

# Significant Event Notice

This notice is to provide an update on some changes to our products that may affect your REI Super membership.

Beginning 1 July 2019, REI Super is introducing changes to help protect members who are not making regular contributions to their accumulation accounts or have account balances below \$6,000. These have been developed to be consistent with new legislative requirements under Government reforms known as the **Protecting Your Super Package** legislation and are outlined below:

## Changes to insurance cover and insurance fees

### 1. Ceasing insurance cover for inactive accounts

A key feature of our accumulation products is the availability of insurance cover. We understand insurance can be an important benefit for our members and having cover provided within your superannuation fund can be a cost-effective way of protecting you and your family. Any insurance cover you hold with your account involves costs (insurance fees) that are deducted from your account. Consequently, insurance fees can reduce your account balance, especially when no contributions are being made to the account.

To minimise the impact of this, in line with the Government's new rules from 1 July 2019, we will cancel insurance for members for whom contributions or rollovers have not been received for a period of 16 continuous months.

If a member's account is or becomes inactive for a continuous period of 16 months on or after 1 July 2019 and they lose their insurance cover, it is important to note that the original cover cannot be reinstated. Instead, the member must reapply for the cover, and it will be subject to underwriting. This means our insurer must agree to provide the cover and may require a member to provide medical and other information. There is no guarantee the insurer will agree to provide the same cover.

If you want to keep any insurance cover you hold in REI Super, you can do so by either making a contribution, rolling over super from another fund, or instructing us in writing that you wish to keep your cover even if your account is or becomes inactive for 16 continuous months. You must do this before the 16-month period expires or, if your account is or becomes inactive for a 16-month period before 1 July 2019, you must do this before 1 July 2019.

Going forward, we will write to members who have not made an election to keep their cover that are at risk of losing their cover due to their account becoming inactive for a 16-month period by notifying them when they reach 9, 12 and 15 months of inactivity. However you should note that we are required by law to cease cover due to a 16-month period of inactivity even if you do not receive any notifications from us that you are at risk of losing your cover. For example, because the address we hold for you is out of date or you are otherwise uncontactable.

If you elect to keep your cover, you can change your mind later by opting out of or changing some or all of your cover. Refer to the *Insurance Guide* for more information about the insurance options available to you.

### 2. Change to current cessation of Total and Permanent Disability (TPD) cover rules

Eligible Participating employer members and Direct members who join REI Super are automatically given an amount of basic Death and TPD cover (depending on their age) when we receive a contribution on their behalf from their employer. Members may also obtain additional Death & TPD cover on application to our insurer. Under the current insurance policy, any TPD cover held by a Participating employer member ceases where the Fund has not received an employer contribution for 4 consecutive quarters (i.e. 12 months). TPD cover ceases even if other contributions (e.g. member contributions) or rollovers from another fund have been received in the 12-month period.



As a result of the legislative change described above, we have also decided that from 1 July 2019, this ‘12 month’ cessation of cover rule will no longer apply.

Instead, TPD cover (along with any other cover) held by a member will cease whenever there is a 16-month period of inactivity (based on the absence of any contributions or rollovers to an account, not just a failure to receive employer contributions).

This means that from 1 July 2019, TPD cover (and any associated insurance fees) can continue for Participating employer members even if we haven’t received employer contributions for them for 12 months (until cover ceases for some other reason).

**Please note, any request to keep cover that you make does not mean cover will continue indefinitely. Cover may cease for other reasons, such as reaching a maximum insurable age. Existing cover cessation rules continue to apply. For information about these, see the *Insurance Guide* at [reisuper.com.au](http://reisuper.com.au).**

### 3. Insurance fee increase

As a result of the legislative changes, we have had to review our insurance arrangements with our insurer. From 1 July 2019, insurance fees for new and existing members, for Death and TPD cover, will be changing as follows:

**(i) Members who have unit-based cover for Death and Total and Permanent Disablement (TPD)**

**Members eligible for Standard rates\***

Age next birthday	Insurance fee per unit per week up to 30 June 2019		New insurance fee per unit per week – Effective 1 July 2019	
	Death & TPD	Death only	Death & TPD	Death only
15 to 64	\$1.42	\$0.71	\$1.66	\$0.86

**Members subject to Non-standard rates\***

Age next birthday	Insurance fee per unit per week up to 30 June 2019		New insurance fee per unit per week – Effective 1 July 2019	
	Death & TPD	Death only	Death & TPD	Death only
15 to 64	\$2.77	\$1.38	\$3.23	\$1.67

\* Participating employer members will generally be charged Standard rates. Direct members may be eligible for Standard rates. Non-Standard rates apply depending on your occupation and the hours you work. If you do not provide us with your occupation details, or your occupation does not fall within the ‘Standard’ classification, you will be in the ‘Non-standard’ classification. For information about the occupational classifications refer to the *Insurance Guide* available at [reisuper.com.au](http://reisuper.com.au). If you are not sure whether standard or non-standard rates are currently applied to you, contact us on 1300 13 44 33. You should advise us if your occupational classification is incorrect, for example, if your employment status or number of hours worked has changed, by completing the *Occupational Classification form* available at [reisuper.com.au](http://reisuper.com.au) so that the cost of your insurance can be adjusted accordingly.

Please refer to page 13 of our PDS, dated 1 October 2018, for the definitions of ‘Participating employer member’ and ‘Direct member’.



**(ii) Members who have fixed cover for Death and Total & Permanent Disablement (TPD)**

The insurance fees for fixed cover for each age group will increase effective 1 July 2019 in line with the tables below, depending on whether Standard or Non-Standard rates apply to you (see the previous page for information about this). This means the amount of insurance fees deducted from your account will increase if you have fixed cover. You should note there is no change to the cost of Income Protection cover or the other terms and conditions applicable to insurance cover including the

**Insurance fees for members with fixed cover: current fee (applicable up to 30 June 2019) and fee from 1 July 2019****Age Based Rates – Annual cost per \$1,000 Insured Cover**

Standard					Non-Standard				
Age attained as at 1 July prior to the period of cover	Death Only		Death and TPD		Age attained as at 1 July prior to the period of cover	Death Only		Death and TPD	
	Current fee	Fee from 1 July 2019	Current fee	Fee from 1 July 2019		Current fee	Fee from 1 July 2019	Current fee	Fee from 1 July 2019
<b>35 or less</b>	\$0.36	\$0.44	\$0.71	\$0.83	<b>35 or less</b>	\$0.70	\$0.85	\$1.38	\$1.61
<b>36</b>	\$0.37	\$0.45	\$0.74	\$0.86	<b>36</b>	\$0.72	\$0.87	\$1.43	\$1.67
<b>37</b>	\$0.39	\$0.47	\$0.78	\$0.91	<b>37</b>	\$0.76	\$0.92	\$1.53	\$1.78
<b>38</b>	\$0.41	\$0.50	\$0.82	\$0.96	<b>38</b>	\$0.79	\$0.96	\$1.60	\$1.86
<b>39</b>	\$0.44	\$0.53	\$0.88	\$1.03	<b>39</b>	\$0.87	\$1.06	\$1.71	\$1.99
<b>40</b>	\$0.46	\$0.56	\$0.94	\$1.09	<b>40</b>	\$0.91	\$1.10	\$1.84	\$2.14
<b>41</b>	\$0.49	\$0.59	\$0.98	\$1.14	<b>41</b>	\$0.95	\$1.15	\$1.92	\$2.24
<b>42</b>	\$0.52	\$0.63	\$1.03	\$1.20	<b>42</b>	\$1.01	\$1.23	\$2.01	\$2.34
<b>43</b>	\$0.55	\$0.67	\$1.11	\$1.29	<b>43</b>	\$1.07	\$1.30	\$2.17	\$2.53
<b>44</b>	\$0.58	\$0.70	\$1.18	\$1.37	<b>44</b>	\$1.12	\$1.36	\$2.30	\$2.68
<b>45</b>	\$0.62	\$0.75	\$1.25	\$1.46	<b>45</b>	\$1.22	\$1.48	\$2.43	\$2.83
<b>46</b>	\$0.67	\$0.81	\$1.35	\$1.57	<b>46</b>	\$1.30	\$1.58	\$2.63	\$3.06
<b>47</b>	\$0.72	\$0.87	\$1.45	\$1.69	<b>47</b>	\$1.40	\$1.70	\$2.83	\$3.30
<b>48</b>	\$0.79	\$0.96	\$1.57	\$1.83	<b>48</b>	\$1.55	\$1.88	\$3.06	\$3.57
<b>49</b>	\$0.86	\$1.04	\$1.71	\$1.99	<b>49</b>	\$1.67	\$2.03	\$3.33	\$3.88
<b>50</b>	\$0.94	\$1.14	\$1.88	\$2.19	<b>50</b>	\$1.84	\$2.23	\$3.66	\$4.27
<b>51</b>	\$1.06	\$1.29	\$2.11	\$2.46	<b>51</b>	\$2.06	\$2.50	\$4.13	\$4.81
<b>52</b>	\$1.18	\$1.43	\$2.38	\$2.77	<b>52</b>	\$2.30	\$2.79	\$4.64	\$5.41
<b>53</b>	\$1.37	\$1.66	\$2.73	\$3.18	<b>53</b>	\$2.67	\$3.24	\$5.32	\$6.20
<b>54</b>	\$1.60	\$1.94	\$3.20	\$3.73	<b>54</b>	\$3.12	\$3.79	\$6.24	\$7.27
<b>55</b>	\$1.84	\$2.23	\$3.68	\$4.29	<b>55</b>	\$3.59	\$4.36	\$7.18	\$8.37
<b>56</b>	\$2.16	\$2.62	\$4.34	\$5.06	<b>56</b>	\$4.22	\$5.12	\$8.47	\$9.87
<b>57</b>	\$2.63	\$3.19	\$5.26	\$6.13	<b>57</b>	\$5.14	\$6.24	\$10.25	\$11.95
<b>58</b>	\$3.07	\$3.73	\$6.14	\$7.16	<b>58</b>	\$5.98	\$7.26	\$11.97	\$13.95
<b>59</b>	\$4.10	\$4.97	\$8.19	\$9.55	<b>59</b>	\$7.99	\$9.69	\$15.97	\$18.61
<b>60</b>	\$5.27	\$6.39	\$10.53	\$12.27	<b>60</b>	\$10.27	\$12.46	\$20.51	\$23.91
<b>61</b>	\$7.37	\$8.94	\$14.73	\$17.17	<b>61</b>	\$14.37	\$17.44	\$28.73	\$33.49
<b>62</b>	\$9.21	\$11.18	\$18.41	\$21.46	<b>62</b>	\$17.95	\$21.78	\$35.90	\$41.84
<b>63</b>	\$14.72	\$17.86	\$29.46	\$34.34	<b>63</b>	\$28.71	\$34.84	\$57.45	\$66.96
<b>64</b>	\$36.83	\$44.69	\$73.65	\$85.84	<b>64</b>	\$71.82	\$87.14	\$143.63	\$167.41



## Changes to other fees and costs

The Government's **Protecting Your Super Package** legislation also introduced some new rules around the charging of fees and costs to members' accounts as detailed below. These new measures are intended to help protect members with low balances from erosion due to fees and costs, and to facilitate consolidation of those balances.

### 1. Fee cap introduced for low balance accounts

From 1 July 2019, we will introduce a cap on the combined amount of administration fees, investment fees and indirect costs (administration and investment related fees and costs) charged for low balance accounts. If your balance in a product offered by REI Super is \$6,000 or less on 30 June 2020 (and each 30 June thereafter), or at the time you cease to hold the product (if you cease to hold it after 30 June 2019), the maximum amount of administration and investment related fees and costs that you can be charged (in relation to that product) will be 3% of your account balance.

If your balance in any REI Super product is below \$6,000 at the relevant time and the amount of administration and investment related fees and costs charged for a year (or part of a year, if you cease to hold a product during the year) exceeds 3% of your account balance (calculated in accordance with a formula prescribed in the legislation), a refund will be provided to your account within 3 months from the end of the relevant year.

### 2. Removal of the withdrawal/exit fee on all accounts

From 1 July 2019, a withdrawal/exit fee (currently \$90) will no longer be charged to your account when you make a withdrawal or if your account is closed.

## Inactive low-balance accounts transferred to the Australian Tax Office (ATO)

The Government's **Protecting Your Super Package** legislation also introduced some new rules around the transfer of amounts from superannuation funds to the ATO. These new measures are also designed to help protect low-balance accounts that are inactive by requiring amounts relating to inactive low-balance accounts to be transferred to the ATO so that the ATO can match these amounts with another superannuation account a member may have which is active.

Generally, your account will be classified as an inactive low-balance account when you have no insurance cover and the balance is below \$6,000 at the relevant time and none of the following things have occurred in the 16 months before then:

- We have not received any rollovers, contributions or other amounts for you;
- You have not changed investment options or your insurance;
- You have not made or amended a binding beneficiary nomination;
- You have not given a written declaration to the ATO that the account is not a low-balance inactive account (contact us on 1300 13 44 33 if you would like to make this declaration); and
- We are not owed money in respect of your account.

If you have an inactive low-balance account as at 31 October 2019 or 30 April 2020 (or each 31 October or 30 April thereafter), we must pay the required amount to the ATO. If you are impacted by this, we will write to you beforehand to notify you (if we are able to). You should note, however, that we will be required to pay amounts to the ATO even if we have not been able to notify you.

The ATO will then try to reunite your super money with an active account you hold elsewhere. You can also request, at any time, that the amount transferred to the ATO is transferred to a fund of your choice. You can contact the ATO about any super money they hold for you.

These new rules are in addition to existing rules requiring super funds to make payments to the ATO in certain circumstances (for example, existing rules relating to unclaimed money, lost members and former temporary residents). For further information see our 'How Super Works' guide at [reisuper.com.au](http://reisuper.com.au).

If you have any queries or need further information please call us on **1300 13 44 33** or internationally on **+61 3 8687 1834** between 8.30am to 7.00pm (AEST) Monday to Friday (except for public holidays) or email us at [admin@reisuper.com.au](mailto:admin@reisuper.com.au).



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