Changing your super fund:

what you need to know

Some life events, like starting a new job, can prompt you to review your super and change funds. Super is vitally important to your financial future, so take your time to ensure you understand the issues and make a choice that's right for the long term.

Changing super funds

There are certain benefits associated with changing super funds. If you have more than one super fund, it may be in your interests to consolidate funds to help reduce fees and administration costs. Having your super in the one place reduces the complexity of your investment, saves you time and may help build your retirement savings.

Is a change right for you?

When making a decision about changing your super fund, you should consider the following factors:

- employer superannuation benefits
- consolidation of funds
- finding lost super
- exit fees and charges
- insurance entitlements
- product disclosure statement for your fund/s
- investment options.

A new employer

When joining a new workplace, your employer may provide you with a Standard Choice Form (if you are eligible) which outlines your options for choosing a new super fund for your employer's contributions. With this form, you can elect to join the employer's preferred fund, continue making contributions to your existing super fund or choose a new fund for your contributions (see following section 'Exercising Choice').

If you don't make a choice, your employer will automatically make contributions on your behalf to their preferred fund (commonly known as a default fund).

While most employees can generally choose which fund will receive their employer's superannuation guarantee contributions, superannuation laws specifically exclude:

- employees covered by a range of employment agreements that specify a super fund
- government employees in unfunded public sector super schemes
- government employees who are members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS), other than PSSAP members
- employees who remain a member of a defined benefit fund that is in surplus or who have accrued their maximum benefit.

If you choose a new fund for your future super contributions, the next step may be to rollover benefits from your existing super fund. To do this, you may need to contact your existing super fund to complete their required forms.

If you decide to remain with your existing fund, you must give your employer written confirmation from your existing fund that it will accept your employer's contributions. This can often be found on your existing fund's website or can be obtained by calling customer service.

Exercising Choice

When deciding between your existing fund, an employer's default fund or another fund, it's important to consider any potential employer benefits and what insurance options are available to you.

Employer benefits

Some employer plans offer additional benefits which may be attractive to you, such as health insurance, rewards for length of service, subsidised insurance premiums and fee waivers. Before you nominate to remain with your existing fund, check whether this will affect what your new employer contributes.

Insurance cover

Ensuring you have adequate insurance cover is always important. Many employer super plans (default funds) offer automatic acceptance, which means each employee in the fund receives an insurance benefit up to pre-defined limits, regardless of any existing cover you might have.

If you wish to join a new employer's super plan that offers automatic acceptance, and at the same time, maintain your existing plan's cover, you should contact each insurer to see what options are available. In some cases, the insurer of your new employer's fund will allow you to 'rollover' your current insurance, generally subject to additional medical evidence. Similarly, your current employer fund's insurer may allow you to continue your existing cover on a personal basis subject to its underwriting requirements.

Your financial planner can outline the risks, benefits, fees and costs of each policy and help you decide which option is best for your circumstances.

Portability – transferring super balances

Super fund members (subject to certain exemptions) who are not eligible for choice can roll part or all of their super to another fund regardless of whether employer contributions will continue to be made, once every twelve months.

The power of one

Consolidating your super benefits into a single fund can be the first step towards a more powerful investment, by helping you reduce administration costs and fees, and save on insurance.

Selecting from the wide range of funds, each with different fees and insurance benefits, can be a challenge. Your financial planner can help you assess the options according to your needs and situation.

Exit fees and charges

By law, every fund must disclose any exit, withdrawal or administration fees. To find out any fees or charges that may apply when rolling your super over to another fund, simply contact your fund or refer to the latest PDS.

Death and disability benefits

Having more than one super account can sometimes mean you are paying for unnecessary insurance. Before deciding to leave your current fund, however, be sure to check whether you may lose any insurance entitlements, and compare the cost of insurance premiums and insurance benefits offered by a new fund.

Track down 'lost super'

If you have had more than one employer, you may have lost track of some super benefits. It's important you find these investments to ensure you aren't paying unnecessary fees. To track down your lost super, refer to statements from each fund, search online using The Australian Tax Office (ATO) SuperSeeker service at www.ato.gov.au/super or call the ATO on 132 865.

Investment choices

Before investing you need to know your 'risk profile' which indicates how comfortable you are with investment risk, and how much risk you are prepared to take to achieve the returns you want. Knowing your 'risk profile' allows your planner to prepare a suitable investment strategy.

The table below sets out the five main investment strategies.

Investment strategy	What this generally means
Defensive	• Minimal investment risk • Main priority is safeguarding the investment capital, even if it means sacrificing higher returns • Generally, invests 90% in income and 10% in growth assets • Should be prepared to accept negative returns (approximately one year in every 20) • Usually appropriate for investment terms of one to two years
Conservative	• Prepared to accept a small amount of risk • Main priority remains preserving your capital over the medium to long term • Generally, invests 70% in income and 30% in growth assets • Should be prepared to accept negative returns (approximately one year in every eight) • Usually appropriate for investment terms of two to three years
Moderate	• Prepared to take short-term risks to gain long-term capital growth • Generally, invests 40% in income and 60% in growth assets • Should be prepared to accept negative returns (approximately one year in every six) • Usually appropriate for investment terms of three to four years
Growth	• Seeking a greater growth component in your investment portfolio, with some income to smooth volatility in the returns • Cautious of taking on extreme levels of risk, but comfortable with short-term risk • Generally, invests 20% in income and 80% in growth assets • Should be prepared to accept negative returns (approximately one year in every five) • Usually appropriate for investment terms of four to five years
Aggressive	• Prepared to sacrifice short-term safety to maximise the value of investments through long-term capital growth • Generally, invests 100% in growth assets • Should be prepared to accept negative returns (approximately one year in every four) • Usually appropriate for minimum for investment terms of five to seven years

To better understand your investment options, follow these tips:

Educate yourself – read about the types of investment options available and consider the different levels of risk involved.

Monitor your investments – don't be complacent, and familiarise yourself with your investment and monitor its progress. Check your annual superannuation statements and keep in mind that it is a long term investment.

Know yourself – make sure you feel comfortable with the level of investment risk you are taking. Do your research, so you understand the potential returns from high risk versus low risk investments.

Act now – don't delay consolidating funds. Reviewing your situation now can help you save administration costs and avoid having to pay more into your funds later in life.

Get quality advice – talk to your financial planner who understands the complexities of super and can help you make the right decision for your needs.

Speak to us for more information

If you would like to know more about changing your super fund, talk to your financial adviser. They can give you more information on the best approach for your situation. Conditions apply and they can help you decide if this is appropriate for you.

Important Information

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