

# Default member contributions

This fact sheet explains how Defined Benefit Division (DBD) and Accumulation 2 members can change 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 change my default member contributions?

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

### Recommendation

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 one of our super consultants 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 changing their default member contributions.

### IF YOU RECEIVE 17% EMPLOYER CONTRIBUTIONS

<i>Before-tax contribution level</i>	<i>After-tax contribution level</i>
8.25%	7.00%
5.25%	4.45%
4.70%	4.00%
3.55%	3.00%
2.35%	2.00%
1.20%	1.00%
0.00%	0.00%

### IF YOU RECEIVE 14% EMPLOYER CONTRIBUTIONS

<i>Before-tax contribution level</i>	<i>After-tax contribution level</i>
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.

<b>MINIMUM LEVELS OF DEFAULT MEMBER CONTRIBUTIONS REQUIRED TO MAINTAIN YOUR FULL DEFINED BENEFIT ENTITLEMENT</b>	
<i>If you receive 17% contributions</i>	<i>If you receive 17% contributions</i>
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?**

<b>IF YOUR EMPLOYER MAKES 17% CONTRIBUTIONS...</b>	
<i>The available default member contribution levels are...</i>	<i>And the effect on your defined benefit is...</i>
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 <a href="http://unisuper.com.au/pds">unisuper.com.au/pds</a> 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 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 <a href="http://unisuper.com.au/pds">unisuper.com.au/pds</a> for more information.

<b>IF YOUR EMPLOYER MAKES 14% CONTRIBUTIONS...</b>	
<i>The available default member contribution levels are...</i>	<i>And the effect on your defined benefit is...</i>
7% after tax (8.25% before tax)	Your full defined benefit entitlement is maintained.
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) Minimum level: 2.55% after tax	Your defined benefit entitlement is scaled back to reflect your reduced default member contributions.

## 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 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.*

## 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 policies<sup>1</sup>, your insurance cover will cease.

## Frequently asked questions

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

If you're a DBD member you cannot increase your contributions to the DBD. 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?

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 change my default member contributions?

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?

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?

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?

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

### Q: If I do change my default member contributions, when will it take effect?

At the start of the next pay period after we process your form. For more information about changing your default member contributions, call us on **1800 331 685**.

\* 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.

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

# Change my default member contributions form



## Complete and give to your employer

When your Superannuation Officer receives this form, they will update the payroll records to your new default member contribution rate.

### USE THIS FORM IF YOU WISH TO

- Change your after-tax default member contributions to before-tax, or
- Reduce your default member contributions to a lower level.

### BEFORE-TAX (SALARY SACRIFICE) CONTRIBUTIONS:

If you wish to make your default member contributions on a before-tax basis, you'll need a salary sacrifice arrangement with your employer.

Before completing this form, check with your Superannuation Officer if they require any additional forms to be completed.

### BEFORE COMPLETING THIS FORM

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

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)* and the *Insurance in your super* document which are incorporated by reference into the *PDS*, and
- speak to a qualified financial adviser.

Any changes to your default member contributions will take effect from the start of the next pay period after your employer processes your form.

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. If you want to reduce your default member contributions when you join UniSuper, but would still like to receive cover without underwriting, we need to receive your completed *Defined Benefit Division/Accumulation 2 - changing your default options* form within 60 days of you joining.

## SECTION 1 YOUR DETAILS

► Please complete in BLACK or BLUE BALL POINT PEN using CAPITAL letters. Cross (X) where required.

UniSuper member number

Refer to your most recent UniSuper correspondence or call **1800 331 685**.

Title

Mr  Mrs  Ms  Dr  Professor  Other

Surname

Given name

Date of birth (DD/MM/YYYY)



## SECTION 2 DEFAULT MEMBER CONTRIBUTIONS

The default level of member contributions is 7% (after tax) or 8.25% (before tax) of your salary. You can also choose to reduce your level of member contributions.

Do you want to make default member contributions?

Yes, the default level

From your after-tax salary (7%)

From your before-tax salary\* (8.25%)

Go to SECTION 6

Yes, at a reduced level

From your after-tax salary

From your before-tax salary\*

Go to SECTION 3

\* 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 3 LEVEL OF EMPLOYER CONTRIBUTIONS

What level of employer contributions do you receive? (Select one only) If you're unsure, please check with your employer.

17%. Go to SECTION 4

14%. Go to SECTION 5

## SECTION 4 REDUCING YOUR DEFAULT MEMBER CONTRIBUTIONS (17% EMPLOYER CONTRIBUTIONS)

What level of default member contributions would you like to make? (Select one 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 6.

## SECTION 5 REDUCING YOUR DEFAULT MEMBER CONTRIBUTIONS (14% EMPLOYER CONTRIBUTIONS)

What level of default member contributions would you like to make? (Select one 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 6.

**SECTION 6****MEMBER DECLARATION AND SIGNATURE**

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

- I declare 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 documents that are incorporated by reference into the PDS).
- I authorise my employer to deduct default member contributions indicated on this form from my salary.
- 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
  - Reducing my default member contributions will reduce my retirement savings
  - if I reduce my default member contributions when I join UniSuper and I want to receive insurance without underwriting, UniSuper needs to receive my completed Defined Benefit Division/Accumulation 2 - changing your default options form within 60 days of me joining
  - 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 choose 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

Date

<input type="text"/>	<input type="text"/>	<input type="text"/>
DD	MM	YYYY

**Need help?**

For more information:

- email [enquiry@unisuper.com.au](mailto:enquiry@unisuper.com.au), or
- call **1800 331 685**.

**Submitting your form**

Give this completed form to your Superannuation Officer, or the person responsible for super at your workplace, as soon as possible.

**PRIVACY STATEMENT**

UniSuper is committed to protecting your personal information in accordance with privacy law obligations. The information that you provide to UniSuper on this form is collected and used in accordance with our Privacy Policy which can be found online at [unisuper.com.au/privacy](https://unisuper.com.au/privacy). If you have any privacy related questions, please call **1800 331 685**.

**OFFICE USE ONLY — (TO BE COMPLETED BY YOUR EMPLOYER)**

To be completed by a Superannuation Officer or the person responsible for super at your workplace.

Member number

Payroll number

Employer number

Employer name

Pay period start date  
(DD/MM/YYYY)

New default member  
contribution rate

 %

The after-tax rate must be input on the UniSuper administration system.

Has contribution rate been added to administration system?

No

Yes. Date system updated (DDMMYYYY)

Name of Superannuation Officer or representative

Signature of Superannuation Officer or representative

Date

DD MM YYYY

Employer date stamp