



Notice for Fully Retired option members

Important changes to your income stream accounts from 1 July 2017

The Government has introduced significant changes to income streams from 1 July 2017. This notice will help you understand how these changes could affect you and whether you need to take action.

Note: At the time of writing some legislation surrounding the changes had not yet been finalised. This letter represents our current understanding of the changes and how they will be applied. If the legislation or our understanding of it changes, we may need to adjust the approach outlined below without contacting you first.

New retirement account limits

The Government is limiting the amount of super you can have in tax-free retirement accounts, like the Fully Retired income stream. This is called your transfer balance cap.

For the 2017/18 financial year, you can have up to \$1.6 million in total across all of your tax-free retirement accounts. This cap will be indexed in future years. If you have more than this on or after 1 July 2017, you could face tax penalties on amounts over the cap and will need to either withdraw the excess or transfer it to a super (accumulation) account.

If you have more than one tax-free retirement account, to avoid additional tax you'll need to add up your balances for each and ensure you don't reach the cap.

What do you need to do?

If you think you might have more than \$1.6 million across all of your tax-free retirement accounts before 1 July 2017:

1. Check how much money you have with each of your super funds (if you have more than one).
2. Add your balances together to check your total.
3. If your total adds up to more than \$1.6 million, tell us (or your other super fund) what you would like to do with any amount above the cap. You have two options:
 - withdraw the excess
 - transfer the excess into a super account. (If you don't have an existing super account, you can set up a Cbus Personal Super account online at www.cbussuper.com.au/join. Before you join make sure you read the *Cbus Personal Super Product Disclosure Statement* available from www.cbussuper.com.au/pds and consider whether this account is right for you.)

You can withdraw or transfer the excess by completing a *Lump sum withdrawal or rollover form* available from www.cbussuper.com.au/forms. If you need to act, please return your form before 15 June 2017 to ensure it can be processed before 1 July 2017.

If your total balance in tax-free retirement accounts is above the new limit at 30 June 2017, you can hold up to \$1.7 million without penalty in the first six months, but this must be reduced to \$1.6 million by 31 December 2017. So, if you exceed the limit you should seek financial advice and take action immediately.

Understanding the new limits

The rules are complex, so contact us if you need help:

- Any tax-free retirement accounts you started before 1 July 2017 will be counted towards the transfer balance cap on 1 July 2017.

- Any new tax-free retirement accounts you start from 1 July 2017 will also count towards the transfer balance cap.
- Certain amounts are excluded, for example, any investment growth on your account(s) on or after 1 July 2017 will not count.
- Special rules apply if you are receiving an income stream as a death benefit beneficiary or have tax-free retirement accounts in other funds that are defined benefit income streams.

It's important to seek advice about your personal circumstances, particularly if you have more than one tax-free retirement account or are a beneficiary of a tax-free retirement account.

If you don't tell us what to do, once we're instructed by the Australian Taxation Office we'll remove any amount above the excess from your account. If you have an existing super (accumulation) account with us, we'll transfer any excess to that account. If you don't, we'll set up a Cbus Personal Super account for you.

Changes to your Trustee Operating Cost

Alongside the Government changes, the Trustee Operating Cost (TOC) charged for all income stream accounts (whether you are invested in the Cbus Self Managed option or standard Cbus investment options) will increase by an estimated 0.04% per year from 1 July 2017.

TOC is one of the costs deducted from your investment earnings before a final amount is applied to your account. It forms part of the indirect cost ratio for each of the standard Cbus investment options and the asset based fees for the Cbus Self Managed option. It covers the costs of running and operating Cbus.

Based on our projection, the TOC will increase from 0.03% per year to 0.07% per year for 2017/18. This means if you had \$50,000 in your income stream account in the 2017/18 financial year, a TOC of 0.07% would be paid for that year. That means you'll pay \$35 (an increase of \$20 from 2016/17).

The TOC is reviewed each year and can range up to 0.25% per year.

What else is changing from 1 July 2017?

The Government has introduced a number of other changes that could affect super and income streams from 1 July 2017. These are significant changes that could affect the tax you pay. To find out more visit www.cbussuper.com.au/super-changes.

We're here to help

You don't need to work things out alone. If you need advice about your income stream or further information about the tax penalties on amounts above the new limit on tax-free retirement accounts, you can speak to one of our qualified financial advisers over the phone – this service is included as part of your Cbus membership. And for more comprehensive advice, the team can refer you to an accredited Certified Financial Planner who can offer you advice on a fee-for-service basis.

Visit www.cbussuper.com.au/getadvice for more details.

More information

If you have any questions, please call us on **1300 361 784** (8am to 8pm AEST/AEDT weekdays), email us at cbusenq@cbussuper.com.au or visit us online at www.cbussuper.com.au.