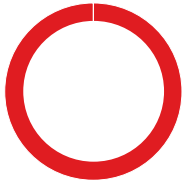


The Erosion of Death & Disability Cover in Default Employee Superannuation

Changes to superannuation legislation mean that more of your employees may be uninsured for death and disability cover.*

Pre 1 July 2005



- Typically, the corporate superfund included all employees, and all were entitled to default insurance.

1 July 2005 to pre Protecting Your Super (PYS) and Your Super, Your Future reforms



- Choice of Fund employees were generally not members of the employer's default fund and were excluded from default cover in that fund.
- Employees in the employer's default fund were entitled to default insurance cover.

Key regulatory superannuation reforms effecting insurance

01 July 2005 - Choice of Fund allows employees to elect a super fund of their own choice.

2019/2020 - Protecting Your Super (PYS) removes default insurance cover for individuals who meet one or more of the following criteria:

- Under age 25
- An account balance under \$6,000
- No contributions received in the last 16 months

2021 - Your Super, Your Future changes mean new employees will be 'stapled' to a prior superannuation account rather than 'default' into their new employer's superannuation fund.

Post Protecting Your Super and Your Super, Your Future changes



- Choice of Fund employees
- Account balance < \$6,000 (PYS)
- Age is < 25 (PYS)
- No contribution > 16 months (PYS)
- Stapled employees
- Employees in default insurance arrangement not subject to PYS

Employees excluded from default insurance cover in the employer's corporate superannuation arrangement[^]

Aon offers solutions that can help to address this gap in insurance cover, so talk to us today.

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* For illustrative purposes only. Note, the number of people not covered by an employer's default superannuation arrangement will vary by each employer.
[^] unless the employee notifies the fund to continue cover.