IMPORTANT INFORMATION AND UPDATES FROM 1 JULY 2021 – 30 JUNE 2022

REGULATORY UPDATES

Retirement Income Covenant

From 1 July 2022, trustees of Registrable Superannuation Entities ('RSEs') are required to develop a retirement income strategy for retired members and those approaching retirement.

The strategy must address how the trustee will assist those members to achieve and balance three key retirement income objectives:

- maximise expected retirement income over the period of retirement,
- manage expected risks to the sustainability and stability of retirement income over the period of retirement, and
- have flexible access to expected funds over the period of retirement.

The strategy is intended to be general in nature and the trustee does not consider individual circumstances.

A summary of the retirement income strategy can be found at under the Trustee and Fund Information at onepathsuperinvest.com.au

Reduction of the minimum pension will continue into 2022/23

The measures introduced in 2020 by the Federal Government in response to COVID-19, which allow for a temporary 50% reduction of the minimum annual pension payments have been extended and will continue into 2022/23. This means that for members who have nominated to receive a minimum payment amount from their account or have nominated a payment amount that is less than the reduced minimums, their pension payments for the 2022/2023 financial year will be recalculated based on the reduced pension minimums.

For Term Allocated Pensions, with the continuation of the reduced minimum drawdown relief, members can reduce their annual pension payment amount by up to 50% from 1 July 2022.

Further detail on reduced pension minimums can be found under the Product Updates section at onepathsuperinvest.com.au

How to make changes to your pension payments

We recommend you speak to your financial adviser who can notify us of any changes. Alternatively, if you'd like to make changes to your arrangements you can contact us directly by:

- calling Customer Services on 133 665.
- emailing client@onepathsuperinvest.com.au
- completing the Payment Alteration Form included in your Annual Statement.

Federal Budget changes to super and pensions

There were some important changes to super and pensions that became law from 1 July 2022.

Work test repealed

Individuals aged 67 to 74 (inclusive)

Are no longer required to meet the work test when making, or receiving, personal contributions, spouse contributions or salary sacrificed contributions. The work test requires individuals to have been gainfully employed for at least 40 hours in 30 consecutive days during the financial year of the contribution. This means personal, spouse and salary sacrifice contributions can be accepted until 28 days after the end of the month in which you turn 75.

If you wish to claim a deduction for personal contributions made from age 67, the ATO will only allow the deduction if you have met the work test or use the one-off work test exemption. The work test exemption applies if you have not met the work test in the financial year of the contribution, but met the test in the previous financial year and your total super balance is under $300,000.

Extension of the bring forward rule – non concessional contributions

Individuals aged 67 to 74

From the 2022/23 financial year, individuals under 75 at the start of a financial year will also be able to access the non-concessional 'bring forward' arrangement over a three-year period (subject to eligibility). For example, they will be able to make or receive non-concessional contributions to their super in a financial year of up to three times the annual non-concessional contributions cap (depending on their total super balance at 30 June of the last financial year). Refer to Australian Taxation Office website at ato.gov.au for the non-concessional contributions cap amount for a financial year.

Eligibility age for making a downsizer contribution reduced

Individuals aged 60 and over

The eligibility age to make a downsizer contribution to super reduced from 65 to 60 years of age. The downsizer contribution allows eligible individuals to make a one-off contribution to their super of up to $300,000 per person (or $600,000 per couple) from the proceeds of selling their home (i.e. which they and/or their partner owned at least 10 years before the sale and meets other criteria).

The downsizer contribution does not count towards the non-concessional contribution cap and can be made regardless of total super balance or being over 75. This contribution cannot be claimed as a tax deduction.

Minimum income threshold for SG contributions is removed

Employees earning less than $450 per month

Employees will no longer be required to earn a minimum amount of income each month before they become eligible to receive a superannuation guarantee (SG) contribution from their employer to their super. Previously, employers were not required to make SG contributions for their employees earning less than $450 per month.

Increase to SG rates

The superannuation guarantee rate for the contribution increased to 10.5% of an employee's ordinary time earnings from 1 July 2022.

First Home Super Saver (FHSS) scheme – amount released has increased

Individuals who are first home buyers

The maximum amount of 'voluntary contributions' that can be released from super under the First Home Super Saver (FHSS) scheme to help purchase a first home increased to $50,000 from $30,000. Individuals will still be able to count up to $15,000 of voluntary contributions from any one financial year towards their released amount. 'Voluntary contributions' that can be released under the FHSS scheme are voluntary concessional and non-concessional contributions made on or after 1 July 2017.

Changes to contributions caps and thresholds

Caps and thresholds	Up to 30 June 2022	From 1 July 2022	Change
Concessional contributions cap	$27,500	$27,500	-
Non-concessional contributions cap	$110,000	$110,000	-
Low-rate cap threshold	$225,000	$230,000	↑
CGT small business cap	$1.615 million	$1.650 million	↑
Government co-contributions lower income threshold	$41,112	$42,016	↑
Government co-contributions upper income threshold	$56,112	$57,016	↑
General transfer balance cap	$1.7 million	$1.7 million	-

Fund Stapling

This Federal Government initiative came into effect from 1 November 2021 and is designed to stop individuals from collecting multiple super funds throughout their career.

Now, when you change jobs, your current super fund will be 'stapled' to you and will follow you to your new job. Your employer and the Australian Taxation Office (ATO) will ensure any compulsory super contributions are made to your existing 'stapled' super fund. Meaning, you won't have a new super fund opened every time you change jobs.

The ATO will use the following process to determine the stapled super fund if you have multiple super funds:

- if there's no recently stapled fund, the fund which has received the most recent contribution (made before 30 June the previous financial year) will be chosen as the stapled fund,
- if there's no eligible fund that has received a contribution recently, it'll go to the fund with the highest account balance as at the end of the last financial year, or
- if there's still no eligible fund, the ATO can choose what they believe to be the most appropriate fund out of the individual's available funds.

GENERAL

Your 2022 Annual Report

In line with our ongoing commitment to reduce our impact on the environment, your 2022 Annual Report will be available online in December at onepathsuperinvest.com.au

If you would like a hard copy, contact Customer Services on 133 665.

Changes to investment related costs

The following 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:

- Investment fees and costs – Performance Fees
- Investment fees and costs – Other Costs
- Transaction costs

The costs that applied to your investment are shown in the 'Fees and costs deducted from your investment' section of your Annual Statement.

Please note the above costs were previously referred to as 'indirect costs' however we have now updated our reporting of costs charged to you in line with regulatory requirements.

Changes to adviser service fee (ASF) arrangements

Legislation relating to ASFs has changed the way you pay advice fees from your super and pension account/s. The purpose of the changes are to ensure members and investors are aware of, and regularly consent to, all personal advice fees they pay within these products.

A reminder that from 1 July 2021, you are required to provide written annual consent before any Ongoing ASF for personal financial advice can be deducted and paid from your account.

Fixed Term Arrangement ASF

Applies to OptiMix Superannuation & Pension customers only

In September 2021, we introduced a new adviser service fee type as an alternative to an Ongoing ASF for OptiMix products. A Fixed Term Arrangement ASF offers flexibility for personal financial advice. This ASF may be charged for a period of 12 months or less, on a monthly basis and have a specified end date in that period. You can terminate a Fixed Term Arrangement ASF at any time by notifying us in writing.

Speak to your financial adviser for more information on the consent process, and to either set up or find out more on Fixed Term Arrangement ASF's. Alternatively, refer to the Product Updates section at onepathsuperinvest.com.au

IOOF holdings has changed its name to Insignia Financial

IOOF Holdings Ltd changed its name to Insignia Financial Ltd ABN 49 100 103 722 in December 2021. The important thing to know is that there are no changes to your account as a result of this change and products will continue to be provided by OnePath Custodians Pty Ltd.

OnePath Life Limited has changed to Zurich Australia Limited

OnePath Life Limited (OnePath Life) has been part of the Zurich Group for more than two years. From 1 August 2022, OnePath Life became Zurich Australia Limited. This change does not affect the terms and conditions of any insurance or investment guarantee that you may hold that is issued by OnePath Life.

APRA Levy and Regulatory Change Expense Recovery

APRA regulated superannuation funds are charged this levy each year. It covers APRA's general operational costs and other costs incurred by the Australian Securities and Investments Commission (ASIC), the Department of Human Services (DHS) and the Australian Tax Office (ATO).

The cost of this levy for the 12 months to 30 June 2022 has been passed on by the Trustee of the Retirement Portfolio Service superannuation fund (the Fund) to its members as a 0.005% p.a. charge applied against the investments of the Fund on 24th February 2022. This deduction did 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 of the Fund with a $50,000 balance, the cost of this deduction would be $2.50.

Insurance in super – opt-out process

Applies to OptiMix Superannuation customers only

If you currently have insurance that you no longer wish to keep, you will need to let us know in writing, by sending a signed and dated (which can be attached to an email) request to client@onepathsuperinvest.com.au

There are benefits and detriments for insurance through super that you may want to consider before cancelling your insurance:

Benefits:

- Convenient way to pay premiums.
- Potential tax benefits of paying for insurance through super.

Detriments:

- You will not be able to obtain cover through OptiMix again as insurance is closed to new business. However, you can take up insurance through other super products e.g. OneCare Super.
- Reduces your super balance, which reduces your savings for retirement.
- You won't be insured for injury/illness that occurs after the date you cease cover.

Also, it's important that you don't have multiple insurance policies as you may be paying too much in premiums on insurance that you cannot claim against.

Duty of Disclosure

Applies to OptiMix Superannuation customers only

From 5 October 2021, changes to the Duty of Disclosure applied to applicants of life insurance and all types of consumer insurance contracts. The new 'duty to take reasonable care' places greater obligations on insurers to collect the information they need, and you have a legal duty to take reasonable care not to make a misrepresentation when providing information to the Insurer.

You are responsible for the information you provide so it's important that you understand the information and the questions the Insurer asks. Ask the Insurer for help if you have difficulty answering their questions or understanding the application process.

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 Australian Taxation Office (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. If you have not provided your phone number or email address, you can do so by calling Customer Services on 133 665.

Fees and costs deducted from your investment

The fees and costs that are shown under 'Fees and costs deducted from your investment' in your Annual Statement are explained below.

Investment Fee/Management Fee/Ongoing 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.

Other investment related costs which include:

- Performance Fees – fees that the underlying fund manager are entitled to receive if the underlying investment fund outperforms an agreed investment benchmark.
- Other Costs – costs that are incurred by the underlying fund manager. Examples of these costs include expense recoveries and over the counter derivative management costs.
- Transaction Costs – costs that are incurred by the underlying fund manager related to the buying and selling of assets. These include costs such as brokerage costs, settlement costs and stamp duty. Transaction costs do not include buy-sell spreads.

Administration fees and costs (under Fees and costs deducted from your investment – applicable to super and pension members only) – includes any levies and expense recoveries that have been deducted from the assets of each investment fund. This includes the APRA levy charged to all super funds and some of the costs 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 investment.

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

ADDITIONAL INFORMATION

Nomination of Beneficiary

If you have nominated a beneficiary, it will appear on your statement. A valid non-lapsing beneficiary nomination ensures that in the event of your death, your superannuation benefit will be paid in accordance with your wishes. 'Non-lapsing' means it does not expire or need to be updated, but it must meet certain requirements to be valid. See conditions below:

- We will ordinarily pay the benefits to the nominated beneficiaries in the proportions you have specified, if the requirements are met.
- If your circumstances change such as, if you marry, enter into a de facto relationship or become separated on a permanent basis, your nomination will become invalid.
- You can revoke or change your nomination by completing a valid Nomination of Beneficiary Form.
- For your Nomination of Beneficiary Form to be valid, you need to sign and date it in the presence of two witnesses, who are over 18 and not named as beneficiaries.

A will does not ordinarily control what happens to your super benefit upon death. Generally, if there is no valid non-lapsing beneficiary nomination in place, the Trustee will pay the benefit to your legal personal representative if your estate is solvent.

In addition, if you hold a pension account, your nomination may be a reversionary pensioner and/or a non-lapsing beneficiary. You can nominate your spouse as a reversionary pensioner when you set up your pension account. In the event of your death, your pension will continue to be paid to the reversionary pensioner. A valid reversionary pensioner nomination will override a valid non-lapsing nomination. If your nominated reversionary pensioner dies before you or is no longer your spouse, the Trustee will pay your benefit in accordance with any valid non-lapsing nomination. Please note: If you have nominated a reversionary pensioner on your pension account, this cannot be removed, revoked or changed.

SUPERANNUATION ONLY

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 concessional contributions which have not previously been subject to tax.

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.

Contributions tax will be deducted after the end of every month. As a result, the component relating to the month ending 30 June will not be deducted from your account until the next financial year. It will not appear on the current year's annual statement as a deduction. So you can review the tax for a financial year's contributions in the one statement, the tax for the final period of the financial year is shown on the next year's statement under the heading 'Payable and Received Amounts.' If you have made a withdrawal during the year, contributions tax will be deducted at the time of withdrawal.

The contributions tax applied 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 adviser fees are passed onto the member as a tax benefit. If no contributions for the year were made, but the insurance and administration fees were paid, this may appear as a positive contributions tax (similar to a tax rebate).

No-TFN Contributions Tax

If you or your employer have not provided us with your TFN, No-TFN additional tax may be applied to your concessional contributions. The additional tax is applied at the end of the financial year or on withdrawal from your account. If we are provided with a valid TFN, the No-TFN tax will not be applied and you may be entitled to any No-TFN tax applied on up to the previous three financial years to be returned to your account, as a No-TFN Tax Offset.

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.

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' such as:

- You have reached your preservation age and have permanently retired.
- You have reached age 60 and subsequently ceased a gainful employment relationship.
- You are aged 65 or over.
- You are permanently incapacitated.

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

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) or you have met another condition of release, such as retirement.

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.

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.

PENSION ONLY

What is included in your annual statement pack?

Annual Review Letter – outlines three important pieces of information:

1. Your total pension payment for this financial year
2. The amount you should expect to receive per payment, and
3. The number of payments that will be made in the 2022/2023 financial year.

Annual Statement – includes all transactions that have been processed on your account during the 2021/2022 financial year, and your account balance as at 30 June 2022.

Payment Alteration Form – can be used to change the amount or frequency of your income stream payments, the investment fund/s from which payments are drawn or the bank details to which your payments are credited. You can also change your income payments at any time using the Pension Update Form available from our website, or by calling Customer Services. Please note, payments can only be made via electronic funds transfer (EFT) and not cheque.

Centrelink Schedule – outlines the income you will receive from your pension or annuity account for the 2021/2022 financial year. If you are applying for, or receive a means-tested Social Security entitlement, you may need to supply the information on the Schedule to Centrelink.

Why is the Centrelink schedule included in the annual statement pack?

When you are assessed by Centrelink for the Age Pension, you are assessed on income and assets over a full financial year. To facilitate this, Centrelink Schedules are issued with information needed for Centrelink to perform this assessment. Please note we provide twice-yearly reporting to Centrelink directly so you may not need to provide a schedule if your circumstances have not changed.

Centrelink Schedules display an annualised value of income stream payments being received, shown as the Gross Annual Payment. The annualised value may not equal the actual value of payments you will receive in the financial year, especially if you have commenced your income stream account part way through the financial year or have changed the payment amounts you receive.

Each time you change your nominated income stream payment amount for the year, a revised Centrelink Schedule can be downloaded from our website and provided to Centrelink if relevant to your circumstances. For further information contact your financial adviser or Centrelink.

How are annual payment amounts calculated?

Each financial year you must receive a legislated minimum* payment from your pension or annuity account. Generally, you can choose to receive the legislated 'minimum' payment, the 'maximum' payment (if applicable) or nominate a specified amount. The minimum and maximum annual payment is recalculated each year on 1 July using your account balance and age at that date.

Please note, if you have nominated a reversionary beneficiary on your Term Allocated Pension account, their details may also be considered when calculating your annual payment amount.

If you choose to receive the minimum annual payment, we will make income stream payments from 1 July at the new minimum level. If your nominated annual payment is already higher than the new minimum, your pension or annuity payment will remain unchanged from that paid in the previous financial year, unless you have chosen to have your payments indexed.

If the income stream payments you received for the financial year do not add up to your legislated minimum payment amount, a 'catch-up' payment will be credited to your nominated bank account on or around 30 June.

* As noted earlier in this update, the Government's temporary reduction to minimum pension payments has been extended for the 2022/2023 financial year.

Term Allocated Pensions

Applies to OptiMix Term Allocated Pension customers only

If you are invested in a Term Allocated Pension (TAP)^, the standard income payment is a set amount calculated by dividing your account balance as at 1 July each year by the Term Allocated Payment Factor for the remaining term.

^ As noted earlier in this update, the Government's temporary reduction to minimum pension payments has been extended for the 2022/2023 financial year, this means from 1 July 2022 TAP members can reduce their standard income payment by 50%. TAP members can also request 110% of their annual pension amount.

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