



FactSheet

Super – your insurance cover at risk

This information is about Cbus. It doesn't take into account your specific needs, so you should look at your own financial position, objectives and requirements before making any financial decisions. Read the relevant Cbus Product Disclosure Statement to decide whether Cbus is right for you. Call Cbus on **1300 361 784** or visit www.cbussuper.com.au for a copy.

Cbus' Trustee: United Super Pty Ltd
ABN 46 006 261 623 AFSL 233792
Cbus ABN 75 493 363 262
MySuper authorisation 75 493 363 262 473.
1411.7 06-18 ISS1

One of the major benefits of being a Cbus member is that eligible members get access to insurance cover that could be difficult and expensive to access any other way for building and construction workers.

Cbus uses our collective buying power to get a great deal on insurance for workers in hazardous industries.

Tragically workplace deaths and permanent disability are still all too common on construction sites. Our members work in an industry that scores among the highest for incidence of injury and workplace fatalities, according to data from Safework Australia.

Our insurance cover provides you and your family with a financial safety net.

The Government is proposing to alter the default insurance cover arrangements from July 2019 by:

- Requiring new members aged under 25 years to opt in for insurance cover with their super fund.
- Excluding default insurance where a person has \$6,000 or less in their account, including new starters in the workforce.
- Removing insurance cover from inactive accounts once a person hasn't received contributions for 13 months (unless they choose to keep it).

The Government claims that young people are less likely to need cover and shouldn't have insurance premiums deducted from their super.

This isn't the case for Cbus members. Insurance is as important for under 25s and new starters as it is for everyone else on site.

Most of our members typically have dependants, debts and responsibilities from around 21 years of age, three to four years after they start work. For our members aged between 21 and 25, who unfortunately pass away, we find that over 60% of the beneficiaries of their insurance claims are financially dependent on the deceased member.

Cbus insurance cover is there to look after you and protect your family.

The issue of inactive members also has consequences for our members where work is often not continuous and a gap between jobs is a feature of their working life.

If these changes go through, it will result in fewer workers having a financial safety net should tragedy strike.

Automatic transfer of small inactive accounts from Cbus to the ATO

Another change the Government wants to make is to transfer accounts with less than \$6,000 that haven't received contributions for 13 months to the ATO.

The ATO will then search to see if they can find an active super account and transfer the money into the individual's active super account. If no other account exists, the ATO will hold this money, which would only earn a low rate of interest.

Large number of our members have broken and transient work patterns due to the nature of the building and construction industry. Many of our inactive members do not have any other active super accounts and hold their Cbus account to maintain insurance cover.

Similarly, while past investment performance is not a guarantee of future performance, we're mindful that our long-term investment performance is higher than the earnings the ATO would apply to any super accounts they hold.

What will be the impact of the changes on Cbus members?

The impact of the proposals will go beyond the loss of insurance cover for members targeted by the Government.

New Cbus members under 25, current members with balances under \$6,000 and current members who haven't received a contribution in 13 months will all lose default insurance cover. This is likely to impact a large number of people.

The changes would affect the entire Cbus membership, because by removing these members from our group cover, we reduce the buying power of a broader collective pool, which will almost certainly result in higher insurance premiums – estimated to be upwards of 20%.

Also at risk is the scope of our cover – for instance, we would be unlikely to be able to provide insurance cover for new members without imposing restrictions or additional requirements that are currently not imposed or required..

Members with inactive accounts and a balance of \$6,000 or less will be moved to the ATO – potentially losing out on better returns and other member benefits including insurance.

We are standing up for our members

Cbus wants to make sure that we can continue to provide the insurance we know our members need.

We are engaging with our membership, industry bodies, key stakeholders and decision makers and making submissions to the Government.



Like to know more?

Speak to your Local Cbus coordinator for more.
www.cbussuper.com.au/support/contact#cbusco

