

Personal insurance (Death, TPD and Income Protection Insurance) Legislative changes for your employees

It's important for employers to be aware of recent legislative changes that may affect the existing financial safety net of some of your newer employees.

During 2019 the Federal Government has introduced two key pieces of legislation that affect Superannuation members who have personal insurance via their superannuation policies. In each case the intent of the legislation is to ensure that superannuation members are not having their retirement savings inappropriately eroded through excess fees, additional fees on multiple accounts or by maintaining unnecessary insurances.

1. Protecting Your Super (PYS).

Introduced on July 1, 2019 the PYS requirements have resulted in a fee cap of 3% maximum on balances under \$6,000 as well as cancellation of default insurance for superannuation accounts that have been inactive for 16 months or more.

2. Putting Members Interest First (PMIF)

Specifically, the PMIF legislation prohibits superannuation funds, after 1 April 2020, from offering default Death/TPD and IP cover to:

- New members under 25 years of age (existing members under 25 are unaffected)
- Those with a balance less than \$6,000

Once aged 25 or over and/or the member's account balance is above \$6000 then auto default insurance is turned on. In both cases members may still elect to opt-in or retain their insurance cover if they decide they need it before the thresholds are met.

We had (and have) concern regarding this legislation as many of our insurance claimants with dependants are under 25 (our average meat industry member profile is very different to a city white collar profile). The prevention of erosion of future retirement savings is a positive move, provided members correctly assess the insurances they may require whilst in their early working years.

Additionally, many of our working visa workers and new employees in the meat

industry (who don't have the comfort of the disability protection provided by accrued sick leave, or recreational leave if they are casual) can take over 2 years before they reach a balance of \$6,000, leaving them quite financially exposed to accident/sickness that may prevent them from working. This safety net has previously been available to most of our newly employed members.

As we know, members will not usually opt-in to insurance unless given auto cover. With auto cover they can still always opt out if the cover is inappropriate to their circumstances.

In accordance with the PMIF legislation, AMIST Super (and all other superannuation funds) has written to affected members as at 1 December 2019, explaining the changes due on 1 April 2020. Visit our website www.amist.com.au and click on the 'Keep my insurance' button to view member communication on this topic. Here, members can also opt-in online to keep their insurance.

➔ continued overleaf



Keep my insurance

"With auto cover they [members] can still always opt out if the cover is inappropriate to their circumstances."

AMIST SUPER HOTLINE
1800 808 614

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Human resources and or payroll staff may get member queries about the changes, they are best directed to contact their superannuation funds direct.

In each case AMIST Super will be urging those affected to review the

appropriateness of their insurance cover for their current needs and circumstances. We will also conduct a series of member follow-ups during first quarter of 2020.



Salary Sacrifice changes from 1 January 2020 for some employers

The **Treasury Laws Amendment (2019 Tax Integrity and Other Measures No. 1) Bill 2019** was passed on 28 October 2019. This legislation includes reforms to ensure an individual's salary sacrificed contributions cannot be used to reduce an employer's Superannuation Guarantee (SG) obligations. The measure has been amended to **apply from SG quarters beginning on or after 1 January 2020.**

The changes:

- prevent contributions made as part of salary sacrifice arrangement from counting toward the discharge of an employer's SG obligations

- specifically include salary and wages sacrificed to superannuation in the base for calculating an employer's SG obligations (so that SG must be paid on the pre-salary sacrifice base).

This change will only affect employers who were previously paying SG on a post Salary Sacrifice salary calculation.

Superannuation Guarantee payment scheduled Increases

Just a reminder for employers and payroll teams that the next legislated increase for employers to Superannuation Guarantee (SG) payments of an additional 0.5% is only 19 months away and that the present increase schedule is :

Current	9.5%
1 July 2021	10.0%
1 July 2022	10.5%
1 July 2023	11.0%
1 July 2024	11.5%
1 July 2025	12.0%

Happy Christmas

Have your selfie a safe and happy Christmas and a SUPER New Year for 2020

From the Team,



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