How super works

1 July 2019
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 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.

The information in this document forms part of the following Product Disclosure Statements:

- Cbus Industry Super Product Disclosure Statement issued 1 July 2019
- Cbus Sole Trader Super Product Disclosure Statement issued 1 July 2019
- Cbus Personal Super Product Disclosure Statement issued 1 July 2019
Super can help you build the future you want

Super is money saved over your working life to help support you after you retire. So it’s important to understand how super works and what you can do to make the most of it.

What is super?

For most people, super begins when you start work and your employer begins paying an amount (on top of your wages) into a super fund for you. These Superannuation Guarantee (SG) payments must be at least 9.5% of your ordinary time earnings. To keep your retirement savings on track, you can make extra contributions to super whenever you like.

Extra contributions – what are your options?

There are four ways to add extra contributions to super:

1. Set up a salary sacrifice arrangement with your employer
2. Make a personal contribution
3. Receive a contribution from your spouse
4. Receive a co-contribution

The main difference between contributions is how they’re paid and taxed.

<table>
<thead>
<tr>
<th>Type of contribution</th>
<th>Paid from</th>
<th>Made by</th>
<th>How to make them</th>
<th>Government contributions tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary sacrifice</td>
<td>Your before-tax salary</td>
<td>Your employer</td>
<td>You’ll need to check with your employer to make before-tax contributions directly into your Cbus account. You should check that making extra contributions doesn’t affect any salary-based entitlements you may have. It’s important to note that employers may base their SG contributions on your reduced salary amount.</td>
<td>Taxed at 15%¹ when paid into your account.</td>
</tr>
<tr>
<td>Personal contribution</td>
<td>Your after-tax (take-home) pay (or your before-tax income if you’re self-employed)</td>
<td>You</td>
<td>You can make personal contributions by cheque, direct debit from your bank, building society or credit union or BPAY® via our website. Cbus can only accept your personal contributions if you’ve given us your Tax File Number (TFN) – if you’re not sure if you have, visit cbussuper.com.au or call us on 1300 361 784</td>
<td>Tax free when paid to your super account (as long as you stay under the contributions cap – see page 3), but taxed at 15%¹ if you claim a tax deduction for these contributions. Eligibility criteria applies – visit our website or call us for details.</td>
</tr>
<tr>
<td>Spouse contribution</td>
<td>Your after-tax (take-home) pay</td>
<td>Your spouse. A spouse includes married, de facto or same sex partner you live with on a genuine domestic basis.</td>
<td>Your spouse can make contributions by cheque, bank debit, building society or credit union or BPAY®. Contributions can only be accepted if the spouse member has provided their TFN – if you’re not sure if you have, visit cbussuper.com.au or call us on 1300 361 784.</td>
<td>Tax free when paid into your super account (as long as you stay under the contributions cap – see page 3). A tax offset of up to $540 may be available for a contributing spouse if their assessable income and total reportable fringe benefits for the financial year are less than the government threshold.</td>
</tr>
<tr>
<td>Co-contribution</td>
<td>The Federal Government</td>
<td>The Government – they may add a super payment of up to a maximum of $500 if you make a personal contribution to super for the financial year (and you’re eligible).</td>
<td>After you have made a personal contribution and lodged your tax return, the ATO will determine whether you’re eligible for a co-contribution and if you are, they’ll pay it directly into your super account. You’ll be notified once a payment has been made. You may be eligible if: • your total income² is less than $38,564 for the 2019/20 financial year (or less than $53,564 for a reduced co-contribution) • at least 10% of your total income is from employment related activities, running a business or a combination • you make a personal contribution to your super account and don’t claim a deduction for it • you lodge a tax return for the year of income • you’re a permanent resident of Australia and under age 71 at the end of the financial year • you’ve supplied your TFN to Cbus • your total super balance is less than $1.6 million³ at the end of the previous financial year • you have not contributed more than your after-tax (non-concessional) contributions cap for the relevant financial year.</td>
<td>Tax free when paid into your super account.</td>
</tr>
</tbody>
</table>

¹ A higher tax rate applies if you’re a high income earner or we don’t have your tax file number.
² Total income includes assessable income plus reportable fringe benefits and reportable super contributions (e.g. salary sacrifice contributions or certain concessional contributions).
³ This limit applies for the 2019/20 financial year.
⁴ Registered to BPAY Pty Ltd ABN 69 079 137 518
How much can I contribute?

The Government limits (caps) how much you can contribute to super each year at lower tax rates. It’s important to know these limits and track the amount you contribute to all your super funds each year.

If contributions to your super are over the cap you will be subject to higher tax. In some circumstances this can be taken out of your account in the fund or you can obtain a refund on the excess contributions (go to ato.gov.au for more information on tax). Contributions above the before-tax cap will also count towards your after-tax total.

<table>
<thead>
<tr>
<th>Before-tax (concessional) contribution cap</th>
<th>After-tax (non-concessional) contribution cap</th>
</tr>
</thead>
</table>
| $25,000 a year*.
If your before-tax contributions are less than $25,000 and you have less
than $500,000 in super at the end of the financial year, you can carry forward
any unused amounts in your before-tax contributions caps. Unused amounts
carried forward expire after five years. |
| $100,000 a year*.
If you’re under age 65, you may be able to contribute $300,000 in any three-year period. |

* Limits for the 2019/20 financial year. Your total super balance also affects these limits. If you triggered a bring forward arrangement for after-tax contributions in 2015/16 or 2016/17, but you didn’t fully use your bring forward balance before 1 July 2017, transitional arrangements apply.

You can apply to claim a tax deduction for personal contributions. The personal contributions you claim as a tax deduction are treated as before-tax contributions regardless of whether they are from after-tax or before-tax pay or income.

This means they contribute to your before-tax contributions cap shown above. Make sure you think about how this affects your tax and super before deciding to claim a tax deduction.

For more information, read How super is taxed available from cbussuper.com.au.

Who can contribute extra to their super?

Your ability to make extra contributions at concessional tax rates may be restricted by your age, your employment status and how much you’ve already saved in super (your total super balance – see above).

Older workers must pass the work test

The Government places restrictions on making contributions if you’re aged between 65 and 74. To be eligible to make personal contributions you must confirm that either:

- you meet the work test – this means you are employed or self-employed for at least 40 hours within 30 consecutive days in the financial year your contributions are made, or
- you rely on the work test exemption.

You can rely on the work test exemption if:

- you do not meet the work test in the year that you want to make the contribution but meet the test it in the previous financial year
- have a total superannuation balance of less than $300,000 at the end of the previous financial year, and
- you have not previously relied on the work test exemption.

Unpaid work such as volunteering doesn’t count towards the work test. If you’re over 75, we cannot accept a personal contribution from you. Visit cbussuper.com.au/boostsuper for more details.

Contribute through downsizing

From 1 July 2018, you can contribute the proceeds from downsizing your home into your super account. Targeted at Australian retirees, the initiative is to encourage homeowners aged 65 or over to downsize their home and invest the money into their super account. (Eligibility criteria applies, please refer to ato.gov.au for further details).

If you’re 65 or over, and meet the eligibility requirements, you may make a downsizer contribution into your super of up to $300,000 per person ($600,000 per couple) from the proceeds of selling your home.

Downsizer contributions:

- don’t count towards your contribution caps
- must be made within 90 days of receiving the proceeds of sale
- can only apply to the sale of one home
- count towards your transfer balance cap which applies when you move your super to the retirement phase
- are not tax deductible, and
- will be taken into consideration when determining the age pension.
When can I withdraw my super?

Because super was created to help support you when you stop work, Government rules set out when you can take it out. These are called ‘preservation rules’ and mean your super is divided into two parts: ‘preserved’ and ‘non-preserved’.

**Preserved amounts**

These are all contributions and investment earnings applied to super accounts. They are ‘preserved’ (unable to be paid to you) until you meet an eligibility condition that lets you access your super.

**Conditions for accessing preserved amounts**

You can’t generally access preserved amounts until you permanently retire after reaching your preservation age (shown in the table below) or you reach age 65.

<table>
<thead>
<tr>
<th>Your date of birth</th>
<th>Preservation age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1/7/1960</td>
<td>55</td>
</tr>
<tr>
<td>1/7/1960 – 30/6/1961</td>
<td>56</td>
</tr>
<tr>
<td>1/7/1961 – 30/6/1962</td>
<td>57</td>
</tr>
<tr>
<td>1/7/1962 – 30/6/1963</td>
<td>58</td>
</tr>
<tr>
<td>1/7/1963 – 30/6/1964</td>
<td>59</td>
</tr>
<tr>
<td>1/7/1964 and after</td>
<td>60</td>
</tr>
</tbody>
</table>

You may also be eligible to access these amounts if:

- you reach your preservation age, are under age 65 and have ceased employment
- you reach age 60 and your employment has ended
- you become permanently incapacitated
- you have a terminal illness
- you have Government approval to receive some of your super on compassionate grounds or meet eligibility conditions due to severe financial hardship
- you change jobs and your account balance is $200 or less, or you are a lost member who is found and you have less than $200 in your account on its release
- you’re eligible for a payment through a release authority under the Income Tax Assessment Act 1997
- you are an eligible former temporary resident that qualifies for a Departing Australia Superannuation Payment (DASP) – see opposite
- you die (in this case your beneficiaries would receive your benefit).

**Non-preserved amounts**

There are two categories of non-preserved amounts. Restricted non-preserved amounts can generally only be paid out if:

- you meet one of the above conditions for accessing super for preserved amounts, or
- you’re no longer working for a contributing employer.

Unrestricted non-preserved amounts can generally be paid out at any time.

Early release of your super

The Government may allow you to use your preserved super before your preservation age, in very restricted circumstances.

**Severe financial hardship**

You may qualify for an early release of your super under ‘severe financial hardship’ rules if you are:

- under preservation age, and you have been on an eligible Commonwealth Government income support payment for a continuous period of 26 weeks, and cannot meet reasonable and immediate family living expenses, or
- preservation age or older and you have been on an eligible Commonwealth Government income support payment for a cumulative period of 39 weeks after you reached your preservation age, and you are not gainfully employed on a full or part time basis on the date you applied for your benefit, and
- unable to meet reasonable and immediate living expenses.

In each 12-month period beginning the day of the first payment, you can make one claim for severe financial hardship.

If you are below preservation age when making a claim, you can claim between $1,000 and a maximum of $10,000. This amount is taxed before it leaves your Cbus account regardless of your age.

There is no maximum if you’ve attained preservation age and have been receiving a Commonwealth Government income support benefit for 39 cumulative weeks.

**Compassionate grounds**

You may be able to access some of your super before you retire on compassionate grounds to help pay for:

- medical costs (for you or your dependants) to treat a life-threatening illness or injury, acute or chronic pain or an acute or chronic mental disturbance. The Australian Taxation Office (ATO) must agree that this treatment is not easily available through the public health system.
- transport costs to and from medical treatment for you and your dependant by land, water, or air to treat a life threatening illness or injury, acute or chronic pain or mental disturbance.
- modifications (such as changes to your home) needed to meet special needs if you or your dependant has a severe disability. Any changes need to be certified by your doctor.
- funeral and other expenses if a dependent family member dies.
- care for yourself or a dependant who is dying from a terminal illness, including home care.
- costs to prevent your mortgagee (lender) from selling your principal place of residence.

The ATO must agree your application for early release of super meets the government definition of ‘specified compassionate grounds’.

Please contact the ATO on 13 28 65 to discuss your situation and get an application form for the Early release of superannuation in specified compassionate grounds.
Temporary residents (Departing Australia Superannuation Payment)
If you're a temporary resident, your preserved super may be released if you meet at least one of these conditions:

- you entered Australia on a temporary visa listed under the Migration Act 1958 (excluding subclasses 405 and 410), or
- you permanently leave Australia and your visa has expired or been cancelled.

You may not be eligible to receive your super if you're:

- an Australian or New Zealand citizen, or
- a permanent resident of Australia.

To check if you're eligible to receive your super benefit, contact Cbus on 1300 361 784 (within Australia) or +61 3 9814 6418 (from overseas) or find more information in the Temporary Residents fact sheet at cbussuper.com.au/forms.

How do I apply for payment?
After you leave Australia, you can claim your super at any time online: use the Departing Australia Superannuation Payment (DASP) online application at ato.gov.au.

This is a free service and your details will be confirmed electronically through a direct link between the ATO and Department of Immigration and Citizenship. You may have to provide documentation to prove your identity and immigration status. Speak to the Cbus Advice team to find out more.

How long will payment take?
When Cbus has received your completed DASP application from the ATO, we must pay your super within 28 days (though this may take longer if we need more information from you).

How will I receive my money?
When Cbus completes your payment instruction you’ll receive:

- a cheque for the amount of the super payment (less tax) in Australian dollars, or
- payment by electronic funds transfer to your Australian bank account, and
- a payment summary.

Can I leave my super in Australia?
Former temporary residents can leave their Cbus super in Australia, but Cbus will have to transfer it to the ATO as unclaimed super after six months from your visa expiry. Accounts transferred to the ATO will not have any insurance benefits.

You then have to claim your super through the ATO rather than through Cbus.

If you don’t claim your benefit
The ATO will ask Cbus to transfer your super account to them. Cbus relies on a ‘class order relief’ given by ASIC and does not send an Exit Statement or other notice when your money is paid to the ATO (but you can contact us to request one). If your super has been transferred, you will need to apply for payment through the ATO by calling 13 10 20 (within Australia) or +61 2 6216 1111 (outside Australia).

How will the payment be taxed?
The following withholding tax rates apply to DASP payments:

- 0% for the tax-free component
- 35% for a taxed element of a taxable component
- 45% for an untaxed element of a taxable component
- 65% for all payments made to working holiday makers (i.e. temporary residents on certain Working Holiday visas).

Additional tax may be withheld for any applicable Government Levy. No additional amount is required to be withheld for the Medicare Levy.

Preparing to retire
As you near retirement and start to think about finishing work, you could consider the Transition to Retirement option of our Cbus Super Income Stream. Income streams allow you to withdraw regular payments from your super savings while you’re still working. This can give you flexibility to scale back your work hours without losing your regular income. Visit cbussuper.com.au/retirement for details.

After you retire
When you reach your retirement age or turn 65 you can either access your super savings as a lump sum benefit or consider the Fully Retired option of our Cbus Super Income Stream which provides a regular income payment. Visit cbussuper.com.au/sis for details.
### Why it’s important to keep track of your super

Even though you may not be able to use it yet, super is an important part of your finances.

Over your lifetime you could save up a lot of money in your super account. That’s why it’s important to keep track of where your super is and who you’re leaving your super and insurance to if you die before you reach retirement.

### What happens to your super if it becomes ‘lost’ or ‘unclaimed’?

Think you may have other super accounts but not sure where to look for them?

If you’ve ever:
- changed your name
- changed address
- changed jobs, or
- done casual or part-time work

chances are you’ve lost track of some of your super. Australians have billions of dollars in super waiting to be claimed.

Depending on where your other super accounts are now, they could be classed as either ‘lost’ or ‘unclaimed’.

### When does super become lost or unclaimed?

Super funds have to report on and transfer lost and unclaimed super balances to the Australian Taxation Office (ATO). Once those accounts are transferred to the ATO, the benefits members normally receive (such as insurance cover) will stop.

The Government pays interest equal to the Consumer Price Index on all super accounts reclaimed from the ATO. That means your unclaimed super will have continued to grow (although at the minimum rate) rather than staying frozen.

### Not sure if you have lost or unclaimed super?

There are a few ways you can look for lost super (including any insurance cover):

1. If you’ve registered for online access to your account and have provided us with your TFN, you can find out in minutes. Simply login in at cbussuper.com.au/login to search for your super and combine it into your Cbus account.
   **OR**

2. If you have provided your TFN to Cbus you can also consent for us to use it to search for other super accounts you might have. If we find any other super accounts under your name, we’ll contact you to check if you’d like to join them up in Cbus. If you’d like us to do your super search for you, visit cbussuper.com.au or call us on 1300 361 784.
   **OR**

3. Use the ATO’s free online search tool, MyGov through their website at ato.gov.au or ASIC Unclaimed Money Search tool MoneySmart at moneysmart.gov.au. Or call the ATO on 13 10 20.
   **OR**

4. Complete the Searching for lost and unclaimed super form (NAT 2476) available from ato.gov.au and mail it to the ATO.

### How can you get your super back if it’s lost or unclaimed?

To transfer your unclaimed super from the ATO or another super fund into your Cbus account:

1. Complete the Application for payment of unclaimed superannuation money – individual form (NAT 71685) at ato.gov.au
2. Send your completed form to:
   Cbus
   Reply Paid 88436
   Parramatta NSW 2124
   (No stamp required)

To transfer your lost super from another super fund:

1. Visit cbussuper.com.au for more information or a copy of our Product Disclosure Statement (PDS). Read our PDS before you decide whether to roll your super together.
3. Complete and return the form to Cbus at Locked Bag 5056 Parramatta NSW 2124

Alternatively you could go to cbussuper.com.au/rollover to complete and submit your request online.

### Before you roll any lost or unclaimed super into Cbus

You need to check whether:
- your old funds will stop other benefits such as insurance, and
- you’re eligible for adequate insurance and other benefits with Cbus.
Inactive low account balance transfers out of Cbus

It’s important that your hard-earned super isn’t eaten up by fees. So we transfer some accounts that don’t have much money in them out of Cbus.

Your super could be transferred to the ATO or an Eligible Rollover Fund if:

1. you don’t have insurance through Cbus, and
2. your account balance is less than $6,000 and you haven’t received a contribution or rollover for 16 months*, and
3. during that 16 month period you haven’t:
   - updated your insurance
   - changed investment options, or
   - made or renewed a binding death benefit nomination.

What happens next?

<table>
<thead>
<tr>
<th>Transfers to the ATO</th>
<th>Transfers to an Eligible Rollover Fund (ERF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>If your super is transferred, the ATO will work to match your super and combine it with other active super accounts you might have.</td>
<td>Cbus’ ERF is AUSfund (Australia’s Unclaimed Super Fund), ABN 17 006 883 227. If your super is transferred, you may be charged fees by AUSfund. AUSfund’s contact details are: Locked Bag 5132, Parramatta NSW, Australia Telephone: 1300 361 798</td>
</tr>
</tbody>
</table>

Three ways to keep your super with Cbus

We’ll contact you before your account is transferred to give you time to take action. If you’d like your super to stay with Cbus, here are three simple things you can do:

1. Combine any other super you have into your Cbus account
2. Make a personal contribution to your account – even as little as $5
3. Tell us you want to keep your account with Cbus using the Inactive low-balance accounts – Authorising your funds to provide a written declaration to the ATO (NAT 75198) available at cbussuper.com.au/forms

You should consider your personal financial circumstances, including the impact of fees on your account balance before deciding that Cbus is right for you.

* For transfers to the ATO, this means you have less than $6,000 invested in the Growth (Cbus MySuper) or other investment option which has not received a contribution or rollover in 16 months.

Beneficiaries: who can get your super if you die while you’re a Cbus member?

You can name your legal personal representative or your dependants as ‘beneficiaries’ who can receive your super and any insurance you have if you die before you retire.

A dependant is:

1. your current spouse, including married or de facto (same or different sex) relationships
2. your children (including step, adopted, ex-nuptial or children of your spouse
3. any person or people who are financially dependent on you
4. a person with whom you have an interdependency relationship, where two people (whether or not related by family) live together and have:
   - a close personal relationship,
   - one or each of them provides the other with financial support, and
   - one or each of them provides the other with domestic support and personal care.

Two people (whether or not related by family) who have a close friendship, but do not meet the other requirements above because either, or both, of them suffer from a physical, intellectual or psychiatric disability, are also defined as having an interdependency relationship.

People who share accommodation for convenience, for example flatmates, do not qualify as interdependent.

All your chosen beneficiaries must be alive and fall within one of the above dependant definitions at the time of your death.

How to tell Cbus (‘nominate’) who your beneficiaries are

First, it’s a good idea to tell your beneficiaries you have chosen them to receive your Cbus benefit. Also, think about getting financial advice before you choose them as the amount of tax paid on death benefits will depend on your beneficiaries’ circumstances.

Beneficiaries have to provide evidence of their financial dependency if you die. This could be copies of bills or a signed statement proving they relied on you for regular financial support.

There are two types of beneficiary nominations you can make: binding or non-binding.

1. Binding nomination

You can make sure your Cbus benefit goes to the people you choose by completing the Binding death benefit nomination form at cbussuper.com.au/binding or call us. Your nomination must be on this form to be valid.

A binding death benefit nomination must be updated at least every three years (from the date it was first signed, or last confirmed or amended by you).

By making a binding death nomination, Cbus’ Trustee is then bound to pay who you have nominated (providing you are still a member of the Fund when you die and your nomination was valid at the time of your death).

Cbus does not charge for making a binding death nomination.
2. Non-binding nomination
You can nominate your non-binding beneficiaries on your application to join Cbus. A non-binding nomination means that while we’ll consider the people you’ve nominated, we may pay someone else based on your circumstances and those of your dependants at the date of your death.

Changing your beneficiaries
You can change who you have chosen to receive your super and benefits at any time. Visit cbussuper.com.au or the Change of details form at cbussuper.com.au/forms (or call us on 1300 361 784).

Need help with your super?
Cbus makes getting advice easy.
We don’t expect you to have all the answers – that’s our job! If you have a question about your super or would like detailed advice, Cbus is here to help. Cbus offers a range of financial advice services to members of all ages.

Cbus is here to help:
Arrange for a Cbus Coordinator to visit your workplace
Cbus has a team of Coordinators right around Australia who are available to visit your workplace. They can help you and your mates understand more about your super and Cbus – visit cbussuper.com.au/contact

Call and talk to us on 1300 361 784
We have a team of advisers who can talk with you about your super 8am to 8pm AEST/AEDT Monday to Friday, except national public holidays.

Go online for easy access to super info
The Cbus website makes it easy to get all the information you need about super, when you need it visit cbussuper.com.au.