Qualifying recognised overseas Pension Scheme changes

Hymettus Re-Insurance & Custodians (HRC) has recently advised of changes to UK pension laws that impact how qualifying Overseas Pension Schemes (OPSs) can be transferred to the OnePath MasterFund. The OnePath MasterFund is no longer accepting transfers of overseas pension schemes.

From 4 April 2015, the changes mean that recognised overseas pension schemes can ensure that pension benefits payable to the member are not payable before the member reaches normal minimum pension age unless the health condition is met.

Unfortunately, the OnePath MasterFund is not compatible with Australian superannuation laws relating to the release of pension benefits on the basis of health. This means that HRC and the OnePath MasterFund are in a changing transfer of pension member relationship from OnePath's perspective.

HRC has confirmed that members who transferred pension savings into the OnePath MasterFund prior to 4 April 2015 will need to remain subject to the rules of the scheme they transferred from. These rules will provide a range of benefits to them as members and receive a pension paid from the benefits transferred without automatically incurring additional ADT tax charges.

AXL Wealth continues to work with industry bodies and Government in consulting with HRC to determine if there are any changes that may allow members to preserve their OnePath MasterFund funds as they can retain their qualifying status. Further information, when available, will be advised via our website.

Check your insurance details

Check your insurance cover to ensure your employer has set aside, salary (if applicable), gender, types of insurance and sum insured.

Age, retirement and taxation

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Check your insurance cover to ensure your employer has set aside, salary (if applicable), gender, types of insurance and sum insured.

Use the information to decide whether you should continue to hold the product. The information should be used as a guide to help you assess your retirement and taxation needs. This information is intended to be current as at the date of publication and does not take into account your personal circumstances. Before acting on the information, please refer to the relevant information sheet from your employer's super plan or call Customer Services.

Customer service

1800 627 625 weekdays from 8:30am and 8 pm (AEST)
corporate@onepath.com.au
onepath.com.au

If you receive a paper super statement, the cut-off date is 25 May 2015. On 25 May 2015, the new process is effective from 25 May 2015.

Remember for members of Non-OnePath Life insured.

To save some of the costs incurred to supply the Government's Change Reforms and to simplify other super funds, the Taxation has approved an asset-based levy to be applied against the investments of OnePath MasterFund members in the 2015/16 financial year.

This levy would be a percentage based charge on outstanding investment options estimated to be no greater than 0.06% and applied at one time adjustment in the daily unit price. We will confirm the actual charge deducted in the next Member Update.

ANZ Wealth continues to work with industry bodies and Government in consulting with HRC to determine if there are any changes that may allow members to preserve their OnePath MasterFund funds as they can retain their qualifying status. Further information, when available, will be advised via our website.

Possible implications to consider

If an individual decides to obtain the required medical certification due to the new 10 week minimum period, cost is an added consideration. While obtaining the required medical certification, the individual is still not allowed to access superannuation savings. It is important to consider the cost of the necessary medical certifications.

It is recommended you consult with an independent financial advisor to ensure you have a full understanding of the implications of these changes.

The information is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, please refer to the relevant information sheet from your employer's super plan or call Customer Services.

What does the Federal Budget mean for you?

On 12 May 2015, the Abbott Government delivered its second Federal Budget. There are a number of announcements of which you should be aware, though there were no major changes to investments or superannuation.

The announcements in the Budget relate to proposed legislation and the release of commentary by the Government over the forward time horizon.

Changes to pension asset thresholds and taper rate from 1 July 2015

The Government has legislated increases to the lower pension asset thresholds. However, the asset test taper rate increases from 1.5% per $1,000 above for every $1,000 above the threshold to 0.15% in the 2015/16 financial year.

Early access to superannuation for people with terminal medical condition from 1 July 2015

The Government has announced the provision for accessing superannuation for people suffering a terminal medical condition. This amendment will implement the warning period is up to 12 months or 24 weeks.

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Changes to strategic asset allocation for Perpetual Funds

Perpetual has made some changes to the strategic asset allocation (SAA) of its diversified funds.

The following funds (referred to collectively as “the Funds”) are affected:

- Perpetual Balanced Growth
- Perpetual Conservative Growth
- Perpetual Global Property Securities Fund
- Perpetual Long Term Capital Growth
- OnePath Balanced Growth
- OnePath Diversified Fixed Interest 2 Low
- OnePath Fixed Interest 2 Low

The Funds' asset allocation changes are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Previous</th>
<th>New</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and enhanced cash</td>
<td>30</td>
<td>15</td>
<td>0-30</td>
</tr>
<tr>
<td>Australian shares*</td>
<td>27</td>
<td>10</td>
<td>0-50</td>
</tr>
<tr>
<td>International shares†</td>
<td>27</td>
<td>10</td>
<td>0-50</td>
</tr>
<tr>
<td>Property</td>
<td>3</td>
<td>5</td>
<td>0-15</td>
</tr>
<tr>
<td>Alternative assets‡</td>
<td>21</td>
<td>0</td>
<td>0-30</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30</td>
<td>15</td>
<td>15-55</td>
</tr>
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| Strategic asset allocation changes effective from 29 September 2014.

Performance benchmark changes

The performance benchmarks for certain investment funds have changed.

What has changed?

On 29 September 2014, all UBS Australia bond indices were acquired by the global and independent index provider Bloomberg (Bloomberg). As a result, the performance benchmarks for the Funds listed in the following table (Funds) have changed and will be calculated, maintained and monitored by Bloomberg.

The changes became effective from 29 September 2014.

In addition, to the performance benchmark for the OnePath Global Property Securities Fund, the new performance benchmark will change as detailed in the table below.

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</tr>
<tr>
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Benchmarks for the Funds listed in the following table (Funds) have changed names and will now be calculated, maintained and monitored by Bloomberg.

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- There will be minimal impact to the OnePath Global Property Securities Fund as a result of the performance benchmark change of OnePath Global Property Securities Fund to the Bloomberg Comprehensive Bond Index (All Maturities). The pricing used by UBS will be replaced by the Bloomberg Valuation Service, instead of the current Pricing System, the Bloomberg Valuation Service, instead of the global and independent index provider Bloomberg.
- There is minimal impact to the Funds as a result of the change in benchmark.
- What has changed?

- The old and new names of the performance benchmarks are detailed in the table below.
- The performance benchmarks have been changed as a result of Bloomberg’s acquisition of the UBS Australia bond indices.
- Please refer to the UBS Australian Bond Index as the new benchmark for the OnePath Global Property Securities Fund.
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Changes to strategic asset allocation for Perpetual Funds

Perpetual has made some changes to the strategic asset allocation of its diversified funds. The following funds are affected:

- The returns from the remaining balance of the increased allocations will be distributed to members over the coming months.

### Performance benchmark changes

The performance benchmarks for certain investment funds have been changed.

What has changed?

- Effective 29 September 2014, 40% of the Global Bond Index (Bloomberg) for each fund's Balanced and Conservative pathways was replaced by the Bloomberg AusBond Composite 0+ Yr Index. The maximum investment in international shares was also increased to 20%.

- Effective 16 September 2015, the Australian Share Fund and the Perpetual Australian Share Fund will have up to 20% exposure to stocks outside Australia. The investment guidelines showing the fund's maximum investment in international shares do not include this potential exposure.

- The performance benchmarks for the Global Property Securities Fund were changed to reflect the impact of the change to the Global Property Securities Fund's investment strategy. Currency hedges may be used from time to time.

- The following explanatory notes are to be read together with the Annual Statement of your investment fund and the Performance Benchmark Changes document:

- Previous New – effective 29 September 2014

### Updated Standard Risk Measures

Since 2013 we have adopted the Standard Risk Measure which is based on the industry best practice guidelines to allow investors to compare investment funds that are expected to deliver a similar level of annual investment returns over any 20-year period.

The Standard Risk Measure is not a complete assessment of all sources of investment risk. For instance, it does not detail what the size of negative return could be or the potential for a positive return. Furthermore, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Investors should still ensure they are comfortable with the size and potential losses associated with their chosen investment funds.

### Performance benchmark changes

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Previous Benchmark (%)</th>
<th>New Benchmark (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td>3 0 – 10</td>
<td>5.5 0 – 10</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30 15 – 55</td>
<td>30 15 – 55</td>
</tr>
<tr>
<td>International shares†</td>
<td>27 10 – 50</td>
<td>27 10 – 50</td>
</tr>
<tr>
<td>Alternative assets‡</td>
<td>21 0 – 30</td>
<td>15.5 0 – 30</td>
</tr>
<tr>
<td>International shares†</td>
<td>9 0 – 20</td>
<td>9 0 – 20</td>
</tr>
<tr>
<td>Australian share funds</td>
<td>34 15 – 45</td>
<td>33 15 – 45</td>
</tr>
<tr>
<td>Total Return</td>
<td>67 22 – 85</td>
<td>61 22 – 85</td>
</tr>
</tbody>
</table>

The Trustee's Annual Statement of your investment fund provides further information on its investment strategy. The following notes are to be read together with the Annual Statement of your investment fund and the Performance Benchmark Changes document:

- Contributions tax Contribution tax of 15% will apply to any contributions that you make as a personal tax deduction subject to a $2,000 Notice of Intent to claim a tax deduction for any contributions made by your employer (including salary sacrificing) or any contributions made by your employer (including salary sacrificing).

- In calculating the amount of tax payable we may make allowances for deductions available to the fund in transactions such as the payment of insurance premiums.

- If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, instead of forwarding your Notice of Intent to claim a tax deduction Form to the Fund, you should forward the Notice to the Trustee immediately after the payment is made. This allows the Trustee to administer any tax deduction claims in a timely manner.

- If you are a superannuation fund investor and wish to receive a statement of your Annual Investment Performance, you should contact the Trustee.

### Annual statements for super – additional explanatory notes

The following explanatory notes are to be read together with your Annual Statement for the year in which you have a balance. You may also speak to your financial advisor or call Customer Services.

- Contributions tax Contribution tax of 15% will apply to any contributions that you make as a personal tax deduction subject to a $2,000 Notice of Intent to claim a tax deduction for any contributions made by your employer (including salary sacrificing) or any contributions made by your employer (including salary sacrificing).

- In calculating the amount of tax payable we may make allowances for deductions available to the fund in transactions such as the payment of insurance premiums.

- If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, instead of forwarding your Notice of Intent to claim a tax deduction Form to the Fund, you should forward the Notice to the Trustee immediately after the payment is made. This allows the Trustee to administer any tax deduction claims in a timely manner.

- If you are a superannuation fund investor and wish to receive a statement of your Annual Investment Performance, you should contact the Trustee.

- Additional tax for high income earners (Division 293 tax) An additional 1.5% tax may apply to certain concessional contributions of your adjusted taxable income exceeds $250,000. For further information please visit alltax.gov.au or speak to your advisor.
Changes to strategic asset allocation for Perpetual Funds
Perpetual has made some changes to the strategic asset allocation (SAA) of its diversified funds.

The following funds (referred to collectively as ‘the Funds’) have been impacted:

- Perpetual Global Property Securities
- Perpetual Balanced Growth
- Perpetual Retirement Growth
- Perpetual Alternatives Growth

The changes became effective on 28 September 2014. In addition, the performance benchmarks for the OnePath Global Property Securities Fund will change as detailed in the table below.

### Performance benchmark changes

The performance benchmarks for certain investment funds have changed.

**What has changed?**

On 29 September 2014, 2014, all Australian-based indices were acquired by the global and independent index provider Bloomberg (Bloomberg). As a result, the performance benchmarks for the Funds listed in the following table (Funds) have changed names and will be recalculated, maintained and monitored by Bloomberg.

The changes became effective on 28 September 2014. In addition, the performance benchmarks for the OnePath Global Property Securities Fund will change as detailed in the table below.

### Strategic asset allocation changes

The following tables show the asset allocation of each investment option within the Funds. The affected performance benchmark is highlighted in the table.

**New Benchmark**

<table>
<thead>
<tr>
<th>Investment Option</th>
<th>Previous Benchmark</th>
<th>New Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>OnePath Diversified Fixed Interest 2 Low</td>
<td>UBS Bank Bill Index</td>
<td>Bloomberg AusBond Bank Bill Index</td>
</tr>
<tr>
<td>OnePath Alternatives Growth UBS Bank Bill Index**</td>
<td>UBS Global Real Estate Investors (ex-Australia) Net Total Return Index (hedged to the Australian dollar)</td>
<td>Bloomberg AusBond Bank Bill Index</td>
</tr>
<tr>
<td>OnePath Cash</td>
<td>UBS Bank Bill Index</td>
<td>Bloomberg AusBond Bank Bill Index</td>
</tr>
<tr>
<td>OnePath Global Property Securities*</td>
<td>UBS Global Real Estate Investors (ex-Australia) Net Total Return Index (hedged to the Australian dollar)</td>
<td>UBS Bank Bill Index</td>
</tr>
<tr>
<td>OnePath Mortgages</td>
<td>UBS Bank Bill Index</td>
<td>Bloomberg AusBond Bank Bill Index</td>
</tr>
</tbody>
</table>

* The performance benchmark for this Fund was not acquired by Bloomberg. The change to the performance benchmark took effect from 31 March 2015.

### Annual statements for super – additional explanatory notes

The following explanatory notes are to be read together with your 2015 Annual Statement for your super account. If you have spoken to your financial adviser or call Customer Services:

**Contributions tax**

- Tax at a rate of 15% also applies to the untaxed element of a death benefit at the close of the reporting period that you can access at any time.

**Retention of earnings**

- The amount of the levy is set to recover the general operational costs of APRA, and will also assist with the implementation of the Government’s Superannuation reforms. These reforms are designed to support the superannuation system to operate more efficiently for the benefit of members.

**Super Guarantee (SG) Levy**

The Super Guarantee Levy is the amount of employee contributions that are paid by your employer to the Australian Taxation Office (ATO) representing a superannuation guarantee charge and any interest for the shortfall. The amount includes the 4.5% (for 2014/15) obligation and any interest earned. The Super Guarantee Levy must be added to your Annual Statement as an additional deduction. An additional payment is paid from the EOFY into your account and a deduction is taken for this amount. A Super Guarantee Levy component of the Super Guarantee Levy is not applied each year. The component of the Levy related to preservation components.

**Preservation status**

A benefit at the close of the reporting period that you can access at any time.

### Australian Prudential Regulation Authority (APRA) levy

In 2015, the Government has increased the APRA Levy (see page 26) and proposed changes to APRA’s regulated superannuation funds. We wish to notify you of these changes. Perpetual Life has reviewed the latest funds’ member accounts.

The amount of funding is set to recover the general operational costs of APRA, and will also assist with the implementation of the Government’s Superannuation reforms. These reforms are designed to support the superannuation system to operate more efficiently for the benefit of members.

The Levy is applied as an adjustment to the fund and is capped each year. This component of the Levy subject to Superannuation will cease in 2016.

What does this mean for you?

The Troncic receives the Levy, deducting it from the up-front amount of each investment option (including cash, term deposits and guaranteed products).

The recovery for the period ending 30 June 2015 occurred on, or around, 28 May 2015. It is estimated to impact an member’s account by approximately 0.01% of unitised investment options. For example, a member with a balance of $100,000 will pay $30.90.

Looking forward to the 2015-16 financial year, the Australian Government is considering the future of the component of the Levy subject to Superannuation. As a member you are eligible for a Government co-contribution. Generally, the Government co-contribution to super in 2014/15, you may be eligible for a Government co-contribution of $500 if you are under 55 and $1,000 if you are aged 55 or over. Additional criteria must be satisfied to be eligible for the Government co-contribution. The co-contribution may appear on your statement as either an additional deduction. Additional payment is made from the EOFY into your account or deposit account.

What do you need to do?

You do not need to do anything. The Levy and your payment adjustment has already been recovered for the 2014/15 year and we will notify you of the changes made for 2015/16 (by the Australian Government).
What does the Federal Budget mean for you?

On 12 May 2015, the Abbott Government delivered its second Federal Budget. The announcements are a number of announcements of which you should be aware, though there were no major changes to investments or superannuation.

The announcements in the Budget update are proposals unless stated otherwise. These proposals are subject to being passed through Parliament before becoming law and may be subject to change during the discussion in the Senate. There is no certainty that these policies will be implemented and it is important to consider investments and individual planning for retirement.

Early access to superannuation for people with terminal medical condition from 1 July 2015

The Government has amended the provisions for accessing superannuation for people suffering a terminal medical condition. This amendment will extend the eligibility period from 12 months to 24 months.

Possible implications to consider

If an individual failed to obtain the required medical certification due to the restrictions of 12 months, they may consider obtaining new medical certifications. While the change will allow earlier access to an individual’s superannuation, it is not prudent to re-access any terminal medical certifications as part of their approach.

If you have insurance with your super, it is important to understand the terms and conditions. Consider maintaining some money in your super account to keep the account open and pay your insurance premium. Withdrawing your full balance could result in the loss of valuable insurance cover.

Changes to pension indexation abandoned

In last year’s Budget, the Government proposed to change the method of pension payments to residents of the Commonwealth of Australia. The proposed new method abandoned continued decreases in the indexation of pension payments to movements in the Consumer Price Index (CPI). This proposal is now abandoned.

The Government has committed to continue indexation and not reduce deeming rates

The Government has committed to continue indexation and not reduce deeming rates. This means that there will be no changes to the minimum income test deeming rate thresholds as announced in the previous 2014/15 Budget.

Customer service

1800 627 625 weekdays from 8am and 9pm (MST)

customer-service@onepath.com.au

Changes to dishonesty cheque processing procedure

In response to the declining usage of cheques, the Australian Payments Corssing Association has revealed that the change from paper to electronic image exchange as the mechanism to manage cheque payments.

As a result, if dishonest, the physical cheque will no longer be returned to the customer. The customer will receive a letter that contains an image of the dishonest cheque. The new process is effective from 25 May 2015.

As a result of the physical cheque not being returned, the cheque in presentation process can no longer be supported, and has been removed from ANZ’s operating procedures.

Reminder for members of Non-OnePath Life insured plans

The Trustees have all the necessary information to ensure that their insurance cover is provided with a non-OnePath Life insurer that again follows with the same terms and conditions that their cover will no longer be automatically continuing after their employment ended and accordingly, may not affect a Continuation Option with the non-OnePath Life insurer within 30 days of ceasing employment. Alternatively, members are able to apply for new cover with OnePath Life. For more information, please refer to the SIC. There is a completion window to submit a claim by the end of the business day on the day the claim is received.

Customer service

1800 627 625 weekdays from 8am and 9pm (MST)

customer-service@onepath.com.au

Qualifying recognised overseas Pension Scheme changes

Her Majesty’s Revenue & Customs (HMRC) has recently advised of changes in UK pension laws that impact qualifying recognised overseas pension scheme (QROPS) arrangements. As the OnePath MasterFund, we can offer you qualifying status.

From April 2015, the changes mean that recognised overseas pension schemes have to ensure that pension benefits payable to the member are not payable before the member reaches normal retirement age unless the health condition is met.

Unfortunately, for UK arrangements, the changes require an agreement to continue transferring the investment monies to HMRC. The agreement may further be subject to tax on the benefits transferred without authorisation in addition to the tax charges.

AQD Wealth continues to work closely with individuals and Government in cooperation with HMRC. To be able to continue to offer qualified overseas Superannuation funds so long as they can obtain their qualifying status. Further information, when available, will be advised on our website.

Check your insurance details

Check your insurance cover to ensure your employer has set up your insurance cover correctly, including occupation, age, salary (if applicable), gender, types of insurance and sum insured.

Important changes and information

Important changes and information

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Your annual report is available online

In line with ANZ's ongoing commitment to reducing our paper use, this year, your Annual Report will be available online. In December 2016 at onepath.com.au > Personal > Life insurance > Brochures. From here you can access a brochure or eBrochure.

Changes to dishonesty cheque processing procedure

In response to the declining usage of cheques, the Australian Payments Clearing Association has decided that the process of returning cheques from cash to physical cheque image exchange needs to be changed to speed up the process. From 1 April 2016, if a physical cheque is returned, the cheque will no longer be returned to the customer. The customer will now receive a letter containing the information of the dishonestly processed cheque. The new process is effective from 1 April 2016. As a result of the physical cheque not being returned, the cheque in question process can no longer be supported, and this has been removed from ANZ's processing procedures.

Member stronger super levy

To cover some of the costs incurred to comply with the Government's Change Super reforms and with the hope of raising further funds, the Trustee has approved an asset-based levy to be applied against the investments of OnePath Masterfund members in the trustee's financial year. The levy will be a percentage based charge on unsettled investment options estimated to be non-bridgeable, and applied as a one time adjustment to the daily unit price. We will confirm the actual charge deducted in the next Member Update.

Reminder for members of Non-OnePath Life insured plans

The Trustee thanks its customers and members who solve their insurance cover provided with non-OnePath Life insurers that, after a period of inactivity, their cover will no longer automatically continue. As a result of the recent change, customers will be notified through a Change in Super cover correspondence. The Trustee notes that if you are not informed of any changes, your cover will continue. For further information, please refer to your ANZ Insights.

Customer service

1800 627 625 weekdays from 8.30am and 8pm (AEST)

customerservice@onepath.com.au

Important changes and information

What does the Federal Budget mean for you?

On 12 May 2015, the Abbott Government delivered its second Federal Budget. There are a number of announcements of which you should be aware, though there were no major changes to investments or superannuation.

The announcements in the Budget update are proposals unless stated otherwise. These proposals are to be discussed through Parliament before becoming law and may be subject to change during discussion. In this update, we consider the key proposals and their likely impact and implications for investors and individual planning for retirement.

Early access to superannuation for people with terminal medical condition

The Government has amended the provision for accessing superannuation for people suffering a terminal medical condition. This amendment will extend the life expectancy period from 12 months to 24 months.

Possible implications to consider

If an individual decides to lose their normal medical certification due to the restrictions of the 12-month rule, consider obtaining new medical certification. While the changes will allow avoids access to an individual’s superannuation, they may not provide access to any terminal illness benefits as part of their plan.

If you have insurance within your super, it is important to understand the terms and conditions. Consider maintaining some money in super account to keep the account open and pay your insurance premiums. Withdrawing your full balance could result in the loss of valuable insurance coverage. Refer to your financial adviser.

Changes to pension indexation abandoned

In last year’s Budget, the Government proposed to change the way pension benefits and Commonwealth contributions were indexed. From 1 January 2017, the Government has abandoned the proposal to index pension benefits.

Changes to pension asset thresholds and taper rate from 1 January 2017

The Government has legislated increases to the lower asset threshold. However, the asset test taper rate increases from 13.5% per $1,000 saved for every $1,000 above that threshold to 15% per $1,000. That taper rate applied before 20 September 2017. Consequently, the upper asset threshold reduces.

It is estimated that under the new rules:

- Around 50,000 part pensioners may be subject to a full pension.
- Approximately 830,000 part pensioners will no longer qualify for the pension and a further 200,000 will have their part pension reduced.

Those who no longer qualify for Age Pension because of the changes have guaranteed eligibility for the Commonwealth Seniors Health Card or the Health Care Card.

Towards tightening overspends and impacts on tax payments, including the Age Pension from 1 January 2017

The Government has proposed that recipients of the Age Pension, Wife Pension, Widow Pensions and Disability Pension (DSP) may have their weekly benefits decreased or become ineligible for more than 12 weeks due to overspends.

After recent absence from Australia, Australian pensioners who have lived in Australia for less than 12 months will pay at a reduced rate proportional to their permanent residency in Australia. Between the age of 18 and pension age, permanent residents for more than 18 years between the age of 18 and pension age.

- DSP recipients who are terminally ill or severely impaired.
- Certain Widow Pensions recipients.
- Certain Widow Pensions recipients.

The information is of a general nature and does not take into account an investor’s personal needs, financial circumstances or objectives. Before acting on this information, investors should consider the appropriateness of the information in the context of their own financial situation. The information is for information purposes only and is not a representation or recommendation of any investment strategy. Please refer to your financial adviser.