for retirees

Insurance Opt In

Even though these insurance changes may not affect you, if you or someone in your family starts a new job, make sure they are aware they may need to opt in for insurance.

From July 1, 2019 members may not be provided with death and disablement insurance on a default basis. You will be required to 'opt in' to cover.

- If you are a new member under age 25; or
- If your balance is below \$6,000; or
- If your account is considered 'inactive' with no contributions received in the previous 13 months.

Super account rule changes

Changes were made to the way some super accounts will operate.

From 1 July 2019

- If you have an account balance of \$6,000 or less, the annual administration and investment fees will be capped at 3% of the account balance
- Exit fees will be banned

- All inactive account where balances are below \$6,000 will be transferred to the ATO where they will be reunited with members' active super accounts. No details have been provided around timeline or what is considered an inactive account.

Superannuation work test exemption for retirees

The government will provide a one-year exemption from the work test for superannuation contributions to allow recent retirees to boost their super.

Currently people aged 65-74 must work a minimum of 40 hours in any 30-day period in the current financial year in order to make a contributions to super - this is known as the work test. The existing annual contribution caps will still apply, including any unused concessional contributions (SG or salary sacrifice) under the existing carry forward rules.

From July 1, 2019 people aged 65-74 with total super of less than \$300,000 will be able to make voluntary contributions for 12 months from the end of the first financial year in which they last met the work test.



Chris Clausen
Trustee Chairman

Contact us - if you have any questions
9416 6235 or megan.godwin@cbh.com.au
Find out more – www.budget.gov.au

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