



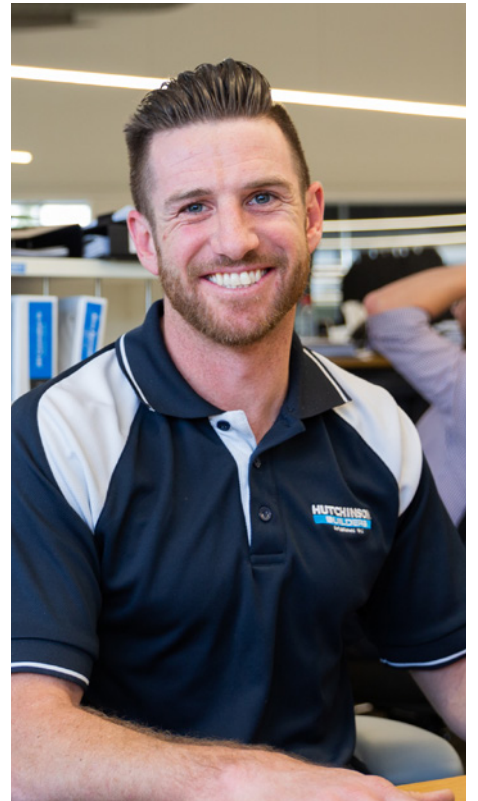
Federal Budget (May) 2023-24 Quick facts

Federal Budget super update

This update is intended to keep readers informed of current developments in superannuation and is not intended to be used as a substitute for professional advice. 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 product disclosure statement to decide if Cbus Super is right for you. Also read the relevant Target Market Determination at cbussuper.com.au/tmd. Call us on **1300 361 784** or visit cbussuper.com.au for a copy. While all care has been taken to ensure that the information in this update is correct, Cbus Super expressly disclaims all liability and responsibility to any person who relies, or partially relies, on the content, any error or misprint, or for any person who acts on this information. This publication is based on information that is current as at 12 May 2023.

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Federal Budget
super update

Quick Facts

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All the changes announced in the Federal Budget are what the Government plans to do. No changes are law (unless otherwise indicated) until passed by Parliament.

Before making any decisions, you need to check whether any of these announcements have become law.

The May 2023–24 Federal Budget was delivered on Tuesday 9 May 2023.

This was the second budget delivered by the Labor Government. Alongside a raft of measures designed to help with the cost of living, there were two key proposed changes to super – addressing the ongoing issue of unpaid super and adjusting the tax concessions available in the super system.

This fact sheet outlines some of the key proposals and how they could impact Cbus Super members and our employers.

If you're working

Super paid on your pay day

Under current laws your employer needs to pay your super at least every three months. Under the Government's proposal, from 1 July 2026 your employer will need to pay your super on your pay day.

Having your super paid more regularly will make it easier for you to track your super payments and make sure you're being paid on time and in full.

Cbus Super has a strong history of advocating for members on the issue of unpaid super and welcomes the proposed changes. A recent report from Industry Funds Australia found that unpaid super affects more than a quarter of all employees, with workers in construction, trades and transport, hospitality and accommodation being most likely to miss out on their super payments.*

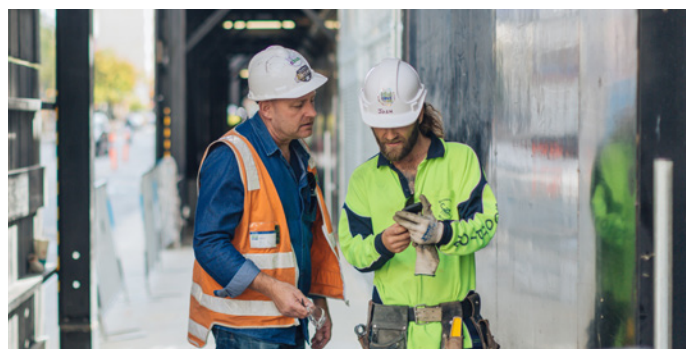
Unpaid super can affect you in more ways than one

If your super isn't paid, this doesn't just impact your account balance, it also impacts your investment returns over time. It could even mean your insurance cover is cancelled, leaving you in a vulnerable position.

Getting your super earlier means investing it earlier, which could give your super an important boost. In fact, the Government has said switching to fortnightly super payments from quarterly would leave a 25-year-old median income earner about \$6,000 or 1.5% better off at retirement.†

Cracking down

The Government also plans to help the Australian Taxation Office (ATO) quickly identify unpaid super, take action on employers and recover super for workers by investing \$40.2 million to improve the ATO's capabilities and setting targets for recovering super.



We're here to help you with unpaid super

With the support of our sponsoring organisations, Cbus Super recovered \$471 million in unpaid super on behalf of our members over five years up to 30 June 2022.

If you believe your super hasn't been paid, contact your union representative or your local Coordinator.

Visit cbussuper.com.au/contact to find your local Coordinator's contact details.

* SUPER SCANDALOUS: How to fix the \$5 billion scourge of unpaid super. Industry Super Australia, industriysuper.com/assets/CampaignPage/ISA-Unpaid-Super-Report-2021.pdf

† Introducing payday super. Australian Government, ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/introducing-payday-super

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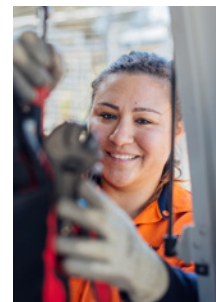
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If you're working

Higher tax rate on super earnings above \$3 million

The Government plans to change the tax rate on super earnings for members with high balances. From 1 July 2025, earnings on super balances above \$3 million will be taxed at up to 30%, an increase from the current concessional tax rate of up to 15%. Defined benefit interests will be valued and have earnings taxed in a similar way.

Treasury expects this change to impact around 0.5% of super members. If you don't have a total super balance over \$3 million after July 2025 **you won't be impacted by this change.**



Relief for Australians struggling with the cost of living

Beyond super, the Budget included proposals to help people on low incomes with the rising cost of living. If these changes go ahead, members may benefit from:

- Higher payments for people on income support payments, like JobSeeker, Austudy and Youth Allowance
- Expanding access to the single parenting payment
- Expanding the higher rate of JobSeeker to recipients 55 and over who have received the payment for nine or more continuous months (it currently applies to those 60 and over)
- Higher maximum rates of Commonwealth Rent Assistance to help with the rising cost of rent
- Cheaper visits to a doctor if you're a pensioner, Commonwealth concession card holder or a child under 16.

If you're in or nearing retirement

Minimum income stream payments double from 1 July

If you have an income stream, the law requires you to draw a minimum income from your account each year. This minimum was temporarily halved back in 2020 to help limit the impact of the pandemic and investment market volatility. This measure was later extended until 30 June 2023, but it has not been extended further in the May 2023 Budget.

This means that if you're currently drawing down the minimum required income, your payments will double from 1 July 2023. We will contact you in July to confirm your minimum income stream payment amount for the 2023-24 financial year.

Incentivising pensioners into the workforce – six months extension

The Government plans to provide \$3.7 million in 2023-24 to extend the measure to provide age and veteran pensioners a once-off credit of \$4,000 to their Work Bonus income bank and temporarily increase the maximum income bank until 31 December 2023.

This means that if you receive a pension and have plans to work, you could continue to earn up to \$11,800 a year before your pension is reduced.

Planned changes to the aged care sector

Outside of super, the Government plans to improve the health and safety of older Australians and strengthen the regulation of the aged care sector. The Budget includes:

- \$166.8 million to provide an additional 9,500 home care packages for older Australians who wish to remain at home for longer
- \$81.9 million to develop and implement a new Aged Care Act to support sector reform and \$139.9 million to enhance the aged care Star Rating system
- \$12.9 million to improve food and nutrition in aged care.

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If you're an employer

Super paid on pay day

To address the ongoing issue of unpaid super, the Government has proposed changes so that workers are paid their super at the same time they're paid wages.

Under current laws you need to pay your employees' super at least every three months. Many Cbus Super employers already pay super on a monthly basis. From 1 July 2026, you'll need to pay employees' super on their pay day.

Cbus Super welcomes this proposed change and will work with employers to ensure the change is a smooth one. Many businesses do the right thing. They pay their employees in full and on time. However, the issue of unpaid super is not just a problem for employees - it has an impact on competition. Businesses are at a disadvantage when their competitors don't pay super.

Investing in skills and training

The Government plans to fund a further 300,000 TAFE and vocational education training places to become fee-free. This will assist students with cost-of-living pressures and support critical and emerging industries with the skilled workers they need.

Gender equality in the apprentice system

The Government's plans for the Australian Skills Guarantee will set national targets for apprentices plus specific targets for women apprentices and trainees on major Government-funded construction and ICT projects. These targets will aim to double women in apprenticeship and traineeship roles in construction projects, and triple trade apprenticeship roles by 2030.

Investment in renewable energy

The Budget outlines the Government's plan to boost the economy through investment in renewable energy. This could provide incentives for some Cbus Super employers.

Promoting energy efficient commercial buildings

The Government plans to support investment in energy efficient commercial buildings. From 1 July 2025, the Government will extend the clean building managed investment trust withholding tax concession to eligible data centres and warehouses where construction commenced after Budget night.

Powering Australia Industry Growth Centre

The Government plans to provide \$14.8 million to establish the Powering Australia Industry Growth Centre, which will support Australian businesses looking to manufacture, commercialise and adopt renewable technologies.

Small Business Energy Incentive

The Government plans to introduce a Small Business Energy Incentive which will help small and medium businesses make energy-saving upgrades and save on their power bills through smarter energy use. The plan includes \$310 million in tax relief for up to 3.8 million businesses.

More information

Full details on the May 2023-24 Federal Budget are available from budget.gov.au.



Cbus Super
Locked Bag 5056
PARRAMATTA NSW 2124



1300 361 784
8am to 8pm (AEST/AEDT)
Monday to Friday



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



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