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Insurance changes – what do they mean for you?  
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Government changes to automatic insurance cover to start soon

New rules from the Australian Government will take effect on 1 April 2020.

The Government has changed the laws that apply to automatic insurance in super, which is the death and disability cover most members receive when they join Cbus.

For most Cbus members nothing will change.
If the changes do apply to you, don’t worry. We have already been (or will soon be) in contact to help you to understand how the changes affect you and what your options are.
If you’re impacted by these changes, from 1 April 2020 unless you specifically choose to have insurance you generally won’t receive automatic cover until:
- your account balance reaches $6,000, and
- you’ve turned 25 years old.
Other conditions may apply to when cover starts, such as receiving an on-time employer contribution.

Cbus has been working hard for you
Cbus with support from other industry organisations lobbied the Government to reduce the impact these changes could have on workers in dangerous jobs. We’re pleased to report that as a result of this lobbying many members who work in dangerous jobs, and who rely on our purpose-built insurance, will now be protected from these changes.

We’re leaving you in control – and ready to help when you need it
The protection Cbus cover provides members is important where serious injury and death are real risks. We’ll continue to provide access to cover, tailored for workers in your industry, along with clear information to make sure you understand the costs and benefits of having, or not having, cover with Cbus.
See pages 4 to 5 for more important insurance updates.

Help if you don’t know what to do

For more information about these changes or to understand what they might mean for you, visit cbussuper.com.au/changes-to-your-super or call us on 1300 361 784.
You can also speak to a local Cbus Coordinator for face-to-face support – visit cbussuper.com.au/coordinators.

Government announces major retirement income system review

The Australian Government is undertaking a comprehensive review of the retirement income system.
The review has a particular focus on the age pension, compulsory super (i.e. minimum employer payments), voluntary savings, and how the Government supports Australians through retirement.
The review will look at the current state of the retirement income system, and how it’s likely to perform in the future. Having a solid, objective understanding of the current system is crucial to making sure it can meet the changing needs of our growing, and aging, population.
Cbus will continue to advocate on behalf of our members during this review by defending the current system. This includes ensuring that members get the increase in compulsory super to 12%, that we continue to have a strong super system that covers all workers, and fair access to the age pension.
Save on tax when you save for your future

If you make personal contributions to your super during the financial year, you can apply to claim a tax deduction on some, or all, of the contribution*.

Not everyone has the option to set up salary sacrifice arrangements through their employer, but being able to claim a tax deduction on personal contributions makes sure you get access to the same tax concessions.

How you can apply for a tax deduction
You need to follow three steps at the end of the financial year:

1. Complete a Notice of intent to claim or vary a deduction for personal super contributions form and send it to Cbus.
2. We will write back to you, confirming the eligible personal contribution amount.
3. Use the information in this letter to lodge your tax return.

Claiming the deduction reduces your taxable income for the year, and the contribution you made to your super is taxed at just 15%.

* Limits and other conditions apply. For full details visit cbussuper.com.au/boostsuper.

Left your super saving too late? Here’s one way to catch up

It can be hard to prioritise saving for your retirement. If you’re getting close to retirement and trying to catch up, here’s how to make the most of the tax concessions available to you.

Everyone up to the age of 75 who is still working, can contribute up to $25,000 each year from their before-tax salary into their super account, before additional tax applies. Your employer contributions and any salary sacrifice contributions you make count towards this cap.

If your total super balance is under $500,000, this annual cap can be carried over and added to the next year’s cap, for up to five years in total.

So if you or your employer contributes $10,000 to your super in one financial year, you still have up to $15,000 before you reach your cap. You can then carry this forward to the next year, so you could contribute $40,000 pre-tax before you reach the limit.

Not everyone has a steady salary, especially if you run your own business, tend to work in contract roles, or if you decide to take a break from work to travel or have a family. This rule helps make sure people can make reasonable contributions when it suits them, without being penalised.
Important insurance updates

Cbus members work in some of the toughest conditions out there, so we know how important it is to make sure your insurance provides cover that’s tailored to you and your industry.

We regularly review our products to make sure they continue to meet the changing needs of our members, and have made the following updates.

Choose the level of TPD cover that’s right for you

Under the current policy, it’s not possible to have more total and permanent disablement (TPD) cover than death cover. From 1 April 2020, we’re removing this restriction, so you can apply for the level of TPD cover you need.

Extending support for members diagnosed with a terminal illness

We already provide death cover for members who die within 14 days of the insurer making a TPD payment.

We’ve extended this to include diagnosis of a terminal illness within 14 days of the insurer making a TPD payment. So if you have more death cover than TPD cover, we’ll pay the death cover amount less the TPD amount already paid. This applies to claims where the diagnosis is made on or after 1 February 2020.

Fairer assessment of TPD claims

If you have TPD cover and need to make a claim, many insurance policies use a stricter assessment test if you’ve been unemployed for more than six months at the date of your disability. Under the Cbus policy we use the same ‘unlikely to return to work’ assessment test whether you’ve been unemployed for three months or 12 months. From 1 February 2020, we’ve increased this timeframe even further, so that it applies even if you’ve been out of work for up to 24 months.

If you’ve been unemployed for over 24 months at the date of your disability, we’ll also continue to use a more generous Cbus ‘everyday work activities’ (EWA) test, instead of the narrower ‘activities of daily living’ (ADL) test used by many other super funds.

More support for mental illness

We have also changed the EWA component of our definition of TPD to specifically address psychiatric impairment. By including this in our definition of TPD, we’re aiming to provide greater clarity in the assessment of these claims and ensure that members who can’t work due to psychiatric impairment (rather than physical incapacity) don’t face unintended hurdles in the claim process.

For more detail on what has changed, visit cbussuper.com.au/april-insurance-changes.

Binding death benefit nomination – who will get your super if you die?

Your super is your money, so make sure you’ve arranged for it to go to the right people after you’re gone. Think your Will covers that? Not necessarily.

Most people think their super automatically becomes part of their estate when they die, but it’s actually treated under different rules, and there are restrictions on who can receive your super. If you want control over who gets your super, making a binding death benefit nomination with Cbus could be right for you.

Watch our series of short videos about binding nominations to find out what it is, why you may want it, and the five essentials to get it done. Visit cbussuper.com.au/insurance#nomben.
The cost of your insurance cover is changing

If you have insurance through Cbus, from 1 April 2020 the cost of your insurance will increase, and will now be based on your age.

These changes make sure that the price you pay for your insurance more closely reflects what it costs to provide your cover.

We always keep a close eye on our insurance pricing to give you the best-value cover we can. When we last changed our pricing in September 2017, premiums for most members were substantially reduced.

However, the cost of implementing two major legislative changes along with an increase in disability claim volumes has led to an overall increase in the rates charged by our insurer. We have also increased the amount of death and TPD cover for some members over the age of 51. This has meant that your age now has a bigger impact on insurance costs.

Weekly cost per unit of cover from 1 April 2020

<table>
<thead>
<tr>
<th>Age band</th>
<th>Manual</th>
<th>Non Manual and Professional</th>
<th>Electech</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Death</td>
<td>TPD</td>
<td>Death</td>
</tr>
<tr>
<td>15-24</td>
<td>$1.44</td>
<td>$1.45</td>
<td>$1.67</td>
</tr>
<tr>
<td>25-34</td>
<td>$1.49</td>
<td>$1.50</td>
<td>$1.73</td>
</tr>
<tr>
<td>35-49</td>
<td>$1.53</td>
<td>$1.55</td>
<td>$1.78</td>
</tr>
<tr>
<td>50+</td>
<td>$1.66</td>
<td>$1.69</td>
<td>$1.94</td>
</tr>
<tr>
<td>Cost before 1 April 2020</td>
<td>$1.33</td>
<td>$1.35</td>
<td>$1.55</td>
</tr>
</tbody>
</table>

These changes will apply automatically. To check the cost of your cover you can look at your statement or log in to your online account at cbussuper.com.au/login.

For more information on these changes please visit cbussuper.com.au/april-insurance-changes.

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Cbus has stopped charging activity fees

On 1 February 2020, we stopped charging fees for any contribution splits, dishonoured payments or family law requests (e.g. requests for information or payment splits).

For more details, call us on 1300 361 784.
Investment update

Compound returns – the snowball effect

Over time, the money in your super continues to build on itself, acting like a snowball getting bigger and bigger as it continues to pick up more snow. This snowballing effect is referred to as ‘compounding returns’, and it happens when your returns from each year remain invested in your account and they start to earn returns of their own.

Compounding in action

You can see the power of compounding returns in action by looking at the actual returns of the Growth (Cbus MySuper) option, going back to when Cbus first started 35 years ago.

If a member started in 1984 with a balance of $10,000, made no additional contributions, and simply allowed the returns to compound over time, they could have a balance today of $219,497*.

By contrast without the effect of compounding, if you only add on the interest on the initial $10,000, the balance today could be $43,033*.

Your super doesn’t stop when you do

With Australia’s retirement age currently at 67, many Cbus members could have a super account for well over 40 years by the time they retire. Your investment timeframe and compounding returns continue if you add in the years after retiring. While this may seem a really long way into the future, as a Cbus member you’re already on this journey.

Investment option changes

Each year, we review the objectives and strategies of the investment options you can invest your account balance in. As a result of the 2019 review, we will be making some changes in 2020.

From 1 February 2020, the investment objectives of some of our options has changed. For some options, the return objective will be lowered slightly. There will also be a small increase in the likelihood of negative returns for some of our diversified investment options.

There are also changes to the strategic asset allocations for the diversified options that will be progressively implemented over the first half of 2020.

You can visit cbussuper.com.au/investment-news for details of the changes we are making. You can also read the Investment handbook, available from cbussuper.com.au/forms or give us a call for a copy.

*This example is for illustration purposes only. Balances have been calculated using actual Cbus financial year returns from inception in 1984 to 30 June 2019. Returns are based on the crediting rate, which is the return minus investment fees, the percentage-based administration fee and taxes. Excludes weekly administration fees. Past performance is not a reliable indicator of future performance.
Global shares continuing a strong run to close the year up almost 25%

Global share markets performed strongly through the second half of 2019, especially the last few months. Share markets were lifted by progress on the US-China ‘phase one’ trade deal.

In Australia, the RBA cash rate was cut to a historic low of 0.75%. This reflected ongoing global issues, along with sluggish economic growth in Australia and continuing low inflation. Some good news is that housing prices in key cities improved towards the end of 2019.

Strong share market performance was a key driver of the Growth (Cbus MySuper) option return of 5.12% for the six months to the end of December. Five and ten year average annual returns remain strong at 9.15% p.a. and 8.85% p.a. respectively.

The outlook for 2020 is a little better as we expect global activity to improve modestly while interest rates continue to be low. However, share markets are likely to be volatile during the year as some global tensions will continue. Recent market rises have partly been in anticipation of an improved outlook.

Performance to 31 December 2019

<table>
<thead>
<tr>
<th>Performance to 31 December 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth (Cbus MySuper) option^</td>
</tr>
<tr>
<td>SuperRatings fund median#</td>
</tr>
<tr>
<td>12 months</td>
</tr>
<tr>
<td>5 years</td>
</tr>
<tr>
<td>10 years</td>
</tr>
<tr>
<td>(%) per year</td>
</tr>
<tr>
<td>15.07%</td>
</tr>
<tr>
<td>9.15%</td>
</tr>
<tr>
<td>14.71%</td>
</tr>
<tr>
<td>7.57%</td>
</tr>
<tr>
<td>8.85%</td>
</tr>
<tr>
<td>7.70%</td>
</tr>
</tbody>
</table>

Past performance is not a reliable indicator of future performance.

^ The return for the Growth (Cbus MySuper) option is based on the crediting rate, which is the return minus investment fees, the percentage-based administration fee and taxes. Excludes weekly administration fees.


SuperRatings is a ratings agency that collects information from super funds to enable performance comparisons – visit superratings.com.au.

Cbus is managing more investments in house

Our internal global equities team launched in October 2017 and now manages $2 billion of members’ money, saving $8 million in external manager fees. The team has delivered a strong performance of 19.71% p.a. since inception, adding $200 million in value to the portfolio.

We’re investing more into infrastructure

To offset volatility in share markets and reduced returns from low interest rates, we are investing more funds in infrastructure over the next few years. This has the potential to boost returns by $350 million over the next decade.

Interest rates remain at a record low

This impacts the return of our cash and fixed income asset classes but it also impacts investments outside of super such as term deposits and bank account interest rates.

The threat of a trade war continues

The ongoing uncertainty of a trade war between the US and China, and Brexit in Europe continues to negatively impact global share markets.
Taking a responsible approach to your investments

Responsible investment is about considering the material* environmental, social and governance (ESG) risks and opportunities in all investment decision making.

Managing risks and opportunities such as climate change, health and safety, human and labour rights, supply chain management and cognitive diversity, we believe improves long-term risk adjusted returns of our investments, leading to better retirement outcomes for our members.

How does Cbus invest responsibly? We:

Assess how well ESG risks and opportunities are managed when choosing a company, asset or a fund manager.

Influence through discussions with the company or manager or through voting at annual meetings, to improve practices so that companies are better run, less risky and more sustainable over the long term.

Monitor ESG performance over time through regular company reviews, manager reports and disclosures, and meetings.

Advocate for change. As a large and growing super fund, we can use our influence to drive better outcomes, for example, through making submissions to government consultations.

These pillars each have an emphasis towards one of the three ESG categories and collectively they address the material ESG risks and opportunities where Cbus Property believes it can make a difference.

1. Better Buildings
   - Developing buildings that meet strict environmental criteria.

2. Investing in People
   - Ensuring fair treatment, and safe working conditions for workers.

3. Future Ready
   - Targeting 90% of construction and demolition waste to be recycled from 2022.

This strategy focuses on delivering value to partners, tenants, Cbus members and the broader community through high-quality developments that provide positive environmental, social, and financial outcomes, and better long-term returns.

Cbus Property and responsible investment

Cbus Property’s actions help deliver sustainable, long-term returns for Cbus members and reflects its values as a responsible investor. Its ambition is to provide the best sustainable developments into the future.

The commitment to sustainability is articulated in Cbus Property’s Sustainability Strategy under three pillars.

* ESG factors likely to have the most significant impact on the value of an investment.

Cbus Property is a wholly owned subsidiary of United Super Pty Ltd.

Environmental
Climate change, water and natural resources

Social
Safety, treatment of workers or communities

Governance
Company board decision making, oversight, executive pay and corruption

You can read more about our responsible investment activities and outcomes in the Cbus Annual Integrated Report and the Responsible Investment supplement at cbussuper.com.au/sustainability.
Small amounts now can make a big difference later

You don’t have to make big lump sum payments to help boost your super. Even a little extra makes a big difference.

- By putting $3 a day into your super, about the same as the cost of your daily coffee, you could have an additional $59,012* in retirement.

- If you take a packed lunch to work instead of buying it every day, you could save around $10 a day to put into your super. This could add up to an additional $140,880^ in retirement.

Find out more about additional contributions by visiting cbussuper.com.au/boostsuper.

The above comparison is for illustration purposes only and outcomes are not guaranteed. You should consider your own financial position, objectives and requirements before making a financial decision.

Source: Cbus Super Retirement Income Estimate calculator cbussuper.com.au/retirement-estimate. Calculation is based on certain assumptions including but not limited to the following:

* Person aged 40-years old, a starting super balance of $50,000, contributing $3 per day from take-home pay (total of $21 per week), over 25 years, with an income of $70,000 a year before tax and Superannuation Guarantee contributions at 9.5%.

^ Person aged 40-years old, a starting super balance of $50,000, contributing $10 per weekday from take-home pay (total of $50 per week), over 25 years, with an income of $70,000 a year before tax and Superannuation Guarantee contributions at 9.5%.

The default investment returns assumed in the calculation, are based on the expected long term average returns for the Cbus default investment options – Growth (Cbus MySuper) over the accumulation phase and Conservative Growth over the draw down phase. Past performance is not a reliable indicator of future performance. Insurance premiums have not been included. Figures and administration fees current as at 15 January 2020. Cbus administration fees will increase on 1 February 2020.
Having a skilled qualification that could support her and her young family in any location was an important consideration for Jess. After a lot of careful thought, she decided to train to become an electrician, at first thinking that it wouldn’t be as messy as other trades.

“I can tell you now it’s a myth because I work with oily circuit breakers all day – it’s definitely not a ‘clean’ trade!”

Now approaching her third year of apprenticeship, Jess has spent the past year on maternity leave, looking after her young son.

Taking a break can knock your savings

One of the most eye-opening things about starting a family for Jess and her partner, was working out the hit her super would take while she was off work.

“Before I went on mat leave, I had almost the same amount of super as my partner, but now I’m about $16,000 behind him. Imagine having a second child, or a third or a fourth…”

Jess advises anyone thinking about taking a career break to pay attention to the effects on your super, both for you and your family. It’s not just about the money that doesn’t get paid in, but the interest you could be missing out on (see page 6).

A lot of parents don’t realise that when they take parental leave, they might still accrue their long service leave, but super payments are usually paused. This can make a major dent in the long term. There are ways to help reduce the impact of breaks in your payments, like getting your partner to pay into your super on your behalf (they might even be able to claim a tax offset for doing that) or asking them to split their own super contributions with you.

Help when you need it

Fortunately, Jess knows where to go to get advice and support to help her catch up on the shortfall.

“It’s not hard for me to get in contact with my local Coordinator, Don, or somebody else at Cbus to ask for help.”

With her super well looked after, Jess can focus on her family instead, and getting ready to get stuck back into her training.

“When it comes to your super, Cbus is here to help you understand your options. If you have a question, just give us a call on 1300 361 784, or have chat with one of our Coordinators when they visit your worksite.
Cbus in the community

At Cbus our members are central to how we operate, and we aim to do everything we can to meet their needs. A big part of that is making sure all members have access to appropriate advice and support with their super.

Cbus Reconciliation Action Plan

We are committed to contributing towards the social and economic wellbeing of our First Nations people. The launch of our Reconciliation Action Plan in 2017 was a first step in our reconciliation journey and in trying to understand the needs of our Aboriginal and Torres Strait Islander members.

Cbus is also a member of the AIST Indigenous Working Group, a cross-industry initiative that seeks to improve superannuation outcomes for Indigenous people.

Aboriginal and Torres Strait Islander contact centre

Cbus has embarked on a number of activities which have helped members better interact with their super, such as the launch of our Aboriginal and Torres Strait Islander contact centre on 1 May 2018.

The contact centre is resourced by trained staff who understand the unique needs of our Indigenous members, especially in relation to identity verification, literacy and different cultural practices and relationships.

In its first six months of operation, the contact centre received over 8,500 calls from members who identified as Aboriginal or Torres Strait Islander.

Call 1300 361 784 and press 1, and then 1 again to be put through to the Aboriginal and Torres Strait Islander contact centre.

Big Super Day Out

In 2019 Cbus once again partnered with First Nations Foundations to support its roadshow style event, the Big Super Day Out. Cbus Coordinators joined representatives from other super funds, the ATO and regulators to assist Indigenous Australians with their super queries.

The event travelled to Darwin, Kununurra and Broome, where we engaged with a collective $4.4 million in super.
### Your coordinators

Local Cbus Coordinators give you personal, face-to-face support. Get in contact today if you need help or to organise a workplace information session.

#### Nationwide

**Head of Workplace Services**  
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**Adrien Baldwin**  
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adrien.baldwin@cbussuper.com.au

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### Contact us

**Cbus has fact sheets available in your language to help you understand your superannuation. You can download a copy at cbussuper.com.au**

1300 361 784 8am to 8pm (AEST / AEDT)  
Monday to Friday, closed on national public holidays

cbusenq@cbussuper.com.au  
cbussuper.com.au


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