

# Key changes to Essential Super.



As at 30 June 2021, there have been some changes and proposed changes that may impact the Commonwealth Essential Super (Essential Super) product and it's important you're aware of them and how they may affect you. Refer to the table below which outlines the key changes.

Change	Description	What does this mean for me?
<b>Changes to fees and costs</b>	<p><b>Cash Deposit Option Administration Fee</b></p> <p>Effective from 3 September 2021, an Administration Fee, which may vary between 0.35% p.a. to 0.50% p.a. will be applied to the Cash Deposit option.</p> <p>The Administration Fee is reflected in the daily unit price and is deducted from the assets of the investment option on a monthly basis. To view the current administration fee and return rates please visit <a href="https://cfs.com.au/SaverReturn">cfs.com.au/SaverReturn</a></p>	<p>The Administration Fee for the Cash Deposit option is currently zero. Initially the Administration Fee will be 0.35% pa and will be charged from 3 September 2021.</p> <p>The Administration Fee will range between 0.35% p.a and 0.50% p.a. This means that if you have funds in the Cash Deposit option, there will be an increase of between \$175 and \$250 per annum in administration fees you pay (based on a balance of \$50,000).</p> <p>To view the most current administration fee and return rates please visit <a href="https://cfs.com.au/SaverReturn">cfs.com.au/SaverReturn</a></p>
<b>Target Market Determination</b>	<p>Effective from 5 October 2021, the Target Market Determination (TMD) for financial products issued by Colonial First State Investments Limited can be found at <a href="https://cfs.com.au/tmd">cfs.com.au/tmd</a></p>	<p>We're required to have Target Market Determinations under the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019.</p> <p>This is to make sure we're keeping customers at the centre of our approach to the design and distribution of our financial products including Essential Super.</p> <p>A Target Market Determination is a document which describes for whom a product is appropriate, and any conditions around how the product can be distributed to customers.</p> <p>It also describes the events or circumstances where we may need to review the Target Market Determination for Essential Super.</p>

## Change

## Description

## What does this mean for me?

### Changes to Insurance

#### Changes in effect from 21 February 2021

As of 21 February 2021, the annual premium rates were increased. Depending on the cover, premiums now vary between \$30 and \$2,082 per year for Death and Total and Permanent Disability (TPD) cover, which previously varied between \$21 and \$1,387 per year.

As of 21 February 2021, the following improvements have been made to the terms and conditions of your insurance cover:

- Removal of the restrictive 'Activities of Daily Living' part of the TPD definition.
- The 'Any Occupation', 'Permanent Loss' and 'Home Duties' TPD definitions are now available if you are less than age 70 - previously this was less than age 65.
- Fewer exclusions if you make a claim.

If you had insurance in Essential Super prior to 21 February 2021, you would have received a letter and flyer outlining your new premium rates and the updated terms and conditions.

It also means you're paying anywhere between \$9 and \$695 more per year for Death and TPD insurance in Essential Super.

New rates are published in section eight of the [Reference Guide](#).

For an in depth look at the changes please refer to this [flyer](#). It's important that you understand these changes if you hold insurance in Essential Super and need to make a claim for events that occur from 21 February 2021.

ASIC's MoneySmart [website](#), also explains what type of life insurance cover members can get through their super, as well as things to consider with each type of insurance cover.

You can reduce or apply for more insurance cover, or cancel any insurance cover you may have with us, at any time.

#### Changes in effect from 1 April 2021

We have made changes to help comply with the Insurance in Superannuation Voluntary Code of Practice (the Code). These include -

- A direct link to the trustee's transition plan for the adoption of the Code;
- The Total and Permanent Disablement (TPD) definition names have been updated for better clarity (there has been no change to the definition themselves);
- Enhancements to disclosures to highlight that insurance premiums reduce your super account balance if the premiums are not offset by a regular contribution or rollover; and
- Additional clarity on what will happen when insurance cover is cancelled.

The Code sets standards that aims to help provide members a greater understanding of the insurance benefits provided in superannuation.

You'll be able to read more about insurance in Essential Super under the 'Insurance in Super' tab at [commbank.com.au/essential-super](http://commbank.com.au/essential-super)

### Changes to asset allocations

#### Lifestage option changes

From 30 June 2021, the Strategic Asset Allocations (SAA) have changed for the Lifestage options. The new asset allocations are outlined below:

Lifestage Option	Cash and Defensive Alternatives	Fixed Interest	Property, Infrastructure and Multi-Asset	Australian Shares	Global Shares
1945-49	31%	25%	13%	15%	16%
1950-54	31%	25%	13%	15%	16%
1955-59	31%	25%	13%	15%	16%
1960-64	19.8%	23.4%	14.4%	21.2%	21.2%
1965-69	7.1%	9.4%	18.7%	31.8%	33%
1970-74	0%	4%	22%	36%	38%
1975-79	0%	4%	22%	36%	38%
1980-84	0%	4%	22%	36%	38%
1985-89	0%	4%	22%	36%	38%
1990-94	0%	4%	22%	36%	38%
1995-99	0%	4%	22%	36%	38%
2000-04	0%	4%	22%	36%	38%

The asset allocations in the Lifestage options are actively managed in Essential Super, so from time to time the investment holdings are varied. To do this some assets are moved between different asset classes.

You don't have to do anything. We are just making adjustments to ensure the Lifestage option you're invested in can meet its objective.

More information on the different asset classes and associated risks are in the [Reference Guide](#).

All Essential Super Investment fact sheets can be found at [commbank.com.au/essentialsuper-documents](http://commbank.com.au/essentialsuper-documents)

Change	Description	What does this mean for me?
<b>Changes to superannuation Rules</b>	<p>The following superannuation and tax information is based on superannuation rules and thresholds that apply as at 1 July 2021:</p> <ul style="list-style-type: none"> <li>• The concessional contribution cap will increase from \$25,000 to \$27,500.</li> <li>• The non-concessional contribution cap will increase from \$100,000 to \$110,000 and the bring-forward amount will increase from \$300,000 to \$330,000.</li> <li>• The Super Guarantee rate will change from 9.5% to 10%.</li> <li>• The general transfer balance cap will increase from \$1.6 million to \$1.7 million.</li> </ul>	<p>These new superannuation rules come into effect from 1 July 2021:</p> <ul style="list-style-type: none"> <li>• The contribution caps have been increased as a result of indexation meaning you'll be able to contribute more to your super every financial year.</li> <li>• The bring-forward amounts refer to your non-concessional contributions, which benefits from a higher cap if you did not contribute the full amount in earlier financial years. This may mean you'll be able to contribute more to your super.</li> <li>• The higher Super Guarantee rate means that your employer will have to pay 0.5% more to your super every financial year. This means you'll be able to accumulate more superannuation over your working life and increase the likelihood of a comfortable retirement.</li> <li>• The general transfer balance cap increase means that you can transfer \$100,000 more super into a retirement phase income stream e.g. a pension or annuity.</li> </ul> <p>More information about these changes can be found at <a href="http://ato.gov.au">ato.gov.au</a></p>
<b>What we do in the event of a member's death</b>	<p>On notification of a member's death we will switch their investments to the Cash Deposit Option.</p>	<p>If you pass away, once we are notified, we will switch your investments in your Essential Super account to the Cash Deposit option.</p> <p>This is to help your account resist market volatility during the winding up process or an insurance claim, which may take some time for your estate to finalise.</p>
<b>AIA Group acquisition of CommInsure</b>	<p>We have updated the group insurance provider, from The Colonial Mutual Life Assurance Society Limited (CMLA) to AIA Australia Limited (AIA Australia).</p> <p>In 2017 the Commonwealth Bank of Australia ABN 48 123 123 124 AFS Licence 234945 ('The Bank') announced the sale of its life insurance business in Australia and New Zealand (CMLA) to the AIA Group. On 1 April 2021, the Bank transferred the life insurance business of CMLA to AIA Australia (which is part of the AIA Group). As a result of this we've made disclosure changes, including updating the group insurance provider for Essential Super from The Colonial Mutual Life Assurance Society Limited to AIA Australia Limited.</p>	<p>You can continue to contact us on <b>13 4074</b> to make any changes to your cover, to make a claim and for any enquiries relating to your insurance. There are no changes to the terms and conditions of your insurance cover in Essential Super, they remain the same.</p>
<b>CBA and KKR Announcement</b>	<p>On 13 May 2020, the Bank entered into an agreement to sell a 55% interest in a company holding 100% of the shares in Colonial First State to an affiliate of Kohlberg Kravis Roberts &amp; Co. L.P. (together with its affiliates, KKR). Subject to regulatory approvals, the sale is expected to be completed by the end of calendar year 2021 (Completion). From Completion, Colonial First State will no longer be a subsidiary of the Bank or a related body corporate of the Bank or its subsidiaries. Following Completion, the Bank will retain an indirect 45% interest in Colonial First State.</p>	<p>There will be no change to your Essential Super account, Colonial First State will continue in its role as trustee of Essential Super so you don't need to do anything.</p>

## What do you need to do?

You don't need to do anything, this flyer is for information only. Please ensure you familiarise yourself with the changes and how they may impact you.

## We're here to help

For further details, please refer to the Product Disclosure Statement and the Reference Guide at [commbank.com.au/essentialsuper-documents](https://commbank.com.au/essentialsuper-documents). If you have any questions, please call us on **13 4074** between 8am – 7pm, Monday to Friday (Sydney time).



**Things you should know:** Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFS) is the issuer of interests in Commonwealth Essential Super ABN 56 601 925 435 (Essential Super) and is a wholly owned but non-guaranteed subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank). This document is issued by CFS and may include general financial product advice but does not consider your individual objectives, financial circumstances or needs. You should read the Product Disclosure Statement (PDS) and the Reference Guide for Essential Super carefully and consider whether the information is appropriate for you before making an investment decision. Download the PDS and Reference Guide at [commbank.com.au/essentialsuper-documents](https://commbank.com.au/essentialsuper-documents) or call us on 13 4074 for a copy. The Commonwealth Bank provides certain distribution and administrative services to the Trustee. The Commonwealth Bank and its subsidiaries do not guarantee the performance of Essential Super or the repayment of capital by Essential Super. An investment in Essential Super is via a superannuation trust and is therefore not an investment in, deposit with, or other liability of the Commonwealth Bank or its subsidiaries and is subject to investment risk, including loss of income and capital invested. Where we mention 'we', 'us' or 'our', we mean CFS. The insurance provider is AIA Australia Limited ABN 79 004 837 861 AFSL 230043 (AIA Australia). AIA Australia is not part of the Commonwealth Bank Group. The insurance cover is provided under policies issued to the Trustee.