



**Your insurance
cover may be
changing on
1 July 2019**



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In February this year, the Government passed legislation which prevents trustees of APRA-regulated funds from providing insurance to members with inactive superannuation accounts, unless a member has specifically directed otherwise.

It is a common practice for many individuals with an SMSF to also have a secondary APRA-regulated fund which provides them with insurance.

This may be done for two key reasons:

- To access insurance policies provided through large superannuation funds which are often cheaper.
- To keep legacy insurance policies which may offer better benefits or lower premiums than new policies, especially for older members.

If you are holding an insurance policy through an APRA-regulated super fund, it is likely that your SMSF is your primary superannuation account and therefore receives all your contributions and roll-overs.

It is usually the case that people will leave enough money in their APRA-regulated fund account to cover the cost of insurance premiums. Where required they may rollover funds from their SMSF to their APRA-regulated fund or make a contribution to pay for insurance premiums and administration fees to keep their insurance policy.

Under the new legislation, you now may lose your insurance cover if your APRA-regulated fund is considered inactive because it has not received a contribution or a rollover for a continuous period of 16 months.

At 1 July 2019, if your APRA-regulated fund is considered inactive for the previous 16 months your insurance will be terminated.

APRA-regulated funds had until 1 April 2019 to identify members who have been continuously inactive for six months or more and had until 1 May 2019 to inform those inactive members that their insurance will soon be switched off unless they elected to retain it.

Your insurance may be unknowingly closed for these accounts because you may not have checked your correspondence, especially if you rely on this insurance being held separately.

This could have a devastating impact on you as a policy holder or your beneficiaries if your insurance cover was unknowingly terminated. Furthermore, it may be extremely difficult or costly to try and access insurance at a later stage of life.

So what can you do?

It is important that if you wish to maintain your insurance cover that you **take necessary steps as soon as possible**. This includes either:

- Providing a direction to your APRA-regulated fund that you wish to 'opt-in' for your insurance cover to be maintained.
- Making a contribution or rollover to your 'inactive' APRA-regulated fund so that the period for which your fund starts to be inactive is reset. If you decide to go with this option, it stressed that you also 'opt-in'.

For more comprehensive SMSF education and information, [visit SMSF Connect](#).

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