IMPORTANT INFORMATION AND UPDATES

REGULATORY

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 new package is designed to protect super account balances from unnecessary erosion by fees and insurance costs.

Changes affecting insurance cover

- If your super account is classified as inactive, that is, an amount is not received in your account for a continuous 16 month period, the insurance cover on your superannuation account will be cancelled.
- If this is the case, you will be notified in writing that your cover is at risk of being cancelled. You must complete and return an Opt-in nomination form if you want to retain your insurance cover, even if you are not contributing to your account.
- If your insurance cover is cancelled due to having an inactive superannuation account, you may have the option to reinstate your cover under the conditions detailed in the letter advising you of the cancellation.
- If your insurance is cancelled due to inactivity your insurance fees for the year commencing 1 July 2019 will be displayed as $0.00 on your annual statement.

Before making a decision about your insurance cover, we encourage you to speak to your financial adviser to determine if your insurance cover is still appropriate for you.

Note, cancellations as a result of these regulatory changes will occur on or after 1 July, so your annual statement will still show an insured benefit as at 30 June even if your insurance cover is subsequently cancelled after that date.

Changes to fees and costs

- Super accounts with low balances (less than $6,000) will now have their administration and investment fees capped at no more than 3% of the account balance per annum. This means that if your account balance is less than $6,000 at the end of the next financial year, and the total investment and administration fees (less fee rebates) charged to your account exceeds 3% of that balance, then the excess above 3% will be refunded. This also applies to accounts of less than $6,000 that are closed during the year.
- Exit fees, including fees for full and partial withdrawals are no longer applicable to super and pension accounts*.

Transfer of inactive low-balance accounts to the Australian Taxation Office

- If your account was or becomes inactive for 16 months and the balance is less than $6,000, we are required to transfer your account to the Australian Taxation Office (ATO).
- The ATO will then try to transfer the money into an active superannuation account, if you have one.

There are a few ways that you can prevent your account from becoming an inactive low-balance account, including:

- make a contribution or have your employer contribute to your account
- change your insurance, check your details and advise us of any changes
- nominate a valid beneficiary, or
- combine your super accounts so your balance is $6,000 or more.

* This does not include discontinuance penalties on the PLUS range of products which apply if premiums cease to be paid (or if the account is withdrawn) prior to the policy maturity date.

Insurance in Super: Voluntary Code of Practice

We want to help you better understand and manage the insurance cover available to you through your super. That's why we were one of the first Retail superannuation funds to opt-in to the Insurance in Superannuation Voluntary Code of Practice (the Code), which started on 1 July 2018. The Code will fully come into force by 30 June 2021.

The Code aims to provide greater understanding, transparency and consistency in the delivery of members' benefits and insurance cover. The new standards will also provide members with better information in relation to their insurance arrangement through simplified disclosure and improved member communications. Importantly, the Code aims to ensure that insurance fees do not unnecessarily erode retirement savings.

FEES AND COSTS

Changes to transaction and indirect costs

Transaction and indirect costs for each investment fund offered through your product for the year ending 30 June 2018 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.

Adviser payment arrangements

Recently, the Financial Services Royal Commission recommended that 'grandfathered' commissions currently paid to financial advisers, cease being paid. Although this recommendation is yet to be legislated, it is expected to be.

Where you have an ongoing relationship with your adviser, we recommend that you speak to them to agree the appropriate way for you to continue to benefit from their services.

You can advise us directly to cease paying future commission immediately in relation to your account. You are not required to notify your financial adviser in order for us to cease paying commission.

What are 'grandfathered' commissions?

Financial services regulatory changes such as the Future of Financial Advice (FOFA) reforms in 2013, resulted in changes to the way financial advisers can be paid. Generally, prior to these changes, remuneration to advisers was paid by product providers as commission.

The FOFA reforms changed this so that from 1 July 2013, for new super and pension accounts advisers could only be paid a fee for the service they provide for financial advice. These arrangements are required to be agreed between 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.

Reduced input tax credit for Adviser Service Fees*

The Reduced Input Tax Credit (RITC) is a tax credit provided by the Australian Taxation Office to offset Goods and Services Tax (GST) paid on Adviser Service Fees (ASFs). Following the recent transfer of the OptiMix Superannuation and Pensions products from the OnePath MasterFund to the Retirement Portfolio Service superannuation fund, the RITC of 75% of the GST charged on ASFs can now be claimed under the Retirement Portfolio Service and passed onto you. This was not previously available within the OnePath MasterFund.

What does this mean for you?

If you agree to have an ASF deducted from your account, the amount deducted is inclusive of any applicable GST. Retirement Portfolio Service is now able to claim a RITC of 75% of the GST charged on these fees and pass this amount back to you. Meaning, your fees will be reduced.

If you are impacted, you will see your ASF has reduced in your Annual Statement.

* Applicable to OptiMix Superannuation and Pensions.

INVESTMENT PERFORMANCE

The following information is relevant to Personal Retirement Plan (PLUS Range) and Traditional Policies (Endowment and Whole of Life) only.

Actual yearly return is as at 30 June (% p.a.) unless otherwise stated and net of management fees. Please note that the returns for the investment funds below may differ from your personalised return. Your personalised return takes into consideration the transactions that have occurred on your individual account, as well as changes in the value of your investment over the statement period.

PLUS Range and Traditional Policies

Investment fund	Fee option	One year return (%)	Five year return (%)	Ten year return (%)
PLUS Range	n/a	4.00	5.07	4.80
Traditional Policies*	n/a	5.00	5.30	4.85

One year return for the PLUS range and Traditional policies is the declared rate.

* A terminal bonus as a percentage of the surrender value of your policy (27.5%) is currently payable on exit from Participating Traditional Policies. This is not guaranteed and may be varied or discontinued at any time on advice of the Appointed Actuary.

Investments can go up and down. Past performance is not indicative of future performance. Whilst every care has been taken in the preparation of this information, no warranty is given as to the accuracy of the information contained in the investment returns table and no liability is accepted by OnePath Custodians or any related body corporate for any error or omission.

INVESTMENT FUND CHANGES

We're committed to helping you achieve your financial goals by regularly reviewing the investment menu available to you, making sure you have access to market-leading investment funds.

New investment manager

As of March 2019, OptiMix Global Smaller Companies Shares fund (the Fund) changed to a single-manager investment approach with Arrowstreet Capital as the sole investment manager of the Fund. Previously, the Fund had a multi-manager investment strategy.

Arrowstreet has a systematic investment approach, resulting in a dynamic and well diversified stock portfolio. They are a superior investment manager in the global small companies area, meaning they will be more likely to achieve the Fund's performance objective and a better long term performance outcome for investors.

The investment strategy has changed to invest predominately in a portfolio of global smaller companies shares, which is in accordance with the investment process of the underlying manager.

Arrowstreet Capital, Limited Partnership

ABN 27 145 692 173
Established 1999
Funds under management $126 billion (as at 31 December 2018)

Arrowstreet Capital is an investment firm that manages global equity portfolios for institutional investors around the world. We have approximately $126 billion under management and over 200 client relationships in North America, UK, Europe, and Asia-Pacific. Founded in June 1999, we are structured as a private partnership. Our investment process seeks to outperform broad equity benchmarks through a risk-controlled core approach. We combine sound investment intuition and research with quantitative tools to identify mispriced stocks around the world. We believe that the key to generating sustainable alpha involves evaluating the prospects of a security considering both the characteristics of the company itself as well as the characteristics of other related companies.

GENERAL

Your 2019 Annual Report

In line with our ongoing commitment to reducing our impact on the environment, your 2019 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.

Successor Fund Transfer from OnePath MasterFund

On 13 April 2019, all members and assets were transferred from the OnePath MasterFund (OPMF) to the Retirement Portfolio Service (RPS) superannuation fund through a Successor Fund Transfer (SFT). The RPS is a superannuation fund that allows members to make contributions while they are saving for retirement, as well as being a fund that pays members an income when they retire. The transfer was approved as it satisfied that it was in the members' best interests and members are provided with equivalent rights to benefits in RPS.

This change simplifies our superannuation business by reducing the number of superannuation funds we offer, and enabled the sale of ANZ's life insurance business (OnePath Life Limited) to Zurich Financial Services Australia Limited (Zurich) which occurred on 31 May 2019.

The key features of your account remain the same, with no changes to investments, insurance cover, service or fees. Any instructions you have provided to us have been transferred to the new fund.

Changes to your personal circumstances and insurance

Let us know when your personal circumstances change to ensure you're still insured.

Even if you continue to pay your insurance fees, a change in your personal circumstances, such as if you permanently depart from Australia, could mean that you're no longer covered. It is important to keep us informed of any changes to your personal or working circumstances to ensure you're paying the right insurance fees for your cover.

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

Are your contact details up to date?

If you are under age 65 and we do not have contact details for you, or you have not contacted us during the last 16 months, we may be required to close your account and pay it to the Australian Taxation Office (ATO) if your balance is under the legislated threshold, which is $6,000. Once this happens, you will lose any insurance associated with the account, and will need to contact the ATO about payment options. Although you can request the monies be redirected to OnePath, this would generally require a new account to be set up, which is not available for all products, and would have pre-existing conditions limitations on any insurance. Because we don't have your contact details, you will not be provided with prior notification of this happening or confirmation from us that it has happened. However, you will be able to see the amount as Unclaimed Monies by logging on to the MyGov website, my.gov.au

If you have not provided your phone number or email address, you can do so via Account Access, or by calling or emailing us.

Contact us

133 665
customer@onepath.com.au

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