IMPORTANT INFORMATION AND UPDATES

REGULATORY

Putting Members' Interests First legislation

The Federal Government's 'Putting Members' Interests First' legislation was introduced from 1 April 2020 to prevent super savings from being reduced by the cost of insurance cover that members may not want or need. This is important for younger members and those with low super balances to help them grow their super.

It means that members with a super account balance that remained below $6,000 between 1 November 2019 to 31 March 2020, will have had their insurance cover cancelled effective 31 March 2020 (unless they told us they wanted to keep it).

If your insurance cover was cancelled and you would like to recommence it, you will need to complete and send us a Reinstatement Form.

What insurance cover is available?	Your previously held cover will recommence from the date we receive your Reinstatement Form.
What are the terms and conditions?	Any eligibility criteria will continue to apply. Any restrictions, loadings or exclusions which applied to your insurance cover prior to it ceasing, will continue to apply. New Events Cover applies for a fixed period of 11 months and then converts to full insurance cover once you have been At Work for 30 consecutive days. You can apply prior to the 11 months for the New Events Cover to be converted to full insurance cover.
Additional information	New Events Cover means an Insured Member is only insured for claims arising from an injury, illness, or any symptom of either, which in the Insurer's opinion: • occurs to the Insured Member; • the Insured Member (or a reasonable person in his or her position) was aware of, or should have been aware of; • the Insured Member had, or was intending to have, a Medical Consultation in respect of; or • a reasonable person in the circumstances of the Insured Member would have had a Medical Consultation in respect of, on or after the date the Insured Member's cover commences, recommences or is reinstated under the relevant policy. At Work means a person is: • Gainfully Working, and • in the Insurer's opinion, either: – working at the relevant time, and not on leave, actively performing all the duties and work hours of their usual occupation, without restriction or limitation due to any illness or injury; or – on Employer Approved Leave, other than leave taken for reasons related to injury or illness, capable of performing all the duties and work hours of their usual occupation, without restriction or limitation due to any injury or illness; and – not in receipt of, or entitled to claim, income support benefits from any source, including but not limited to workers compensation benefits, statutory motor accident benefits or disability income benefits (including government income support benefits of any kind). A person who does not meet these requirements is correspondingly described as 'Not At Work'.
When this doesn't apply	Your cover remains in place if: • you are an Emergency Services Worker, or work in a 'Dangerous Occupation'. The trustee of ANZ Smart Choice Super made an election that members employed in certain occupations will not have their cover turned off, or • your employer pays the full cost of your insurance cover. It's important you let us know if you are no longer employed in one of the exempt occupations, as your insurance cover may be impacted. You can access the Trustee's Election, including the exempt occupations at onepath.com.au If our records currently indicate that your occupation is exempt, you will have received a written communication from us confirming that your insurance cover has remained in place.

You have the option to cancel, reduce or increase your insurance cover at any time.

‘Protecting Your Super’ measures introduced from 1 July 2019

The Federal Government’s ‘Protecting Your Super’ package came into effect on 1 July 2019. The package was designed to protect super account balances from unnecessary erosion by fees and insurance costs. The changes affected insurance cover, fees and costs and transfer of inactive low-balance accounts to the Australian Taxation Office (ATO).

This means your insurance cover may be cancelled if your account becomes ‘inactive’, which means no contributions and/or rollovers have been received for a continuous period of 16 months (unless you tell us that you want to keep it).

Temporary reduction of minimum pension payments

The following information is only applicable to Pension members.

In response to the economic impact of COVID-19, the Federal Government legislated a temporary halving of the minimum amount that pension members must withdraw from their pension accounts each year. This helps pension account holders to protect their capital in a time of market volatility.

Temporary minimum pension payment rates

The temporary minimum rates noted in the table below are for the 2019–20 and 2020–21 financial years. They apply to new and existing members who chose to receive the minimum pension payment.

Member age at 1 July	TEMPORARY reduced minimum drawdown rates for 2019–20 and 2020–21 (p.a.)
Under 65	2.0%
65 to 74	2.5%
75 to 79	3.0%
80 to 84	3.5%
85 to 89	4.5%
90 to 94	5.5%
95 or more	7.0%

Insurance in Super: Voluntary Code of Practice

The Insurance in Super Code of Practice (the Code) is the superannuation industry’s commitment to high standards when providing insurance to its members. The Code is intended to ensure the insurance cover super funds offer their members is affordable and meets their needs.

We are progressively adopting the Code to help you better understand and manage the insurance cover available to you through your super. Under the new standards you will have access to better information about your insurance cover through simplified disclosure, our enhanced claims service and improved member communications.

The Code will fully come into force by 30 June 2021. You can track our path to fully adopting the Code by viewing our Transition Plan and Annual Code Compliance Report, available at onepath.com.au

Budget 2019: Age based contribution limits into your super

Effective from 1 July 2020, the Federal Government has changed the age requirements for who can receive super contributions.

What do these changes mean?

- Member, employer, spouse and additional contributions to be accepted regardless of working status up to age 67, previously this was age 65.
- You have to meet the ‘work test’ for your spouse to contribute to age 75, otherwise it is to age 67.
- You only need to attest to the Gainful Employment Test (GET) or confirm eligibility under the Work Test Exemption (WTE) if you want to make certain contributions after age 67.
- There is no change to the rules for making Downsizer contributions.

INVESTMENT FUND CHANGES

We're committed to helping you achieve your financial goals by regularly reviewing the investment menu, making sure you have access to market-leading investment funds. The following section outlines the changes that have been made over the past financial year.

Investment fund profile changes

For the following investment funds, changes were made to their investment profiles and/or benchmark asset allocations, effective December 2019.

Schroder Balanced

	Previous			Current		
Asset allocation	Asset allocation Asset class	Benchmark (%)^	Range (%)	Asset allocation Asset class	Benchmark (%)^	Range (%)
	Growth Assets	**62**	**40–70**	**Growth Assets**	**62**	**40–70**
	Australian Shares	32	20–40	Australian Shares	34	20–40
	International Shares	26	20–40	International Shares	28	20–40
	Property Trusts	4	0-8	Property Trusts	0	n/a
	Diversifying Assets	**16**	**0–30**	**Diversifying Assets**	**18**	**0–30**
	Alternatives	0	0-10	Higher Yield Credit	8	0–15
	Higher Yield Credit	6	0–15	Objective Based	10	0–20
	Objective Based	10	0-20	Alternatives	0	0–10
	Defensive Assets	**22**	**10–60**	**Defensive Assets**	**20**	**10–60**
	Australian Fixed Income	8	5–35	Australian Fixed Income	8	5–35
	Global Investment Grade Credit	6	0–15	Global Investment Grade Credit	5	0–15
	Cash	8	0–30	Cash	7	0–30

^ Schroder Balanced Fund strategic benchmark. Investment guidelines and the Strategic Asset Allocation (SAA) benchmark are internal and subject to change without notice. The SAA was last reviewed in November 2017.

Antipodes Global (Long only)

	Previous	Current
Description	This fund may be suitable for investors with an investment horizon of five years or more and who seek capital growth and income via exposure to global stocks and are willing to accept the shorter term fluctuations in price typically associated with such investments.	The fund typically invests in a select number of attractively valued companies listed on global share markets (usually a minimum of 30 holdings). The fund may use exchange traded derivatives to achieve long equity exposure. In the absence of finding individual securities that meet Antipodes' investment criteria, cash may be held. The fund aims to provide income and some capital growth over the long term.

	Previous	Current
Investment strategy	The fund typically invests in a select number of attractively valued companies listed on global share markets (usually between 20 and 60). The fund is also permitted to utilise exchange traded derivatives for risk management purposes subject to the specific restrictions that such derivatives cannot be used to gear portfolio exposure and that the underlying effective face value is limited to 10% of the NAV of the fund unless used to manage currency risk. Currency exposure will generally reflect the currency of the underlying securities. However, where the Investment Manager believes there is a strong likelihood of a decline in the underlying currency, currency derivatives, both over-the-counter and exchange traded, may be used to hedge subject to the specific restriction that such derivatives cannot be used to gear portfolio exposure.	Antipodes believes that equity investment returns are primarily a function of economic performance of the business and the resilience of this performance, and price paid or starting valuation at the time of purchase. Antipodes' investment approach in practice can be broken down into four iterative steps. • Identify: Antipodes utilises a variety of quantitative and qualitative inputs combined with many years of experience to generate ideas. • Test: Once an opportunity has been identified, Antipodes performs an initial reality check before committing a large amount of research resource. • Analyse: Antipodes' broad approach is fundamental research within a global context. To maximise the benefits of peer review without diluting overall team focus, a system is employed where each major research project has a lead analyst, but is supported by a secondary analyst, who acts as a sounding board and protects against confirmation bias and investment case drift. • Construct: Antipodes seeks to build portfolios from high conviction ideas (asymmetric risk-return payoff) that also represent non-correlated sources of alpha.

For the following investment fund, changes were made to their investment profiles and underlying fund, effective February 2020.

BlackRock Scientific Diversified Growth

	Previous	Current
Underlying fund	BlackRock Scientific Diversified Growth Fund	BlackRock Diversified ESG Growth Fund
	Previous	**Current**
Investment strategy	The fund's neutral portfolio benchmark comprises a portfolio of published indexes, approximately 30% of which represent interest bearing assets and 70% of which represent growth assets. The fund invests in Australian and International shares and bonds, listed property, global listed infrastructure and cash. While the cash, global bond and infrastructure exposures are through BlackRock indexed funds, the strategy gains its exposure to the other asset classes via BlackRock active funds. Ultimately, the strategy implements a portfolio that combines strategic asset allocation with active management in order to achieve the fund's objective.	The fund's neutral portfolio benchmark comprises a portfolio of published indexes, approximately 30% of which represent interest bearing assets and 70% of which represent growth assets. The fund invests in Australian and International shares and bonds, listed property, global listed infrastructure and cash. While the cash, global bond and infrastructure exposures are through BlackRock indexed funds, the strategy gains its exposure to the other asset classes via BlackRock active funds. Ultimately, the strategy implements a portfolio that combines strategic asset allocation with active management in order to achieve the fund's objective. The fund will apply negative screens for certain Environmental, Social and Governance (ESG) sensitive sectors including but not limited to Tobacco, Controversial Weapons and Nuclear Weapons.

OnePath Capital Stable

Effective January 2020, the investment return objective was lowered by 1% per annum and the investment horizon over which this objective is expected to be achieved was extended to a period of 10 years or more. It's important to note the new investment objective is not a guarantee of future performance.

	Previous	Current
Investment objective	The Fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 2.5% p.a., over periods of three years or more.	The Fund aims to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 1.5% p.a., over periods of ten years or more.

Updates to Buy-Sell spreads

Due to extraordinary market conditions in the wake of COVID-19, market liquidity deteriorated rapidly, impacting all segments of the Australian fixed-income market. This led to a number of investment managers temporarily increasing the buy-sell spreads applicable to their fixed income funds and diversified funds. Increased spreads were required to cover increased transaction costs. Buy-sell spreads protect non-transacting members. We anticipate that when market conditions return to normal, buy-sell spreads are likely to re-adjust to normal rates. Over the past few months we have been publishing updates in the Product Updates section of onepath.com.au

Standard Risk Measure

The Standard Risk Measure is based on industry guidelines to allow investors to compare investment funds that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives.

Further, it does not take into account the impact of any ongoing fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the risks and potential losses associated with their chosen investment fund(s).

How to read an Investment profile

Risk Band	Risk label	Estimated number of negative annual returns over any 20-year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Updated Standard Risk Measures

Fund Name	Risk Band	Risk Label	Change
BlackRock Scientific Australia Equity	6	High	↓
BlackRock Scientific International Equity	6	High	↓
Pendal Core Hedged Global Shares	6	High	↓
Colonial First State Imputation	6	High	↓
Investors Mutual Australian Shares	6	High	↓
MFS Global Equity	6	High	↓
OnePath Alternatives Growth	6	High	↓
OnePath Australian Shares	6	High	↓
OnePath Balanced	5	Medium to high	↓
OnePath Blue Chip Imputation	6	High	↓
OnePath Capital Stable	3	Low to medium	↓
OnePath Cash	2	Low	↑
OnePath Diversified Fixed Interest	4	Medium	↓
OnePath Geared Australian Shares Index	6	High	↓
OnePath Global Shares	6	High	↓
OnePath Property Securities	6	High	↓
OnePath Select Leaders	6	High	↓
OnePath Sustainable Investments - Australian Shares	6	High	↓
OptiMix Australian Fixed Interest	4	Medium	↓
OptiMix Australian Shares	6	High	↓
OptiMix Conservative*	4	Medium	↓
OptiMix Global Shares	6	High	↓
OptiMix Global Smaller Companies Shares	6	High	↓
OptiMix Moderate	5	Medium to high	↓
OptiMix Property Securities	6	High	↓
Perennial Value Shares	6	High	↓
Perpetual Australian Shares	6	High	↓
Perpetual Conservative Growth*	4	Medium	↓
Platinum International	6	High	↓
Schroder Australian Equity	6	High	↓
SG Hiscock Property	6	High	↓
Vanguard Australian Shares Index	6	High	↓
Vanguard International Shares Index	6	High	↓
Vanguard International Shares Index (Hedged)	6	High	↓
Vanguard Property Securities Index	6	High	↓
Advance Imputation (closed option)	6	High	↓
AMP Capital Equity (closed option)	6	High	↓
MLC Platinum Global (closed option)	6	High	↓
Perpetual International Shares (closed option)	6	High	↓

* Irrespective of the fund name being 'Conservative', the Standard Risk Measure of the fund is 4. This means it has been estimated that the fund may have 2 to less than 3 negative annual returns over any 20 year period. We recommend that clients and their advisers take this into account when making investment decisions to ensure the investment is suitable for the investor's risk profile.

GENERAL UPDATES

Your 2020 Annual Report

In line with our ongoing commitment to reduce our impact on the environment, your 2020 Annual Report will be available online in December at onepath.com.au

If you would like to receive a hard copy (free of charge) please contact Customer Services on 133 665.

Changes to transaction and indirect costs

Transaction and indirect costs for each investment fund offered through your product for the year ending 30 June may have changed from those that applied in the previous year. You can view the indirect costs that apply to your investment in the Fees, Deductions and Investment Returns Summary section of your Annual Statement.

Change of ownership for ANZ's Wealth business

In 2017 ANZ announced the sale of its Wealth business, which included the separate change of ownership for its superannuation and investment business and for its insurance business. In May 2019, ANZ completed a change of ownership to Zurich Financial Services Australia Limited (Zurich) for its insurance business. The ownership change of ANZ's superannuation and investment business to IOOF Holdings Limited (IOOF) occurred on 31 January 2020.

The important thing to know is that there was no change to your account as a result of this change of ownership.

Adviser payment arrangements

The Financial Services Royal Commission recommended that `grandfathered' commission currently paid to financial advisers, be removed.

The Federal Government recently legislated this reform. This means all `grandfathered' commission currently paid to financial advisers will stop being paid, no later than 31 December 2020.

Where you have an ongoing relationship with your financial adviser, and they are currently receiving a commission, we recommend you speak to them and agree the best way forward to continue to benefit from their advice and services.

If you prefer, you can also contact us directly to stop paying this commission immediately. You are not required to notify your financial adviser, in order for us to stop paying this commission.

What are `grandfathered' commissions?

The Future of Financial Advice (FOFA) reforms in 2013, recommended changes to the way financial advisers can be paid.

Generally, prior to these changes, remuneration to advisers was paid by product providers as commission.

From 1 July 2013, the FOFA reforms changed for new accounts. Financial advisers could only be paid a `fee for service' to provide financial advice.

These arrangements are required to be agreed between financial advisers and their clients and reviewed every two years.

The reforms allowed pre 1 July 2013 commission arrangements to remain in place and these are referred to as 'grandfathered' commissions.

APRA Levy and Regulatory Change Expense Recovery

All Australian Prudential Regulation Authority (APRA) regulated super funds are charged an APRA Levy each year to recover general operational costs. The Trustee has also approved an expense recovery of 0.024% for the 12 months to 30 June 2020. Consistent with superannuation industry practice, this covers some of the costs of complying with the Government's superannuation regulatory changes.

On 18 June 2020, a combined APRA Levy and Regulatory Change Expense Recovery of 0.03% was deducted from the unit price of each of your investment fund(s), rather than deducted directly from your account. This deduction does not include cash investment options and guaranteed products (which do not have a unit price).

To illustrate the impact of this deduction, for a member with a $50,000 balance, the cost of this deduction would be $15.00. This deduction will appear on your Annual Statement as 'Administration Fee (other)'.

Changes to your personal circumstances and insurance

Remember to let us know when your personal circumstances change to ensure you're still insured and paying the right insurance fees for your cover.

Even if you continue to pay your insurance fees, a change in your personal circumstances, such as retiring permanently from the workforce or if you permanently depart from Australia, could mean that you're no longer covered.

To advise us of any changes to your circumstances, call Customer Services on 133 665.

Are your contact details up to date?

It's important to stay in touch with us and let us know when things change, such as when you change your address or your name.

The ATO requires us to transfer some balances if we have lost touch with the member. If an account does get transferred to the ATO, we are required to close that account and stop any insurance.

To avoid losing track of your super, keep us updated. You can update your details through Account access, or by calling or emailing us.

ADDITIONAL INFORMATION

Fees and costs of your investment explained

Fees and costs are not deducted directly from your account. They are deducted from the assets of each investment fund and reflected in the unit price.

These fees and costs may include the following:

Investment fee – the cost of managing the investment fund and the underlying fund manager's Investment Management Fee (IMF). The IMF charged by the underlying fund manager includes the fees, charges and some estimated expense recoveries that relate specifically to the management of each investment fund. If a performance related fee applies then this is not included in the investment fee, but forms part of the investment fund's indirect costs.

Administration fee (other) – includes any levies and expense recoveries that have been deducted from the assets of each investment fund. This includes the recovery of the APRA Levy charged to all super funds and some of the costs incurred to comply with the Government's superannuation regulatory changes.

Buy-Sell spread – an additional cost reflected in the daily unit prices of an investment fund that is not charged separately. It is used to allocate the costs of buying and selling assets in an investment fund to those investors who are transacting on that fund rather than to members who are not transacting. As your account is valued at the sell unit price, all investments into an investment fund are reduced by the buy-sell spread at the time of the transaction.

Indirect costs include costs deducted from the assets of each investment fund and reflected in its unit price. These costs relate to the investment of assets within the underlying investment funds that are not recovered by the investment fund's buy-sell spread.

These indirect costs include, but are not limited to, brokerage costs, custody fees, stamp duty and bid/offer spreads. They are not investment fees but may include performance related fees charged by the underlying fund manager for outperforming their performance benchmark.

If you have any questions about the fees and costs on your statement, please contact Customer Services on 133 665.

Key definitions:

Contributions tax

Contributions tax of 15% will apply to any personal contributions for which you claim a tax deduction or contributions made by your employer (including salary sacrifice contributions) or other contributions which have not previously been subject to tax.

We may also make allowance for tax deductions on insurance fee payments.

You can claim a tax deduction for personal contributions made in the Annual Statement period, if we received your 'Notice of intent to claim a tax deduction form' by the relevant date and the notice has been acknowledged by the Trustee.

A 15% tax rate also applies to the untaxed element of a roll-over superannuation benefit and certain foreign super fund transfers. The tax payable is shown on your Annual Statement.

Where no-TFN contributions tax is payable, it will be deducted from the withdrawal amount.

Additional tax for high income earners

An additional 15% tax may apply to certain concessional contributions if your income for surcharge purposes plus your low tax contributions for a financial year exceeds $250,000. For further information, visit ato.gov.au or speak to your financial adviser.

Preservation status

- *Unrestricted Non-Preserved Benefit* is the amount of the withdrawal benefit at the close of the reporting period that you can access at any time.
- *Restricted Non-Preserved Benefit* is the amount of the withdrawal benefit at the close of the reporting period that you can access, if you leave an employer who has contributed to this fund on your behalf, or when preserved benefits are payable.
- *Preserved Benefit* is the amount of withdrawal benefit at the close of the reporting period required to be preserved by the Trust Deed and super legislation governing your benefits. Generally, you cannot access this amount until age 65, or once you have reached your preservation age (between age 55 and 60, depending on your date of birth) and you have met a condition of release, such as retirement.

The total of the preservation components is net of withdrawal fees and contributions tax payable on contributions that were made up to the end of the reporting period.

Super Guarantee allocation

The Super Guarantee Allocation (SG Allocation) is the amount of employee entitlement paid by the ATO representing a superannuation guarantee shortfall and any interest for the shortfall.

This amount includes the 9.5% (for 2019/20) obligation and any interest earned. The SG Allocation may appear on your Annual Statement as either an addition or deduction.

An addition is a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid SG Allocation by the ATO. Speak to your financial adviser or contact the ATO for further details.

Government contributions

Government contributions can include the Government co-contribution and the Low Income Superannuation Tax Offset (LISTO). LISTO effectively returns the 15% contributions tax (up to $500) on concessional (before-tax) contributions for low income earners.

The Government co-contribution helps eligible income earners boost their super through personal (after-tax) contributions. The maximum amount is $500 and it depends on your income and how much you contribute.

The co-contribution may appear on your statement as either an addition or deduction. An addition is a payment from the ATO into your account and a deduction may be the correction of a payment received to your account or the recovery of an overpaid co-contribution by the ATO. Speak to your financial adviser or contact the ATO for further details.

FREQUENTLY ASKED QUESTIONS

1. WHY DO I PAY CONTRIBUTIONS TAX?

Generally, a contributions tax of 15% applies to all concessional contributions made in the financial year (eg. pre-tax contribution made by your employer including Super Guarantee (SG), salary sacrifice, insurance fees or any personal contribution that you may claim as a tax deduction). An additional 15% tax may apply to your concessional contributions, if your adjusted taxable income exceeds $250,000 in the 2019/20 financial year.

2. WHY IS CONTRIBUTIONS TAX NOT ALWAYS 15%?

The contributions tax applied to your super account may not equal 15% of concessional contributions received OR a positive contributions tax amount may have been applied.

This is because when calculating the amount of contributions tax payable, the tax deductions claimed by the Fund on transactions, like insurance fees, administration fees and any Member Advice Fees are passed onto the member. If no contributions for the year were made, but the insurance and administration fees were paid, this would appear as a positive contributions tax (similar to a tax rebate).

3. WHAT IS THE DIFFERENCE BETWEEN A BINDING AND NON-BINDING BENEFICIARY?

If you have nominated a beneficiary, it will appear on your statement. Your beneficiary will receive the proceeds of your super account in the event of your death. The nomination can be a binding or a non-binding beneficiary.

A valid binding beneficiary nomination means:

- That we must pay your death benefit to your nominated beneficiaries in the proportions you have specified.
- It lasts for three years from the date it was signed.
- It must be signed and dated in the presence of two witnesses who are over 18 and not named as beneficiaries in the form.

A non-binding beneficiary nomination does not have to be witnessed or updated every three years, but it must meet certain requirements to be valid. We will ordinarily pay the benefit to the nominated beneficiaries if these requirements are met.

A Will does not necessarily control what happens to your super benefit upon death. If the valid binding nomination is not in place or the non-binding nomination does not meet certain requirements, the Trustee will pay the benefit to your legal personal representative if your estate is solvent.

4. WHAT IS MY WITHDRAWAL BENEFIT?

A withdrawal benefit is the sum you receive if you withdraw your super balance. Due to a legislative requirement, we must show how much your benefit would be worth on 30 June, but this does not mean you can access your super.

To withdraw your super, you must first meet a 'Condition of release' as follows:

- You are aged 65 or over.
- You have reached your preservation age and have permanently retired.
- You have reached your preservation age and started a 'transition to retirement' income stream; or
- You are permanently incapacitated.

For full details of when you can access your super, contact your financial adviser or Customer Services.

Contact us

133 665
customer@onepath.com.au

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