



Contribution flexibility



Giving members the flexibility to choose their level of standard member contributions.

What this fact sheet covers



This fact sheet explains how Defined Benefit Division and Accumulation 2 members can reduce their standard member contributions under UniSuper's contribution flexibility arrangements—and the implications of doing so.

Who is this fact sheet for?



People who are:

- already Defined Benefit Division or Accumulation 2 members
- considering reducing their standard member contributions.

What is contribution flexibility?

Defined Benefit Division (DBD) and Accumulation 2 members are required to make standard member contributions equal to 7% (after tax) of their salary (or 8.25% before tax) each pay period. Members can, however, reduce the level of standard member contributions they make under our contribution flexibility arrangements.

Contribution flexibility reflects our commitment to help members balance the demands of their current lifestyle with the need to save for retirement.

What levels can you reduce your standard member contributions to?

You can reduce standard member contributions to levels outlined in the following tables. Your employer will continue to make contributions on your behalf at your agreed rate—this will be 17% or 14%, depending on your employment arrangements.

IF YOU RECEIVE 17% EMPLOYER CONTRIBUTIONS

Before-tax contribution level	After-tax contribution level
8.25%	7.00%
5.25%	4.45%
4.70%	4.00%
3.55%	3.00%
2.35%	2.00%
1.20%	1.00%
0%	0%

IF YOU RECEIVE 14% EMPLOYER CONTRIBUTIONS

Before-tax contribution level	After-tax contribution level
8.25%	7.00%
7.70%	6.55%
6.55%	5.55%
5.35%	4.55%
4.20%	3.55%
3.00%	2.55%

Note: standard member contributions from your before-tax salary attract a 15% ‘contributions tax’ (you don’t need to do anything about this—we take care of it for you automatically). Standard member contributions from your after-tax salary don’t attract this tax.

What should you consider before deciding to reduce your level of standard member contributions?

DO YOU WANT MORE SUPER IN RETIREMENT?

If you reduce your standard member contributions, you’re likely to have less super at retirement than you would have if you kept contributing at a higher rate.

Short-term financial needs are important to take care of, but if you use your super to meet those needs it might mean your future self is worse off. Before deciding to reduce your standard member contributions, we recommend you speak to a qualified financial adviser.

WHAT ARE THE EFFECTS ON YOUR DEFINED BENEFIT?

IF YOUR EMPLOYER MAKES 17% CONTRIBUTIONS...	
The available standard member contribution levels are...	And the effect on your defined benefit is...
7% after tax (8.25% before tax)	Your full defined benefit entitlement is maintained.
4.45% after tax (5.25% before tax)	Your full defined benefit entitlement is maintained. However, your ability to pay for external insurance cover from your accumulation component may be affected. This is because contributions previously made to your accumulation component will be redirected to your defined benefit component. Read the Product Disclosure Statement at unisuper.com.au/pds for more information.
4% after tax (4.70% before tax) 3% after tax (3.55% before tax) 2% after tax (2.35% before tax) 1% after tax (1.20% before tax) Minimum level: 0%	Your defined benefit entitlement is scaled back to reflect your reduced standard member contributions, and your ability to pay for external insurance cover from your accumulation component may be affected. This is because contributions previously made to your accumulation component will be redirected to your defined benefit component. Read the Product Disclosure Statement at unisuper.com.au/pds for more information.

Information for DBD members

The following table outlines the minimum level of standard member contributions you must make to maintain your full defined benefit entitlements.

MINIMUM LEVELS OF STANDARD MEMBER CONTRIBUTIONS REQUIRED TO MAINTAIN YOUR FULL DEFINED BENEFIT ENTITLEMENT	
If you receive 17% contributions	If you receive 14% contributions
4.45% (after tax) of your salary (5.25% before tax)	7% (after tax) of your salary (8.25% before tax)

If you reduce your standard member contributions below these levels, we’ll adjust your ‘average contribution factor’ —a part of the defined benefit formula.

Because you’ll be contributing less, this will reduce your defined benefit entitlement.

WHAT ARE THE EFFECTS ON YOUR DEFINED BENEFIT? (CONTINUED)

IF YOUR EMPLOYER MAKES 14% CONTRIBUTIONS...

The available standard member contribution levels are...	And the effect on your defined benefit is...
7% after tax (8.25% before tax)	Your full defined benefit entitlement is maintained.
6.55% after tax (7.70% before tax)	Your defined benefit entitlement is scaled back to reflect your reduced standard member contributions.
5.55% after tax (6.55% before tax)	
4.55% after tax (5.35% before tax)	
3.55% after tax (4.20% before tax)	
2.55% after tax (3.00% before tax)	
Minimum level: 2.55% after tax	

WHAT ARE THE EFFECTS ON YOUR INBUILT BENEFITS?

DBD membership will generally entitle you to inbuilt benefits. These are designed to protect you financially if you become temporarily or permanently unable to work due to illness or injury, and also provide benefits for your loved ones if you die. Inbuilt benefits are determined by a formula, and DBD members can't opt out of them. It can be helpful to think of them as similar to insurance.

Reducing your standard member contributions can affect your inbuilt benefits—see the following table for more information.

EFFECT ON INBUILT BENEFITS IF YOU REDUCE YOUR STANDARD MEMBER CONTRIBUTIONS

Type of inbuilt benefit	What will happen
Temporary Incapacity	Nothing—the amount of your inbuilt Temporary Incapacity benefit will stay the same.
Disablement	Nothing—the amount of your inbuilt Disablement benefit will stay the same.
Terminal Medical Condition	The amount of your inbuilt Terminal Medical Condition benefit would be reduced*.
Death	The amount of your inbuilt Death benefit would be reduced*.

* An inbuilt Death benefit is calculated for DBD members by combining your retirement benefit with a benefit for potential service to age 60. Reducing your standard member contributions will reduce your retirement benefit—meaning the total benefit payable on Death or due to a Terminal Medical Condition would also reduce.

¹ Insurance cover is provided to UniSuper members by TAL Life Limited, ABN 70 050 109 450, AFSL No. 237848.

Information for DBD and Accumulation 2 members

What are the effects on external insurance cover?

Any insurance cover you already have as a UniSuper member will continue, provided you've got sufficient funds in your accumulation account or component to cover the cost of your insurance premiums.

If you can no longer pay your premiums, or don't meet the requirements under UniSuper's group insurance policies¹, your insurance cover will cease.

Frequently asked questions

Q: If I reduce my standard member contributions, can I increase them at a later date?

A: No. If you'd like to make additional contributions and you've already reduced your standard member contributions, any extra super payments you make will need to be voluntary member contributions to your accumulation component (if you're a DBD member) or accumulation account (if you're an Accumulation 2 member).

Q: How do I find out how much my employer contributes to my super?

A: The payslips your employer provides will probably include a breakdown of employer and member contributions made to your UniSuper account. If not, you'll need to ask your employer.

Q: Should I tell my employer if I reduce my standard member contributions?

A: Yes. Your employer will need to ensure that their payroll deductions reflect your correct contribution rate.

Q: I'm receiving 17% employer contributions and have reduced my standard member contributions to zero. What happens if a future employer only makes 14% contributions?

A: You'll need to make standard member contributions of at least 2.55% (after tax) of your salary (3.00% before tax) to ensure your total contributions remain at the minimum level.

Q: My current employer only makes 14% contributions—but a previous employer made 17% contributions—and I've reduced my standard member contributions to zero. What happens?

A: You'll need to make standard member contributions of at least 2.55% (after tax) of your salary (3.00% before tax) to ensure your total contributions remain at the minimum level.

Q: My employer and I are currently making 'half contributions'. Can I exercise contribution flexibility?

A: No. However, if you and your employer start making full contributions, you can then use contribution flexibility to reduce your standard member contributions.

Q: How do I reduce my standard member contributions?

A: Complete the attached *Contribution flexibility application form* and then submit it to the person responsible for super at your workplace.

Q: If I do reduce my standard member contributions, when will the reduction take effect?

At the start of the next pay period after we process your *Contribution flexibility application form*. For more information about contribution flexibility, call us on **1800 331 685**.

This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement for your membership category and whether to consult a licensed financial adviser.

This information is current as at October 2017 and is based on our understanding of legislation at that date. Information is subject to change. To the extent that this fact sheet contains information which is inconsistent with the UniSuper Trust Deed and Regulations (together the Trust Deed), the Trust Deed will prevail.

Issued by: UniSuper Management Pty Ltd ABN 91 006 961 799, AFSL No. 235907, on behalf of UniSuper Limited, the trustee of UniSuper, Level 1, 385 Bourke Street, Melbourne Vic 3000.

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Trustee: UniSuper Limited, ABN 54 006 027 121, AFSL No. 492806

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Contribution flexibility application form



AVOID PROCESSING DELAYS

We make important changes to our forms at times. Check you're using the latest version by comparing the issue date at the bottom of this page with the version at unisuper.com.au/forms.

Before completing this form

Reducing your standard member contributions is a permanent decision—you can't reverse it or reinstate your previous level of standard member contributions later on.

If you reduce your standard member contributions and would like to make additional contributions in the future, any extra super payments you make will need to be voluntary member contributions to your accumulation component or account.

If you reduce your standard member contributions, your retirement savings will be reduced. Before making this decision, we recommend you:

- read the *Defined Benefit Division and Accumulation 2 Product Disclosure Statement (PDS)*, the *Insurance in your super* booklet and the *What happens to your inbuilt benefits if you choose Accumulation 2?* booklet, which are incorporated by reference into the PDS.
- read the *Contribution flexibility* fact sheet, and
- speak to a qualified financial adviser.

Any reduction to your standard member contributions will take effect at the start of the next pay period after we process your *Contribution flexibility application form*.

Privacy information

We recognise the importance of protecting your personal information and are committed to complying with our privacy law obligations. For more information on how we collect and manage your information, read the *Privacy statement* at the end of this form.

SECTION 1 — Member details

Please use BLACK or BLUE BALLPOINT PEN and print in CAPITAL LETTERS. Cross where required X

UniSuper member number

If you're unsure of your member number, refer to your most recent UniSuper correspondence or call us on **1800 331 685**.

Title Mr Mrs Ms Dr Professor

Other

Surname

Given name

Date of birth (DDMMYYYY)

SECTION 2 — Level of employer contributions

What level of employer contributions do you receive?
(Select one box only)

- 17%. GO TO SECTION 3
- 14%. GO TO SECTION 4

SECTION 3 — Reducing your standard member contributions (members receiving 17% employer contributions)

What level of standard member contributions would you like to make?

(Select one box only)

- 4.45% after tax (5.25% before tax)
- 4.00% after tax (4.70% before tax)
- 3.00% after tax (3.55% before tax)
- 2.00% after tax (2.35% before tax)
- 1.00% after tax (1.20% before tax)
- 0.00% (zero)

GO TO SECTION 5

form continues >



SECTION 4 — Reducing your standard member contributions (members receiving 14% employer contributions)

What level of standard member contributions would you like to make?

(Select one box only)

- > 6.55% after tax (7.70% before tax)
- > 5.55% after tax (6.55% before tax)
- > 4.55% after tax (5.35% before tax)
- > 3.55% after tax (4.20% before tax)
- > 2.55% after tax (3.00% before tax)

GO TO SECTION 5

SECTION 5 — Before-tax or after-tax standard member contributions?

How would you like to make standard member contributions?

- > From your after-tax salary
- > From your before-tax salary*

* You'll need a salary sacrifice arrangement with your employer to do this. Standard member contributions from your before-tax salary will be treated as employer contributions and be subject to 15% contributions tax, and will also count towards your concessional contributions cap. You can only make standard member contributions from your before-tax or after-tax salary—not a combination of both.

SECTION 6 — Member declaration and signature

Please read this declaration before you sign and date your form.

- I declare that the information I've given on this form is true and correct.
- I acknowledge that I've read and understood the information about contribution flexibility in the current *Defined Benefit Division and Accumulation 2 PDS* (and the booklets that are incorporated by reference into the PDS), and the *Contribution flexibility* fact sheet.
- I understand that:
 - my decision to reduce my standard member contributions is irrevocable and I won't be able to reinstate my previous level of standard member contributions at a later date
 - if I reduce my standard member contributions, the amount of my retirement savings will be reduced
 - if I make standard member contributions from my before-tax salary I'll pay 15% contributions tax on these contributions
 - the level of standard member contributions I elect to make on this form will apply to the standard member contributions I make with all UniSuper participating employers.
- I consent to my personal information being used in accordance with UniSuper's privacy policy.

Signature

X

Date (DDMMYYYY)

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RETURNING YOUR FORM

Return your completed form to your employer's Superannuation Officer, or the person responsible for super at your workplace, as soon as possible.



NEED HELP?

For more information:

- email enquiry@unisuper.com.au, or
- call 1800 331 685.

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