



Default member contributions



What this fact sheet covers



This fact sheet explains how Defined Benefit Division (DBD) and Accumulation 2 members can reduce their default member contributions—and the implications of doing so.

As a Defined Benefit Division/Accumulation 2 member, your super is made up of contributions from your employer; either 17% or 14% of your salary - as well as money from your take-home pay.

The money coming out of your pay is called a default member contribution and could come from your before-tax or after-tax salary.

Default member contributions are optional. Although your employer will deduct them automatically when you join, you can change or cancel them if you want.

Can I reduce my default member contributions?

Yes. You can reduce your default member contributions to levels outlined in the following tables. Your employer will continue to make contributions to your account.



Default member contributions are designed to boost your super and provide you with a better outcome for retirement. We recommend you seek financial advice or make an appointment with an on-campus consultant before you make any changes to your default arrangements.

Who is this fact sheet for?



People who are:

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

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: default member contributions from your before-tax salary are higher than after-tax contributions because they attract a 15% ‘contributions tax’ (you don’t need to do anything about this—we take care of it for you automatically). Default member contributions from your after-tax salary don’t attract this tax.

If you reduce your default member contributions, you’re likely to have less super at retirement than you would have if you kept making contributions.

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 default member contributions, we recommend you speak to a qualified financial adviser.

Information for DBD members

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

MINIMUM LEVELS OF DEFAULT 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 default 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?

IF YOUR EMPLOYER MAKES 17% CONTRIBUTIONS...	
The available default 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)	Your defined benefit entitlement is scaled back to reflect your reduced default 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.
3% after tax (3.55% before tax)	
2% after tax (2.35% before tax)	
1% after tax (1.20% before tax)	
Minimum level: 0%	

IF YOUR EMPLOYER MAKES 14% CONTRIBUTIONS...	
The available default 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 default 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 default member contributions can affect your inbuilt benefits—see the following table for more information.

EFFECT ON INBUILT BENEFITS IF YOU REDUCE YOUR DEFAULT 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 default member contributions will reduce your retirement benefit—meaning the total benefit payable on Death or due to a Terminal Medical Condition would also reduce.

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 and that your account remains active.

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.

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

Frequently asked questions

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

A: If you're a DBD member you **cannot** increase your contributions to the DBD fund. However you can make extra super contributions to your accumulation component.

If you're an Accumulation 2 member you can increase contributions to your account at any time.

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 default member contributions?

A: Yes. Your employer will need to update their payroll deductions.

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

A: You'll need to make default 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 default member contributions to zero. What happens?

A: You'll need to make default 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 reduce my default member contributions?

A: No. However, if you and your employer start making full contributions, you can then reduce your default member contributions.

Q: How do I reduce my default member contributions?

A: Complete the attached *Reduce my default member contributions form* and submit it to the person responsible for super at your workplace.

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

At the start of the next pay period after we process your form. For more information about reducing your default member contributions, 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 July 2019 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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Date: July 2019 UNIS000F84 0719

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Reduce my default member contributions 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 default member contributions is a permanent decision—you can't reverse it or reinstate your previous level later on.

If you reduce your default member contributions and would like to make additional contributions in the future, you can make voluntary member contributions to your accumulation component or account.

By reducing your default 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 *Default member contributions* fact sheet, and
- speak to a qualified financial adviser.

Any reduction to your default member contributions will take effect at the start of the next pay period after we process your 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 default member contributions (members receiving 17% employer contributions)

What level of default 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 default member contributions (members receiving 14% employer contributions)

What level of default 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 default member contributions?

How would you like to make default 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. Default 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 default 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 changing my default member contributions in the current *Defined Benefit Division and Accumulation 2 PDS* (and the booklets that are incorporated by reference into the PDS), and the *Default member contribution* fact sheet.
- I understand that:
 - my decision to reduce my default member contributions is irrevocable and I won't be able to reinstate my previous level at a later date
 - if I reduce my default member contributions, the amount of my retirement savings will be reduced
 - if I make default member contributions from my before-tax salary I'll pay 15% contributions tax on these contributions
 - the level of default member contributions I elect to make on this form will apply to the default 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.

