

Product update 2019

Sunsuper for life, Sunsuper for life Business, and Sunsuper for life Corporate



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This *Product update* describes recent and upcoming changes to Sunsuper and super in general which may affect you.

It includes changes to *Sunsuper for life, Sunsuper for life Business* and *Sunsuper for life Corporate*. Where the product type isn't specified, the change applies to all three. Please take some time to familiarise yourself with all of the changes to make sure you understand how they may affect your account.

While we have sought to provide you with the information you need to understand the changes, we recommend that you read our updated *Product Disclosure Statement*, available from 1 July 2019 at sunsuper.com.au/pds for *Sunsuper for life* members, or your Corporate or Business plan microsite, for *Sunsuper for life Corporate* and *Sunsuper for life Business* members.

Need some financial advice?

Speak to your adviser, or contact Sunsuper to get the advice you need. Call **13 11 84** to speak to one of our qualified financial advisers¹ who can give you simple advice about your Sunsuper account at no additional cost, quickly over the phone. For more comprehensive advice, we may refer you to an accredited external financial adviser². Advice of this nature may incur a fee.

¹ Sunsuper employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), wholly owned by the Sunsuper Superannuation Fund.

² Sunsuper has established a panel of accredited external financial advisers who are not employees of Sunsuper. Sunsuper is not responsible for the advice provided by these planners and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.

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Changes to Fees, Costs and Taxes

Earlier this year, federal Parliament passed legislation known as 'Protecting Your Super', which requires changes to the fees funds charge. The changes are designed to help reduce the impact of fees eroding your account. The Exit fee and Fee Cap changes below are requirements of the 'Protecting Your Super' legislation.

Exit fee

From 1 July 2019, Sunsuper will no longer charge an Exit fee.

Fee cap

A 3% cap will apply to the total of the administration fees, investment fees and indirect costs for accounts with a balance of less than \$6,000. It will be applied by refunding fees in excess of 3% of the account balance, calculated at the end of each financial year or when a member leaves the fund. The cap will apply from 1 July 2019.

Income account administration fee reduction

From 1 July 2019 the weekly administration fee for our *Transition to retirement* and *Retirement income account* will reduce from \$3.00 per week to \$1.50 per week - a saving of \$78 per annum.

Investment fee and indirect cost ratio

The estimated investment fees and the indirect cost ratios for all our investment options are updated each year. The updated estimated investment fees and the indirect cost ratios will be published in our updated *PDS* and *guides* issued 1 July 2019.

Tax deductions for fees and premiums

The Sunsuper fund generally receives a tax deduction for expenses we incur while we look after your account with us, and for insurance premiums. This is because the assessable income generated by the fund (including from taxable contributions) is more than the deductible expenses of the fund. The benefit of this tax deduction in respect of administration fees and insurance premiums is currently passed on by reducing the amount of any contributions tax payable, or via a tax benefit where there is no or insufficient contributions tax deducted.

From 1 July 2019, Sunsuper will no longer apply any tax benefit in excess of the amount of taxable contributions received. This means that the benefit of the tax deduction will not be passed on (or will not be passed on in full) to members with no or low taxable contributions.

Rollover request change

From 1 July 2019, Sunsuper will not process a partial rollover request that will result in a balance of less than \$6,000 remaining in your account at the time of processing.

Insurance changes

Important changes to when insurance cover stops

Earlier this year, federal Parliament passed legislation known as 'Protecting Your Super', which requires that any insurance cover on an inactive account must be cancelled to help reduce the impact of insurance premiums eroding the account balance. As a result, there will be some changes to when insurance cover stops from 1 July 2019 as shown below:

Current to 30 June 2019	From 1 July 2019
<p>If your account balance is less than \$6,000, insurance cover is cancelled after 12 months of not receiving any Eligible Contributions¹ unless you have elected to retain your insurance cover.</p> <p>If your account balance is \$6,000 or more, insurance cover is retained whether or not contributions are received.</p>	<p>For all accounts, regardless of balance, insurance cover is cancelled after 12 months of not receiving any Eligible Contributions¹ unless you have elected in writing to retain your insurance cover.</p> <p>The first cancellation of insurance cover will be effective 1 July 2019. This means that at 1 July 2019, if you have not made an Eligible Contribution¹ in the past 12 months or advised us in writing that you wish to retain your insurance cover, your cover will be cancelled on this date. If you have previously made an election to retain your insurance cover, you will need to provide, before 1 July 2019, an updated election in writing to prevent your cover ceasing on 1 July 2019.</p> <p>From 1 July 2019, we will regularly review your insurance cover and if you have not made an Eligible Contribution¹ in the previous 12 months or advised us in writing that you wish to retain your insurance cover, your cover will be cancelled.</p>

Note, under the 'Protecting Your Super' legislation, the maximum period of not receiving an Eligible Contribution before your insurance cover is cancelled is 16 months. To align with our commitment to comply with the Insurance in Superannuation Voluntary Code of Conduct and to further help reduce the impact of insurance premiums eroding your account, we have selected a period of 12 months.

If you have been automatically transferred from another fund, the date of that transfer will also be used in determining the date of your most recent Eligible Contribution¹.

The above insurance change does not apply to defined benefit and insurance only members of *Sunsuper for life Corporate* or *Sunsuper for life Business*.

Want to keep your insurance cover?

We understand that everyone has different insurance needs and you may wish to keep your insurance cover. Provided you have an account balance, you can contact us at any time and advise in writing that you wish to keep your insurance cover.

Visit [sunsuper.com.au/keepmyinsurance](https://www.sunsuper.com.au/keepmyinsurance)

Make sure you carefully consider the effect of insurance premiums on your super balance before making a decision.

Can my cover restart after it's been cancelled?

If your insurance cover is cancelled because we have not received an Eligible Contribution¹ in the last 12 months, you will have the option of restarting cover automatically as outlined below:

For *Sunsuper for life* members,

- if you advise us in writing that you wish to retain your cover and/or we receive an Eligible Contribution¹ within 60 days of the cancellation date of your cover, then we will restart the cover you had (excluding Income Protection) when your cover was cancelled. The cover restarts from the date we receive your request or your Eligible Contribution¹; or
- if you make an Eligible Contribution¹ outside of 60 days, then we will provide you with
 - If your account balance is less than \$6,000, Death and Total & Permanent Disability Assist Starter cover from the date we receive an Eligible Contribution¹.
 - If your account balance is above \$6,000, Death and Total & Permanent Disability Assist Booster cover from the date we receive an Eligible Contribution¹.

Please refer to the *Sunsuper for life Insurance guide* for more information on Starter and Booster Cover and any additional conditions that may apply, including that Limited Cover will apply until you satisfy the At Work requirements for 30 consecutive days.

For *Sunsuper for life Business* and *Sunsuper for life Corporate* members,

- if you advise us in writing that you wish to retain your cover and/or we receive an Eligible Contribution¹ within 60 days of the cancellation date of your cover, then we will restart the cover you had (including Income Protection if offered in the Plan) when your cover was cancelled. The cover restarts from the date we receive your request or your Eligible Contribution¹; or

- if you make an Eligible Contribution¹ outside of 60 days of the cancellation date of your cover, then, we will provide you with cover based on the default level of cover offered under your plan (including Standard Income Protection if offered in the Plan, but not any Voluntary or Optional Income Protection you may have applied for), from the date we receive the Eligible Contribution¹.

Please refer to the *Sunsuper for life Business Insurance guide* or *Sunsuper for life Corporate Insurance guide* for more information and any additional conditions that may apply, including that Limited Cover will apply until you satisfy the At Work requirements for 30 consecutive days.

Note: You will not be able to make a claim for the period between when your cover was cancelled and when your cover restarted.

¹Eligible Contributions include Superannuation Guarantee, additional Employer contributions, personal contributions (including voluntary contributions and contributions made by a spouse), rollovers and automatic transfers from other funds. They do not include co-contributions or the low income super tax offset.

Changes to insurance cover amounts when transferring from *Sunsuper for life Corporate* or *Sunsuper for life Business* to *Sunsuper for life*

From 1 July 2019, where a *Sunsuper for life Corporate* or *Sunsuper for life Business* member has been paid, or is eligible to be paid, a Total & Permanent Disability benefit or Terminal Illness benefit, any death cover in excess of this benefit will transfer to *Sunsuper for life*. Currently, in this situation any death cover in excess of a Total & Permanent Disability or Terminal Illness benefit would cease on transfer to *Sunsuper for life*.

Note that there will be no change to how cover is retained on transfer from *Sunsuper for life Corporate* or *Business* to *Sunsuper for life* where there is no Total & Permanent Disability or Terminal Illness claim.

Changes to Income Protection cover for members leaving *Sunsuper for life Business* plans

From 1 July 2019, when you leave your employer any Income Protection cover that you have will cease. You may be able to apply to have your Income Protection cover re-instated in *Sunsuper for life*. Please refer to the *Sunsuper for life Insurance guide* after 1 July 2019 for more information.

Yearly Tailored Income Protection indexation for *Sunsuper for life*

If you have Tailored Income Protection in *Sunsuper for life*, your amount of cover may be indexed annually. Indexation is based on the annual trend adjusted increase of the Full Time Adult Average Weekly Ordinary Time Earnings Index, published by the Australian Bureau of Statistics, as at the previous November. For 1 July 2019, the indexation amount is 2.3%.

You can elect to not have your cover indexed by completing an *Insurance variation* form available at [sunsuper.com.au/forms](https://www.sunsuper.com.au/forms). To submit your form please visit [sunsuper.com.au/contactus](https://www.sunsuper.com.au/contactus)

Investment changes

Changes to Investment Objectives

From 1 July 2019, the investment objective of the Socially Conscious Balanced option will be updated as outlined in the table below.

	Objectives	
	Current to 30 June 2019	From 1 July 2019
Socially Conscious Balanced	<p>To provide a return, after investment fees and costs and before investment tax¹, higher than the return from the performance benchmark on a rolling 5-year basis.</p> <p>Performance benchmark: The average weighted return of the market indices used to measure the performance of the underlying funds in which the option invests</p>	<p>Beat inflation over 10 years:</p> <p><i>Super-savings account</i> and <i>Transition to retirement income account</i> by 3.5% p.a. and <i>Retirement income account</i> by 4% p.a. (after Investment fees and costs and where applicable investment taxes)¹.</p>

¹No investment tax generally applies to any Retirement income account. Refer to the *Sunsuper for life guide* for information on investment tax.

Note that the performance benchmark for the Socially Conscious Balanced investment option will no longer apply due to the change in the Investment Objective.

Changes to performance benchmarks

From 1 July 2019, the performance benchmark for the Balanced - Index and Property options will be updated as outlined in the table below.

Balanced - Index	
Current to 30 June 2019	From 1 July 2019
<ul style="list-style-type: none"> S&P/ASX 300 Index (Australian shares) MSCI World ex-Australia Index Net in \$A (International shares) MSCI World ex-Australia Index Net Hedged to \$A (International shares) MSCI Emerging Markets Index Net in \$A (International shares) Bloomberg AusBond Composite 0+ Yr index (Cash & Fixed interest) Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest) 	<ul style="list-style-type: none"> S&P/ASX 300 Accumulation Index (Australian shares) MSCI World ex-Australia Index Net in \$A (International shares) MSCI World ex-Australia Small Cap Index Net in \$A (International shares) MSCI World ex-Australia Index Net Hedged to \$A (International shares) MSCI Emerging Markets Index Net in \$A (International shares) Bloomberg AusBond Composite 0+ Yr index (Cash & Fixed interest) Bloomberg Barclays Global Aggregate Index, hedged to \$A (Fixed interest)
Property	
Current to 30 June 2019	From 1 July 2019
<ul style="list-style-type: none"> 25% FTSE EPRA/NAREIT Global REIT hedged to \$A and 75% Mercer/IPD Australia Monthly Property Fund Index - Core Wholesale 	<ul style="list-style-type: none"> 25% of the FTSE EPRA/NAREIT Global REIT A\$ (A\$ hedged); 45% MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index; 18.75% NCREIF Open End Diversified Core Equity Index (A\$ hedged); and 11.25% MSCI Pan-European Quarterly Property Fund Index (A\$ hedged).

Change to Strategic Asset Allocations

From 1 July 2019, the Asset Allocations for the Growth, Balanced, Retirement, Conservative, Diversified Bonds and Socially Conscious Balanced options, as well as the Balanced and Retirement Pools in the Lifecycle Investment Strategy will be updated as outlined in the table below (with the changes highlighted).

	Growth option			
	To 30 June 2019		From 1 July 2019	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	29.5	0-50	34	0-50
International shares	34.5	0-70	29.5	0-70
Private capital	11	0-20	11	0-20
Property	8	0-30	8.5	0-30
Diversified strategies	4	0-15	4	0-15
Infrastructure	8	0-20	8.5	0-20
Fixed interest	0	0-20	0	0-20
Hedge funds and Alternative strategies	5	0-20	4.5	0-20
Cash	0	0-20	0	0-20

	Balanced option and Balanced Pool			
	To 30 June 2019		From 1 July 2019	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	22.5	0-50	26.3	0-50
International shares	28.5	0-70	24.5	0-70
Private capital	7	0-15	7	0-15
Property	11	0-30	11	0-30
Diversified strategies	4	0-15	4	0-15
Infrastructure	8	0-20	8	0-20
Fixed interest	9.5	0-30	9.7	0-30
Hedge funds and Alternative strategies	6	0-25	6	0-25
Cash	3.5	0-25	3.5	0-25

	Retirement option and Retirement Pool			
	To 30 June 2019		From 1 July 2019	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	17.5	0-50	19	0-50
International shares	16.5	0-55	13.8	0-55
Private capital	5	0-15	6	0-15
Property	10	0-30	10	0-30
Diversified Strategies	4	0-15	4	0-15
Infrastructure	7	0-20	7	0-20
Fixed interest	22.5	0-50	20.7	0-50
Hedge funds and Alternative strategies	7	0-15	8	0-15
Cash	10.5	0-25	11.5	0-25

Investment changes *(continued)*

	Conservative option			
	To 30 June 2019		From 1 July 2019	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	8.5	0-30	9.3	0-30
International shares	9.5	0-30	5.5	0-30
Private capital	2	0-10	5	0-10
Property	9	0-20	9	0-20
Diversified Strategies	4	0-15	4	0-15
Infrastructure	6	0-20	6	0-20
Fixed interest	31.5	0-70	29.7	0-70
Hedge funds and Alternative strategies	7	0-15	8	0-15
Cash	22.5	0-100	23.5	0-100

	Socially Conscious Balanced option			
	To 30 June 2019		From 1 July 2019	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	28	20-40	26	0-50
International shares	29	15-42	27.5	0-70
Private capital	n/a	n/a	7	0-15
Property	9	0-20	11	0-30
Infrastructure	3	0-7	8	0-20
Fixed interest	25	0-45	16.5	0-45
Cash	5	0-20	4	0-25
Alternatives*	1	0-6	n/a	n/a

*May include forestry and private equity.

	Diversified Bonds option		
	To 30 June 2019	From 1 July 2019	
	Strategic %	Strategic %	Allowable range %
Fixed interest	100	100	0-100
Cash	n/a	0	0-25

Benchmark name change

From 31 July 2018, the name of a performance benchmark for the Diversified Bonds option was updated as outlined in the table below.

Diversified Bonds	To 30 July 2018	From 31 July 2018
Performance benchmark	50% Citigroup World Broad Investment Grade Index hedged in \$A and 50% Bloomberg AusBond Composite 0+Yr Index	50% FTSE World Broad Investment Grade Index hedged in \$A and 50% Bloomberg AusBond Composite 0+Yr Index

Standard Risk Measure change

From 1 July 2019, the Standard Risk Measure will be updated for the Conservative option as outlined in the table below.

To 30 June 2019	From 1 July 2019
Expected number of years of negative returns over any 20-year period: 1 to less than 2. Risk label: Low to Medium. Risk band: 3.	Expected number of years of negative returns over any 20-year period: 0.5 to less than 1. Risk label: Low. Risk band: 2.

Other important changes

Catch-up concessional contributions

From 1 July 2019, if your 'total superannuation balance' is less than \$500,000 (as at the last day of the previous financial year); you can take advantage of any unused portions of the concessional contributions cap in the 2018/19 and later financial years.

For example, the concessional contributions cap for 2018/19 was \$25,000. If your concessional contributions (which include employer superannuation guarantee and salary sacrifice contributions) were \$15,000 for 2018/19, then you have an unused portion of \$10,000. This means that for 2019/20, your concessional cap is effectively increased by \$10,000. Unused portions can roll over for up to five years, after which they expire.

Work test exemption for recent retirees

From 1 July 2019, people aged 65-74 with a 'total superannuation balance' below \$300,000 (as at the last day of the previous financial year) will be able to make voluntary contributions for a further 12 months after the end of the financial year in which they last met the work test. To meet the work test, you must work at least 40 hours over a period of 30 consecutive days. This exemption only applies once - if you later return to work, once you stop working again normal work test rules will apply.

Changes to the preservation age

From 1 July 2019, the preservation age will increase from 57 to 58. A preservation age of 58 will apply to all people born between 1 July 1962 and 30 June 1963. The preservation age will continue to increase each year, until it reaches age 60 (applicable to people born after 30 June 1964).

Changes to the age pension

From 1 July 2019, the age pension eligibility age will increase from 65.5 to 66. An eligibility age of 66 will apply to all people born between 1 January 1954 and 30 June 1955. The age pension eligibility age will continue to increase each year, until it reaches age 67 (applicable to people born on or after 1 January 1957).

Yearly changes to rates and thresholds

Updated rates and thresholds for 2019/20 (including contribution caps and government co-contribution income thresholds) will be made available on the Australian Taxation Office (ATO) website, and will be published in our updated *PDS* and *guides* issued 1 July 2019.

Payment of low balance inactive accounts to the ATO

Earlier this year, federal Parliament passed legislation which requires that any low balance inactive super accounts be transferred to the ATO. The ATO will help reunite any amounts transferred with members' active super account. This change aims to prevent members with inactive low account balances from having their super savings eroded by fees.

Under the new rules, *Super-savings accounts* with a balance under \$6,000 must generally be transferred to the ATO unless the member has in the previous 16 months:

- Received a contribution, rollover or automatic transfer from another fund,
- Made an investment choice,
- Changed their insurance cover,
- Made or amended a binding beneficiary nomination, or
- Provided written notice to the ATO or to Sunsuper that they do not wish for their Sunsuper account to be transferred.

The first transfer to the ATO will be made on or before 31 October 2019.

Superannuation complaints

The Australian Financial Complaints Authority (AFCA) commenced receiving superannuation complaints from 1 November 2018. AFCA replaced existing financial services complaints bodies including the Superannuation Complaints Tribunal and the Financial Ombudsman Service, for all new complaints from this date. It has recently been announced that AFCA will also be able to accept complaints in relation to historical matters dating back to 1 January 2008 for a limited time, between 1 July 2019 and 30 June 2020.

AFCA's contact details are as follows:

Web: www.afca.org.au

Address: GPO Box 3 Melbourne VIC 3001

Email: info@afca.org.au

Call: 1800 931 678

Need assistance?

Call our translation service on **13 14 50** and say one of the following languages at the prompt: Italian, Chinese, Vietnamese, Korean, or Arabic.

Important information

Please read this *Product update* and familiarise yourself with all of the changes and make sure you understand how they may affect your super.

Product Disclosure Statements (PDS) and important *PDS* updates are available at sunsuper.com.au/pds for *Sunsuper for life* members or at your employer plan's microsite for *Sunsuper for life Business* and *Sunsuper for life Corporate* members.

The *PDS* will be updated with the changes outlined in this *Product update* effective 1 July 2019.

This information was current when this document was prepared. We make every effort to ensure the information shown is correct. Sunsuper reserves the right to make adjustments for any errors, misprints or omissions. A printed copy of the *Product update* is available on request at no additional cost.

This *Product update* contains general information only. Any advice does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of any advice having regard to your personal objectives, financial situation and needs before acting on that advice. You should consider the *Product Disclosure Statement (PDS)* in deciding whether to acquire, or to continue to hold the product. A copy of the *PDS* can be obtained by visiting sunsuper.com.au/pds for *Sunsuper for life* members. *Sunsuper for life Business* and *Sunsuper for life Corporate* members should refer to their employer plan's microsite. To contact us visit sunsuper.com.au/contactus

Prepared by Sunsuper Pty Ltd ABN 88 010 720 840, AFSL No. 228975, the Trustee and issuer of the Sunsuper Superannuation Fund ABN 98 503 137 921, MySuper Authorisation 98 503 137 921 996, USI 98 503 137 921 001



dream with your eyes open

Contacting us is easy:

📞 13 11 84 (+61 7 3121 0700 when overseas)

✉ GPO Box 2924 Brisbane QLD 4001

🖱 sunsuper.com.au