

# MEMBER UPDATE

AUGUST 2018

## INVESTMENTS

What is driving your investment performance?

## IMPORTANT INFORMATION

Important changes to your product, including insurance and investments

## FEDERAL BUDGET

Tax and super reforms



# WELCOME

## WELCOME TO YOUR 2018 MEMBER UPDATE

This year the financial services industry has experienced an increased profile and scrutiny. The greater attention and transparency will be a positive outcome for customers and will help improve and enhance the banking, investment, superannuation and advice industry in general.

At a time like this, it becomes even more important for you to take ownership of your finances, including your super, and regularly review it against your needs and your long term goals. There's no substitute for taking a personal interest in your financial future. And your annual statement presents you with the basis to review your superannuation, your insurances (if you have any), your investments, fees and other aspects to ensure they are appropriate, affordable and aligned specifically to help you meet your retirement objectives.

So I encourage you to take time now to review your statement, your current situation and your goals.

In this edition, we've included an insightful article highlighting the raft of changes in this year's Federal Budget. We also provide an investment

update from our Chief Investment Officer about global and domestic markets and what it means for you and your retirement savings.

As always, we are here to help, so if you have any questions please don't hesitate to contact us.

Thank you for continuing to invest your superannuation with ANZ.



**Mark Pankhurst**  
Head of Superannuation  
ANZ Wealth

## CONTENTS

### 01 WELCOME

---

### 03 WHAT IS DRIVING YOUR INVESTMENT PERFORMANCE?

---

### 04 FEDERAL BUDGET 2018/19 – TAX AND SUPER REFORMS

---

### 06 IMPORTANT CHANGES AND INFORMATION

---



This annual publication is exclusively produced for members of ANZ Smart Choice Super\*.

\*ANZ Smart Choice Super is a suite of products consisting of ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (together "ANZ Smart Choice Super"). ANZ Smart Choice Super and Pension is a retail product issued pursuant to the PDS dated 17 March 2018. ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees are both MySuper compliant employer products issued pursuant to separate PDSs dated 17 March 2018.

# WHAT IS DRIVING YOUR INVESTMENT PERFORMANCE?

**Mark Rider, ANZ Wealth's Chief Investment Officer, looks at what's influencing financial markets and investment returns.**

Over the past year the 'good times rolled' and we saw the best growth in the world economy since 2010. Company profits have been very strong, supporting solid share market returns, well in excess of cash and bond market returns. While 2017's strength continued into early 2018, the share market perhaps got a little ahead of itself and returns have been more moderate in the past six months. Let's look at the factors likely to drive investment market returns for the coming year.

## BACK TO NORMAL FOR US INTEREST RATES

The outlook for US inflation is one of the key issues for financial markets. Reflecting good economic momentum, the US Federal Reserve (Fed) first moved off historically low rates in December 2015 and since this time has gradually raised the key Fed funds rate as it normalises monetary policy to keep inflation in check. With the US unemployment rate at a two decade low, wage growth is expected to rise in the period ahead, prompting further increases in rates as the Fed attempts to slow the US economy.

## THE POLITICAL BACKDROP

Politics has been a key driver of market volatility in the past year. On the positive side, large US tax cuts and increased budget spending have been a shot in the arm for business confidence in the US. However, US President Trump's trade war threats, the 'off' and then 'on' talks with North Korea, supposed campaign links to Russia, and sanctions imposed on Iran have at times worked in the opposite direction. In Europe, Brexit and political turmoil in Italy have also had their impact. Without doubt the coming year is likely to see politics feature in market movements. However, despite all of the noise, the economic environment has remained solid, with company earnings growth remaining a bright spot, supporting share markets.

## CHINA NAVIGATES THE WAY TO A SOFT LANDING

Since the GFC, the Chinese government has deftly navigated the Chinese economy on a glide path to a soft landing. The economy's main engines have changed over the past decade with growth increasingly driven by the consumer and the services sector and less so by construction and exports. The latter, nevertheless, remains critical for the Australian economy, and particularly the Resources sector. While we expect this to continue in the year ahead, risks on the horizon from a potential trade war with the US warrant caution.

## AUSTRALIAN GROWTH REMAINS SOLID

Although lagging global counterparts, Australian shares have continued to deliver solid returns as company profits recover. For the economy, the story has been mixed. While Australian business confidence is at a high level, low wages growth has held back consumer confidence and household spending despite falling unemployment. With inflation remaining low, the Reserve Bank of Australia (RBA) is likely to be on hold for some time yet, continuing the period of record low interest rates. Along with some support from the May budget's proposed personal tax cuts, domestic drivers of growth remain supportive. Overseas developments are likely to be crucial for the economy and share market in the year ahead.

## US DOLLAR STRENGTH

The US dollar has strengthened as the Fed gradually raised interest rates offering investors an increasingly higher yield on US debt versus Japan, Europe and emerging markets. Closer to home, the AUD has weakened a little over the past year as the RBA has remained content to keep rates on hold. While this trend may continue into the future, it is reliant on a sustained period of rate hikes by the Fed, which is far from guaranteed.

Recent turmoil in a number of larger emerging market economies, such as Turkey and Argentina, flags the world economy may not be able to sustain a period of much higher rates.

## ALL UP - GOOD TIMES FADE, NOT ROLL

We can summarise what's happening now as consistent with our 'good times fade' thematic. Compared to the roar of the high-return markets of recent years, the year ahead may see more subdued returns as economic growth slows, interest rates move higher and political risks remain. For the moment we remain positive about future growth and hold a small preference for growth assets - the share market offers better prospects for returns than bonds or cash.

## HOW ARE WE MANAGING YOUR INVESTMENTS?

Lifestage funds are a blend of asset classes that provide you with diversification across the mix of global and Australian shares and bond markets.

This mix of assets changes through time and becomes more conservative as you approach retirement. We include more of the 'riskier' asset classes, such as shares, for younger investors who have a longer time to ride out any market volatility. For those closer to retirement, we include more defensive assets, such as cash.

These carefully designed in-built features of ANZ Smart Choice Super are important drivers of returns over the medium to longer term, but we also look at what's happening in the markets in the short term and move investments into different asset classes, depending on where we see opportunities to boost returns or protect the portfolio.

### ANZ Smart Choice Super Lifestage

Performance for the year ending 30 June 2018\*

Fund	Performance (%)
ANZ Smart Choice Super 1940s	5.33
ANZ Smart Choice Super 1950s	5.94
ANZ Smart Choice Super 1960s	7.88
ANZ Smart Choice Super 1970s	9.55
ANZ Smart Choice Super 1980s	10.31
ANZ Smart Choice Super 1960s	10.53
ANZ Smart Choice Super 2000s	10.08

\* Returns are net of fees and tax. Past performance is not a reliable indicator of future performance.

For more information on ANZ Smart Choice Super investments, visit:

[anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > Smart Investments, or

[anz.com/smartchoice](http://anz.com/smartchoice) > Employer Super > Smart Investments

# FEDERAL BUDGET 2018/19: TAX AND SUPER REFORMS

Tax relief, and super reforms particularly for those with low balances, were at the centre of the Federal Budget, writes Gayle Bryant.

There were a few surprises in the Federal Government's 2018 Budget (the 'budget') around superannuation. Essentially, in its reforms, the government will make it easier for people to cost-effectively manage their super through six main measures.

It is important to note that the budget measures are subject to the passing of legislation and, accordingly, may not become law or may change from what was announced on 8 May 2018.

The six main measures are:

- superannuation accounts of less than \$6,000 will have fees capped at 3 per cent a year
- fees to exit a superannuation fund will be banned
- a new requirement will be introduced requiring inactive super accounts with balances less than \$6,000 to be transferred to the Australian Taxation Office (ATO)
- young people, or those with inactive or a low balance, will have to opt-in to life insurance
- recent retirees will be allowed to make additional super contributions through a work-test exemption.
- members working for multiple employers, who earn more than \$263,157, will be able to nominate that income from certain employers is not subject to the superannuation guarantee. This measure will allow these members to avoid unintentionally breaching the \$25,000 concessional contributions cap as a result of multiple compulsory superannuation guarantee contributions.

Introduced as part of the government's "Protecting your super" package, the ban on exit fees will apply from 1 July 2019, and will cover all super accounts regardless of age or balance.

For low-balance super accounts (defined as a balance below \$6,000) passive fees can only amount to a maximum 3 per cent of the balance, which will help stop fees eroding such small balances.

For those who haven't consolidated their accounts, the government will start taking proactive steps to do it for you. In his budget speech, Federal Treasurer Scott Morrison announced the ATO will proactively reunite people's inactive or lost super and have it sent to their active super accounts. And inactive super accounts with balances less than \$6,000 will be transferred to the ATO.

---

From 1 July 2019, insurance within super will become an opt-in model for members aged under 25 and those with low balances.

---

The move will also apply to members who have not made a contribution in the previous 13 months and are inactive.

With the changes to insurance, Morrison said young people would no longer have to pay for insurance they don't want or need. But, the Association of Superannuation Funds of Australia chief executive officer Martin Fahy warned "many young people have dependants and financial commitments so in the instance of a tragic event occurring, particularly disablement early in life, having insurance in place is extremely valuable".

Additionally, from 1 July 2019, those aged 65 to 74 with a total super balance below \$300,000, may rely on an exemption to the work test to voluntarily contribute to superannuation. This exemption applies to the first year a person does not meet the work test.

## PERSONAL TAX CUTS

A three-part, seven-year personal tax plan was designed to deliver “what can be responsibly afforded while keeping the budget on track”, according to Morrison.

The tax plan included delivering immediate relief of \$530 a year to the 4.4 million Australians who earn between \$48,000 and \$90,000.

The three parts of the tax plan included relief for low and middle-income earners; reduction of bracket creep; and ensuring more Australians pay less tax by simplifying personal taxes.

### Tax threshold changes passed into law#

Tax rate (%)	Previous (\$)	Current 1 July 2018 (\$)	1 July 2022 (\$)	1 July 2024 (\$)
0	0-18,200	0-18,200	0-18,200	0-18,200
19	18,201-37,000	18,201-37,000	18,201-41,000	18,201-41,000
32.5	37,001-87,000	37,001-90,000	41,001-120,000	41,001-200,000
37	87,001-180,000	90,001-180,000	120,001-180,000	(no longer exists)
45	180,001-plus	180,001-plus	180,001-plus	200,001-plus

Source: Budget Papers

# These tax rates passed through parliament in June 2018 and are now law.

## TAX RELIEF FOR LOW-TO-MIDDLE INCOME EARNERS

From the 2018/19 financial year, there will be a new non-refundable tax offset for low and middle income earners. Those earning less than \$37,000 will have a tax offset of \$200; those between \$37,000 and \$48,000 will receive between \$200 and \$530, and those earning between \$48,000 and \$90,000 will receive \$530.

For those on more than \$90,000, the tax offset will reduce by 1.5c for every dollar above \$90,000 until it cuts out at just over \$125,000.

According to the Treasurer, for middle-income households with both parents working on average wages, “this will boost their ‘kitchen table’ budget by more than \$1,000 every year”.

Because they are non-refundable tax offsets, taxpayers will only see the benefit at tax time next year when they can claim the offset to reduce their tax bill (any excess tax offset cannot be refunded).

## REDUCTION OF BRACKET CREEP

For the 2018/19 financial year, the income threshold for the 32.5 per cent tax bracket rises from \$87,000 to \$90,000. This move means that someone earning \$90,000 a year enjoys a total of \$665 a year tax saving from the new tax offset and increased threshold (\$530 tax offset plus \$135 increased threshold saving). For those earning more than \$90,000, the \$665 saving gradually reduces together with the diminishing tax offset.

The broadening tax bracket means that about 210,000 taxpayers who earn between \$87,000 and \$90,000 won't be pushed into the 37 per cent tax bracket.

This again changes from the 2022/23 financial year when the same threshold will rise from \$90,000 to \$120,000. The threshold for the 19 per cent tax bracket will also rise from \$37,000 to \$41,000 at this time.

## ABOLISHING THE 37 PER CENT BRACKET

The Treasurer's tax plan culminates in the 2024/25 financial year where the 37 per cent tax bracket will be abolished entirely. This will reduce the number of tax brackets from five to four. The top marginal tax rate remains at 45c but the threshold it applies from rises from \$180,001 to \$200,001. This means all Australian taxpayers who are earning between \$41,000 and \$200,000 annually will only pay 32.5c in the dollar from this time.

## OLDER AUSTRALIANS

Some of the biggest changes for older Australians in years were announced in this year's budget.

The Treasurer said the government would spend \$1.6 billion over four years to create 14,000 new home-care places, aimed at helping older Australians stay at home longer rather than moving into residential aged care.

There will also be extra money for aged-care services in regional Australia and more support for mental health services in aged-care facilities.

The government also committed \$11 million to expand the pensions loan scheme. The scheme involves a form of “reverse mortgage” that currently lets part-rate pensioners and people ineligible for the age pension because of the income or assets test, to borrow against their own property to top-up their entitlement, up to the maximum rate of pension. The scheme will be expanded to all pensioners (including full-rate pensioners) and anyone over age pension age, and will allow them to top-up their entitlement to up to 150 per cent of the maximum rate of pension.

Pensioners will also be able to work for longer as the government will increase the pension work bonus from \$250 to \$300 a fortnight. This lets pensioners earn up to \$7,800 a year without their pensions being affected. The work bonus has been expanded to apply to self-employed pensioners with the Treasurer saying “it's never too late to start a business”.

**Gayle Bryant is a freelance financial and business journalist and sub-editor based in Sydney.**

The opinion expressed in this article is the opinion of the author and not necessarily that of ANZ.

For more information on these and other proposed budget measures, go to [budget.gov.au](http://budget.gov.au) or speak to your financial planner.

# IMPORTANT CHANGES AND INFORMATION

A summary of significant product or regulatory changes that may impact your ANZ Smart Choice Super account.



1

## ARE YOUR CONTACT DETAILS UP TO DATE?

It is important that you stay in touch with us and keep your account active, so you do not become 'lost'.

You may be classified as a 'lost member' if:

- we have made one or more attempts to send written communications to you at your last known address, and we believe on reasonable grounds that you can no longer be contacted at any postal or email address known to the OnePath MasterFund (the 'Fund'), and
- you have not contacted us (by written communication or otherwise) within the last 12 months of your membership of the Fund, and
- you have not accessed details about your account online within the last 12 months of your membership of the Fund, and
- we have not received a contribution or rollover from you, or on your behalf, in the last 12 months of your membership of the Fund.

If you are a member of ANZ Smart Choice Super for employers and their employees or ANZ Smart Choice Super for QBE Management Services Pty Ltd for employers and their employees, you may additionally be classified as 'lost' through inactivity if:

- you have been a member for longer than 2 years, and
- at the time of joining you were an employer-sponsored member, and
- we have not received a contribution or rollover from you, or on your behalf, in the last 5 years of your membership of the Fund.

We are required to report all forms of 'lost members' to the Australian Taxation Office (ATO). Additionally, we are required to transfer a lost member's account to the ATO if:

- the account balance is less than \$6,000, or
- we have insufficient records to pay an amount to the member.

If your account does become 'lost' and paid to the ATO you will lose any insurance cover associated with the account, and you will need to contact the ATO about payment options.

In the 2018/19 Federal Budget, the government announced changes to supplement the current regime for transferring lost member balances to the ATO, to protect members with low balances.

---

From the 2019/20 financial year, superannuation funds will be required to transfer inactive accounts (i.e no contribution has been received within the last 13 months) with balances below \$6,000 to the ATO.

---

In addition, the ATO will be able to consolidate the amount with an active account of the member, where the balance of the consolidated account is \$6,000 or more. This proposed change is yet to be legislated and may be subject to change during this process.

If you have not provided your phone number or email address, you can do so via ANZ Internet Banking, or by calling or emailing us

## 2

### ANZ SMART CHOICE SUPER PRODUCT SUITE PRODUCT DISCLOSURE DOCUMENTS RE-ISSUED

The Product Disclosure Statements (PDSs) for the ANZ Smart Choice Super suite of products\* were re-issued on 17 March 2018.

Additionally, on 12 June 2018 the Electronic Access Terms and Conditions which apply to the ANZ Smart Choice Super products were updated.

Updated documents can be downloaded from [anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > downloads, or [anz.com/smartchoice](http://anz.com/smartchoice) > Employer Super > downloads.

The following documents were re-issued, including a new Fees Guide:

Product	Disclosure documents updated
ANZ Smart Choice Super and Pension	PDS Additional Information Guide Electronic Access Terms and Conditions
ANZ Smart Choice Super for employers and their employees	PDS Additional Information Guide Fees Guide (Incorporating fees, costs and Buy-sell spreads) Insurance Guides – Standard and Tailored Employer Plans Electronic Access Terms and Conditions
ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees	PDS Additional Information Guide Fees Guide (Incorporating fees, costs and Buy-sell spreads) Insurance Guide for QBE Management Services Pty Ltd and their employees Electronic Access Terms and Conditions

\* The ANZ Smart Choice Super suite of products consists of ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (together "ANZ Smart Choice Super"). ANZ Smart Choice Super and Pension is a retail product issued pursuant to the PDS dated 17 March 2018. ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees are both MySuper compliant employer products issued pursuant to separate PDSs dated 17 March 2018.

## 3

### CHANGES TO COMPLAINTS RESOLUTION SERVICES FROM 1 NOVEMBER 2018

From 1 November 2018 the Superannuation Complaints Tribunal (SCT) and the Financial Ombudsman Service (FOS) will cease to hear new complaints. From this date new complaints should be directed to the Australian Financial Complaints Authority (AFCA). Any issues already registered with FOS or the SCT will continue to be handled by these bodies.

#### Australian Financial Complaints Authority

GPO Box 3, Melbourne, VIC 3001  
Phone: 1800 931 678  
Email: [info@afc.org.au](mailto:info@afc.org.au)  
Website: [www.afca.org.au](http://www.afca.org.au)

If you have a complaint, please raise it with us first and we will do our best to resolve it quickly and fairly.

## 4

### ANZ SMART CHOICE SUPER TRANSITION TO RETIREMENT

The Transition to Retirement (TTR) division within ANZ Smart Choice Super and Pension was closed to new accounts on 17 March 2018.

The ongoing cost of complying with regulatory changes implemented in 2017 would have resulted in a significant increase in the fees and costs for members. As a result, the Trustee made the decision to close the TTR division. If you wish to find out more about Transition to Retirement solutions, please speak to your financial planner.

Please note, the Pension division of ANZ Smart Choice Super and Pension is unaffected by the TTR division closure.

Members who have retired and are looking to draw an income from their super can find more information about applying for an ANZ Smart Choice Pension account at [anz.com/smartchoice](http://anz.com/smartchoice) > Pension or by calling Customer Services on 13 12 87.

## 5

### AUSTRALIAN PRUDENTIAL REGULATION AUTHORITY LEVY AND REGULATORY CHANGE EXPENSE RECOVERY

Australia's superannuation system is amongst the best in the world.\* It is well regulated, however it is also very complex, and has undergone a large amount of regulatory change and Government reforms in recent years.

All superannuation funds regulated by the Australian Prudential Regulation Authority (APRA) are charged an APRA Levy each year to recover the general operational costs of APRA. The cost of this levy is passed onto members of the OnePath MasterFund (Fund), resulting in a levy of 0.006% being applied against the investments of the Fund for the 12 months to 30 June 2018.

In addition, to cover some of the costs incurred to comply with the Government's superannuation regulatory changes and consistent with the approach taken by many superannuation funds across the industry, the Trustee approved an expense recovery of 0.037% to be applied against the investments of the Fund for the 12 months to 30 June 2018.

In June 2018 the combined APRA levy and Regulatory Change expense recovery of 0.043% was deducted from the unit price of each of your investment option(s), excluding ANZ Smart Choice Cash and guaranteed products (which do not have a unit price). As an example, for a member with a balance of \$50,000, the total impact of this deduction was \$21.50.

Please note, the levy and expense recovery are charged directly to your account. They are deducted from the unit price of each of your investments and will appear on your statement as 'Administration Fee (other)'.

For the 12 months to 30 June 2019 we estimate the combined APRA levy and expense recovery will be up to 0.08% p.a., which will be reflected in the unit price for members on the day the levy and expense recovery are charged.

\* Source: the Melbourne Mercer Global Pension Index report from 2017. Australia was one of only three countries to receive a B+ rating (no countries received an A – see page 6).

## 6

## UPDATED EXAMPLES OF ANNUAL FEES AND COSTS

### a. The following information is for members of ANZ Smart Choice Super for employers and their employees who joined between 28 September 2017 and 16 March 2018.

In the Product Disclosure Statement (PDS) dated 28 September 2017 for ANZ Smart Choice Super for employers and their employees, we have replaced the 'Example of Annual Fees and Costs' section on page 10 as follows:

The table below gives an example of how the fees and costs for the MySuper product (Lifestage investment option) for this superannuation product can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE – MySuper (Lifestage investment option)		Balance of \$50,000
Investment fees	0.50% p.a.	For every \$50,000 you have in the superannuation product you will be charged \$250 each year.
PLUS Administration fees	\$50 p.a. Plus, 0.03%*p.a.	And, you will be charged \$65 in administration fees.**
PLUS Indirect costs for the superannuation product	0.03% <sup>†</sup> p.a.	And, indirect costs of \$15 each year will be deducted from your investment.
EQUALS Cost of product	\$330	If your balance was \$50,000, then for that year you will be charged fees of \$330 for the superannuation product.**

Note: the example above is illustrative only.

† Figures based on the actual amount deducted for the 12 months to 30 June 2017. The levies and expense recoveries were estimated to be up to 0.08% p.a. for the 12 months to 30 June 2018.

† Figure based on the ANZ Smart Choice Super 1970s investment option. Please refer to page 59 of the relevant Additional Information Guide dated 28 September 2017 (available by contacting Customer Services) for the indirect costs applicable to the other MySuper Lifestage investment options, which range from 0.01% to 0.04%.

\*\* Additional fees may apply. There is currently no contribution fee. The Administration fee is waived if your account balance has a zero balance. And, if you leave the superannuation entity, you may be charged an Exit fee of \$50 and a Buy-sell spread which also applies whenever you make a contribution, exit, rollover or investment switch. The buy spread for the ANZ Smart Choice Super 1970s investment option is currently 0.03%, the sell spread is also 0.03%. On \$50,000, the total spread cost of 0.06% is equal to \$30. The Buy-sell spreads applicable to MySuper Lifestage investment options whenever you make a contribution, exit, rollover or investment switch range from 0.02% to 0.10%. The Buy-sell spread for each MySuper Lifestage investment option is set out in the Buy-Sell Spread Guide dated 28 September 2017, available by contacting Customer Services.

### b. The following information is for members of ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees who joined between 28 September 2017 and 16 March 2018.

In the PDS dated 28 September 2017 for ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees, we have replaced the 'Example of Annual Fees and Costs' section on page 10 as follows:

The following table gives an example of how the fees and costs for the MySuper product (Lifestage investment option) for this superannuation product can affect your superannuation investment over a 1 year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE – MySuper (Lifestage investment option)		Balance of \$50,000
Investment fees	0.44% p.a.	For every \$50,000 you have in the superannuation product you will be charged \$220 each year.
PLUS Administration fees	\$50 p.a. Plus, 0.03%*p.a.	And, you will be charged \$65 in administration fees.**
PLUS Indirect costs for the superannuation product	0.03% <sup>†</sup> p.a.	And, indirect costs of \$15 each year will be deducted from your investment.
EQUALS Cost of product	\$300	If your balance was \$50,000, then for that year you will be charged fees of \$300 for the superannuation product.**

Note: the example above is illustrative only.

† Figures based on the actual amount deducted for the 12 months to 30 June 2017. The levies and expense recoveries were estimated to be up to 0.08% p.a. for the 12 months to 30 June 2018.

† Figure based on the ANZ Smart Choice Super 1960s investment option. Please refer to page 59 of the Additional Information Guide for QBE dated 28 September 2017 (available by contacting Customer Services) for the indirect costs applicable to the other MySuper Lifestage investment options, which range from 0.01% to 0.04%.

\*\* Additional fees may apply. There is currently no contribution fee. The Administration fee is waived if your account balance has a zero balance. And, if you leave the superannuation entity, you may be charged an Exit fee of \$50 and a Buy-sell spread which also applies whenever you make a contribution, exit, rollover or investment switch. The buy spread for the ANZ Smart Choice Super 1960s investment option is currently 0.03%, the sell spread is also 0.03%. On \$50,000, the total spread cost of 0.06% is equal to \$30. The Buy-sell spreads applicable to MySuper Lifestage investment options whenever you make a contribution, exit, rollover or investment switch range from 0.02% to 0.10%. The Buy-sell spread for each MySuper Lifestage investment option is set out in the Buy-Sell Spread Guide dated 28 September 2017, available by contacting Customer Services.

## 7

## ANNUAL STATEMENTS FOR SUPER – ADDITIONAL EXPLANATORY NOTES

The following explanatory notes are to be read together with your 2018 Annual Statement for your super account. If you have any further questions about your Annual Statement, please speak to your financial planner or call Customer Services on 13 12 87.

### Contributions tax

Contributions tax of 15% will apply to any super contributions that you make before tax (concessional contributions). This includes contributions made by your employer (including salary sacrifice contributions) and contributions you are eligible to claim as a personal tax deduction (subject to lodgement of a valid 'Notice of intent to claim a tax deduction' form).

In calculating the amount of tax payable, we may make allowance for the benefit of tax deductions on transactions such as the payment of insurance fees.

If you are claiming a tax deduction for personal contributions that you made in the Annual Statement period, the related contributions tax on these contributions will only appear in the Annual Statement 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.

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

### Additional tax for high income earners (Division 293 tax)

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 (from 1 July 2017). For further information please visit the ATO website at ato.gov.au or speak to your financial planner.

## 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 retired.

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. Please note: where no-TFN contributions tax is payable, the total of the preservation components will differ from the withdrawal amount as any no-TFN contributions tax is deducted from the withdrawal amount and not from the preservation components.

## Super Guarantee Allocation

The Super Guarantee Allocation is an amount representing the Super Guarantee Charge. This amount is an employee entitlement determined by the ATO and represents a superannuation guarantee (9.5% for the 2018/19 financial year) shortfall and interest for the shortfall.

This amount may appear on your Annual Statement as either an addition or a deduction. An addition represents a payment from the ATO into your account. A deduction may be the correction of a payment received to your account or the recovery of an overpayment by the ATO.

This amount is determined by the ATO, so you should speak to your financial planner or contact the ATO if you have any questions.

## Government contributions

Government contributions can include the Government co-contribution and the Low Income Superannuation Contribution Tax Offset (LISTO) from 1 July 2017 (or Low Income Superannuation Contribution or LISC before 1 July 2017).

The Government co-contribution helps eligible low and middle income earners who make personal (after-tax) contributions boost their superannuation. The amount of the co-contribution (maximum \$500) depends on your income and how much you contribute.

The LISTO effectively returns the 15% contributions tax (up to \$500) on concessional contributions made in a financial year for low income earners.

The co-contribution may appear on your statement as either an addition or deduction. An addition represents 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. Conditions apply. You should speak to your financial planner or contact the ATO in relation to the amount paid.

## 8

### YOUR 2018 ANNUAL REPORT

In line with ANZ's ongoing commitment to reducing our impact on the environment, the OnePath MasterFund Annual Report will be available online in December 2018. To access visit [anz.com](http://anz.com) > Personal > Investing & Super > Resources then scroll down to Financial Reports and Tax Guides.

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

## 9

### CHANGE TO INCOME STREAM REPORTING TO THE DHS FROM 1 JANUARY 2019

If you are a Centrelink benefit recipient or card holder, from 1 January 2019, you will no longer have to provide details of your income stream (as currently provided in your annual ANZ Smart Choice Pension Centrelink schedule – form SA330) to the Department of Human Services (DHS).

Recent legislative changes require certain income stream providers to provide prescribed information electronically to the DHS directly, on a periodic basis. The new process means that you do not need to provide your ANZ Centrelink schedule to the DHS after 31 December 2018.

If you currently provide your ANZ Centrelink schedule to the Department of Veterans' Affairs (DVA), you can continue to do so. The new electronic reporting only applies to the DHS.

In addition, if you start a new income stream or otherwise alter your income stream payments from the information previously provided to the DHS, you will need to update the DHS with the new information, in the same way that you currently do. It will not be reported to the DHS electronically until the next reporting period.

Moving forward you will continue to receive your annual ANZ Centrelink schedule, but this is the last year you will need to provide it to the DHS.

For further information you can visit the DHS website [humanservices.gov.au](http://humanservices.gov.au) > organisations > business > news > automation-income-stream-reviews.

## 10

### EARLY RELEASE OF SUPERANNUATION UNDER COMPASSIONATE GROUNDS

From 1 July 2018, the Department of Human Services (DHS) no longer administer Early Release of Superannuation under Specified Compassionate Grounds. From this date, the ATO will be overseeing the administration of all Specified Compassionate Ground requests. Contact the ATO for more information including access to the application portal.

# INVESTMENTS

## 11 CHANGES TO THE STRATEGIC ASSET ALLOCATION FOR LIFESTAGE INVESTMENT OPTIONS

ANZ Smart Choice Super is making an important change to the strategic asset allocation (SAA) for the Lifestage investment options, so that they are more appropriate for our members.

Since launch, the Lifestage investment options have adopted the risk profile that is suitable for the oldest members in each age group. For example, members born between 1970 and 1979 are placed into the ANZ Smart Choice Super 1970s investment option, which invests in line with the risk profile suitable to members born in the year 1970.

Over the next three years the risk profile will be adjusted, so that it is based on the age of members born at the midpoint of the decade. In the example above, the risk profile for the 1970s investment option will be adjusted so that it is based on a member born in 1975.

### What will this change mean?

Across the board this change will benefit members by improving the expected returns from their Lifestage investment option.

With Lifestage investing, younger members' savings are generally allocated mostly to growth assets (higher risk investments with potential for higher returns) and older members are allocated more heavily to defensive assets (lower risk investments with greater stability). With this change, the SAA of the Lifestage investment options will shift closer towards the risk profile of slightly younger members of each age group, resulting in an increase in exposure to growth assets.

By increasing the exposure to growth assets, ANZ Smart Choice Super is aiming to improve the long term returns for all members invested in each Lifestage investment option, and helping them achieve their retirement goals.

You can find more information on Lifestage investing and the risk profile of each option in your relevant Additional Information Guide at [anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > downloads, or [anz.com/smartchoice](http://anz.com/smartchoice) > Employer Super > downloads.

Investment items 12 to 15 below apply to members of ANZ Smart Choice Super for employers and their employees and members of ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees.

## 12 CHANGES TO THE UNDERLYING FUNDS OF THE ONEPATH ALTERNATIVES GROWTH OPTION

From 18 September 2017 there were some changes made to the underlying funds of the OnePath Alternatives Growth option (the investment 'Option'). These are noted below:

- AQR Wholesale Managed Futures was removed as an underlying fund;
- Fulcrum Diversified Absolute Return (Fulcrum) and Bentham Syndicated Loan (Bentham) were added as new underlying funds; and

- GMO Systematic Global Macro Trust and Man AHL Alpha (AUD) continue as underlying funds.

We made these changes to gain:

- access to a more diversified portfolio of highly-rated alternative investment managers and strategies; and
- broader exposure to the investment opportunities available in global developed and emerging markets, across sectors including equities, bonds, credit, currencies and commodities.

There were no changes to the ongoing fees for the Option. The new underlying fund managers do not charge performance-related fees. The buy-sell spreads (transaction costs) changed as follows to reflect the costs of the new underlying investments.

Previous buy-sell spreads	New buy-sell spreads
Buy spread 0%	Buy spread 0.09%
Sell spread 0.3%	Sell spread 0.09%

## 13 OPTIMIX AND ONEPATH DIVERSIFIED OPTIONS – STRATEGIC ASSET ALLOCATION CHANGES

From 18 September 2017, the strategic asset allocation benchmarks and associated ranges of the OptiMix and OnePath diversified investment options (the 'Options') were adjusted.

We believe these changes will better position the Options to meet their investment objective as lower returns are expected from cash over the next 10 years. Furthermore, the investment ranges remain sufficiently broad to allow the investment team to manage downside risks effectively. These changes will not impact the Options' investment strategies, investment objective or level of investment risk.

The changes are outlined in the tables below.

### OptiMix Conservative

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	20	7	43	7	0	27
Australian fixed interest	18	5	31	22	12	32
International fixed interest	20	7	33	20	10	30
Listed real assets	3	0	12	4	0	12
Australian shares	12	0	25	10	0	20
International shares	10	0	23	12	2	22
Alternative assets	17	5	29	25	13	37

<sup>†</sup> The maximum exposure to growth assets for the OptiMix Conservative investment option is 43%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

## OptiMix Moderate

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	8	0	31	5	0	25
Australian fixed interest	14	0	32	17	2	32
International fixed interest	17	0	35	14	0	29
Listed real assets	3	0	12	6	0	16
Australian shares	20	2	38	18	3	33
International shares	19	1	37	20	5	35
Alternative assets	19	5	33	20	4	36

† The maximum exposure to growth assets for the OptiMix Moderate investment option is 69%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

## OptiMix Balanced

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	4	0	27	3	0	23
Australian fixed interest	8	0	31	9	0	29
International fixed interest	9	0	32	8	0	28
Listed real assets	3	0	12	6	0	16
Australian shares	29	6	52	27	7	47
International shares	27	4	50	29	9	49
Alternative assets	20	6	34	18	1	38

† The maximum exposure to growth assets for the OptiMix Balanced investment option is 93%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

## OptiMix Growth

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	4	0	27	4	0	24
International fixed interest	6	0	29	5	0	25
Listed real assets	3	0	12	8	0	18
Australian shares	35	12	58	34	14	54

## OptiMix Growth (continued)

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
International shares	34	11	57	35	15	55
Alternative assets	18	4	33	13	0	33

† The maximum exposure to growth assets for the OptiMix Growth investment option is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

## OptiMix High Growth

Asset Class <sup>†</sup>	Previous			Effective 18 September 2017		
	Bench-mark (%)	Min Range (%)	Max Range (%)	Bench-mark (%)	Min Range (%)	Max Range (%)
Cash	0	0	23	1	0	21
Australian fixed interest	0	0	23	0	0	20
International fixed interest	0	0	23	0	0	20
Listed real assets	3	0	12	8	0	18
Australian shares	43	20	66	40	20	60
International shares	42	19	65	45	25	65
Alternative assets	12	3	28	6	0	26

† The maximum exposure to growth assets for the OptiMix High Growth investment option is 100%. International shares may include exposure to emerging market and/or global small cap securities. Listed real assets may include allocations to Global Listed Property and Listed Infrastructure. The Alternative Assets portfolio may include investments such as hedge funds, infrastructure, private equity and real estate. These assets may require a longer period of time to liquidate (i.e. greater than 30 days).

14

## REMOVAL OF CBRE FROM INVESTMENT MENU

The CBRE investment option, which was previously closed to new investors, was terminated (wound up) in May 2018. Members in this investment option had their balances switched into the ANZ Smart Choice Global Property investment option in May 2018.

15

## MAGELLAN GLOBAL OPTION FEE INCREASE

The Ongoing Fee of the Magellan Global investment option (the 'Option') was increased in late 2017 by 0.30% p.a. We wrote to investors in this Option prior to implementing the fee increase. Please refer to the relevant Additional Information Guide, issued on 17 March 2018, for the Ongoing Fees and Costs details.

## 16

## STANDARD RISK MEASURE

The Standard Risk Measure is based on industry guidelines to allow investors to compare investment options by estimating the number of negative annual returns over any 20-year period for each investment option.

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

Further, it does not take into account the impact of any ongoing fees and taxes 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

Investment Option name	Previous Risk Band and Risk Label	New Risk Band and Risk Label
Bentham Global Income	5 – Medium to High	6 – High
Kapstream Absolute Return Income	3 – Low to Medium	4 – Medium
Magellan Global	6 – High	7 – Very High
Perpetual Australian Shares	6 – High	7 – Very High
Walter Scott Global Equity (Hedged)	7 – Very High	6 – High

## INSURANCE

## 17

## INSURANCE IN SUPER CODE OF PRACTICE

We are pleased to announce that ANZ is among the first to opt in to the voluntary Insurance in Super Code of Practice ('Code').

The aim of the Code is to provide greater understanding, clearer accountability and consistency across the superannuation industry in relation to members' insurance, which is an important aspect of members' superannuation benefits. The new standards will also provide you with better information in relation to your insurance via simplified disclosure and improved member communications.

We have commenced a further program of work to implement the additional Code commitments and will publish a full implementation plan prior to 31 December 2018, as required by the Code.

Additional information about the Code can be downloaded from our website at:

[anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > downloads, or  
[anz.com/smartchoice](http://anz.com/smartchoice) > Employer Super > downloads

## 18

## HAVE YOU CHECKED YOUR INSURANCE DETAILS?

This information is only applicable to members of ANZ Smart Choice Super for employers and their employees.

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

If you hold cover that has not been underwritten, for example either Lifestage cover or Default cover, any future change in your occupation may affect your eligibility. To notify us of a change to your occupation please contact Customer Services on 13 12 87.

If you're not sure, you can refer to your Welcome Statement, Additional Information Guide, Insurance Guide or any subsequent insurance letters issued to you for details of your insurance cover.

**Insurance arrangements outlined in this section are of a general nature, but where they only relate to a specific Insurer, such as OnePath Life Limited, this will be shown.**



## DID YOU KNOW?

You can access all your ANZ Smart Choice Super account information, including opting in for electronic communications, online via ANZ Internet Banking. You can also:

- check your balance and transactions
- track performance over time
- view how your super is invested
- compare investment options
- check your insurance cover
- nominate or manage beneficiaries
- round up your super in a few steps, and
- elect to receive your statement and communications electronically.

**Register for ANZ Internet Banking or if you are already registered and need assistance viewing your Super account call 13 12 87.**

19

## HAVE YOUR PERSONAL CIRCUMSTANCES CHANGED?

If so, have you told us? Because it may mean that you are no longer insured.

This information applies to all members of ANZ Smart Choice Super who have insurance with OnePath Life Limited (OPL).

You can refer to your Welcome Statement, Additional Information Guide, Insurance Guide or any subsequent insurance letters issued to you for details of the Insurer that provides your insurance cover.

If you are insured by OnePath Life Limited, did you know that even though you may have continued to pay your insurance fees, a change in your personal circumstances may mean that you are no longer covered? It is important that you continue to advise us of any changes in your personal or working circumstances.

For instance, if one of the following applies to you, you may no longer be covered:

- Have you permanently retired from the workforce?
- Have you commenced active service in the defence forces of any country?
- Are you a visa holder, and has your visa expired?
- Have you transferred your entire balance to the Pension division of ANZ Smart Choice Super and Pension?
- Have you transferred your entire balance from ANZ Smart Choice Super and Pension to ANZ Smart Choice Super for employers and their employees or vice versa?
- Were you not at work\* on the day that your cover commenced?
- Have you permanently departed Australia?
- Have you notified us of a change in address?

Please make sure that you contact Customer Services on 13 12 87 to advise us of changes in your circumstances or for further information.

\*If you hold insurance cover under a Tailored employer plan insurance arrangement insured by OPL, your default cover is subject to a Pre-Existing Condition Exclusion if you were not at work at the time your default cover started. If you return to work and are at work for 30 consecutive days, the Pre-Existing Condition Exclusion will be removed from your default cover on the day immediately after the expiry of this 30 day period. **To avoid being charged Insurance fees for cover that you are ineligible for, please ensure that you notify us if you are ineligible or contact us if you would like to discuss whether you are eligible for default cover.**

If you hold cover under a Standard employer plan insurance arrangement insured by OPL and you are not at work on the day your Lifestage cover starts, the Insurer will provide the Lifestage cover as New Events Cover only until you have been at work for at least one day. For insurance arrangements provided by other insurers, you should refer to the relevant Insurance Guide you received upon joining, or any subsequent letters, for the ongoing eligibility requirements you need to satisfy to retain your insurance cover.

20

## WE HAVE MADE CHANGES TO INSURANCE IN ANZ SMART CHOICE SUPER

A number of changes have been made to the insurance arrangements provided by OnePath Life Limited (OPL) through ANZ Smart Choice Super. These changes are effective 17 March 2018 and are subject to eligibility.

**Please note** that some of the changes may not apply to you if you are part of an insurance arrangement where your Employer has negotiated a specific insurance arrangement on your behalf (Tailored insurance arrangement) either with OnePath Life as the insurer, or an insurer other than OnePath Life.

The table on page 14 summarises the key insurance changes applicable to members, via the relevant products and cover types. Please note that these changes are not relevant if your insurance cover is provided by an insurer other than OPL. You should refer to the Welcome Statement, Additional Information Guide, Insurance Guide or any subsequent insurance letters issued to you for the details of your insurance cover.

More details regarding these changes and the impact on your level of cover and insurance fees can be found in the letter and the Reference Guide effective 17 March 2018 that you may have received earlier this year.

Reference Guides are available online as below.

For members of ANZ Smart Choice Super and Pension:

- members who joined before 11 November 2013, and
- members who joined after 11 November 2013,

separate Reference Guides are available at [anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > downloads.

For members of:

- ANZ Smart Choice Super for employers and their employees, and
- ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees,

the Reference Guide is available at [anz.com/smartchoice](http://anz.com/smartchoice) > Employer super > downloads.

It is important you take time to review the changes and understand what they may mean for you. We recommend that you seek professional financial advice.

## DO YOU HAVE ENOUGH INSURANCE?

You can apply for cover online via ANZ Internet Banking or at [anz.com/smartchoicesuperinsurance](http://anz.com/smartchoicesuperinsurance).



## KEY INSURANCE CHANGES EFFECTIVE FROM 17 MARCH 2018 – ONEPATH LIFE LIMITED

To determine if any of these insurance changes apply to you, please review the 'Type of change' and the 'Product' applicable to you. The type of cover you hold will also be relevant, for example, either Choose Your Own or Lifestage.

Type of change	Product		
	ANZ Smart Choice Super and Pension	ANZ Smart Choice Super for employers and their employees	ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees
a. Total and Permanent Disablement (TPD) tapering. A broader TPD definition also applies.	Choose Your Own TPD cover (TPD cover is not available in pension accounts)	Choose Your Own TPD cover (Standard employer plans) When a member leaves their Tailored <sup>1</sup> employer plan and converts to Choose Your Own cover.	Choose Your Own TPD cover applicable when members leave the QBE employer plan
b. Terminal Illness certification period (for claim events after 17 March 2018)	24-month certification period for Lifestage and Choose Your Own cover	24 month certification period for Lifestage and Choose Your Own cover (Standard employer plans only) 12 month certification period applies to Tailored employer plans.	12 month certification period
c. Continuance of cover whilst residing overseas <sup>2</sup>	Death, TPD and Income Protection (IP) cover	Death, TPD and IP cover	Death, TPD and IP cover
d. Cover whilst on paid and unpaid leave	Not applicable	Death, TPD and IP cover	Death, TPD and IP cover
e. Continuance of cover upon termination of a Tailored employer plan	Not applicable	Death, TPD and IP cover	Death, TPD and IP cover
g. No transfer of cover within the ANZ Smart Choice Super suite (except Death cover) <sup>3</sup>	Death, TPD and IP cover	Death, TPD and IP cover	Death, TPD and IP cover
h. Reduction of cover without underwriting (see details below)	Death, TPD and IP cover	Death, TPD and IP cover	Death, TPD and IP cover
i. Cover commencement on the Acceptance Date	Provided that the insurance fees have been paid in full by the third premium due date, for the period from the cover commencement date to the third premium due date. Cover is cancelled back to inception if this condition is not met.	Not applicable	Not applicable

1. If you are part of a Tailored insurance arrangement, you will have received an Insurance Guide for Tailored employer plans upon joining. A Tailored insurance arrangement is one where your employer has negotiated a specific insurance arrangement on your behalf and may be different from the standard 'Default' insurance arrangement. If you are unsure as to whether your employer's plan is a Tailored insurance arrangement, contact Customer Services on 13 12 87.

2. Cover will cease the day you depart Australia permanently.

3. If you have an ANZ Smart Choice Super and Pension account, you can still transfer Death cover only in your ANZ Smart Choice Super account to the Pension account.

### No transfer of cover within the ANZ Smart Choice Super Suite

From 17 March 2018 you are unable to transfer Death and TPD or IP cover to the ANZ Smart Choice Super and Pension product from the ANZ Smart Choice Super for employers and their employees product, or vice versa. You will still be able to transfer Death cover only from your ANZ Smart Choice Super account to an ANZ Smart Choice Pension account.

You can apply for cover online via ANZ Internet Banking or at [anz.com/smartchoicesuperinsurance](http://anz.com/smartchoicesuperinsurance).

### Reminder of eligibility criteria for insurance cover

- ANZ Smart Choice Super and Pension Additional Information Guide – page 39.  
Available at [anz.com/smartchoice](http://anz.com/smartchoice) > Superannuation > downloads.
- ANZ Smart Choice Super for employers and their employees
  - Standard employer plans insurance guide:  
Lifestage cover – page 7  
Choose Your Own cover – page 7.
  - Tailored employer plans insurance guide:  
Default cover – page 6  
Voluntary cover – page 7.
 Available at [anz.com/smartchoice](http://anz.com/smartchoice) > Employer super > downloads.

### Reduction of cover without underwriting

From 17 March 2018 you can now request to reduce the amount of Lifestage cover or Choose Your Own cover you hold without requiring underwriting. The reduced cover will be provided as fixed Choose Your Own cover. In addition, if you hold Income Protection cover you will also be able to extend your Waiting Period and reduce your Benefit Period without requiring underwriting.

- ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees - Insurance Guide  
Default cover – page 6  
Voluntary cover – page 7.  
For QBE members only, the Insurance Guide is available online.

Items 21 and 22 are only applicable to members of ANZ Smart Choice Super for employers and their employees.

21

## WHAT HAPPENS TO YOUR INSURANCE COVER WHEN YOU LEAVE YOUR EMPLOYER

If your insurance cover is provided by an insurer other than OnePath Life Limited (OPL), your cover will not automatically continue upon leaving your employer.

If you wish for your cover to continue:

- you may need to apply for the Continuation Option if available (which may apply only to some types of cover provided through the employer plan), and
- apply within the time specified by the life insurer – generally within 60 days of your employment ceasing, or
- you can apply for new cover with OnePath Life Limited.

For more information, please refer to the Product Disclosure Statement (PDS) you received when you joined your employer's super plan or call Customer Services on 13 12 87 and we can assist you with either the appropriate form to exercise the Continuation Option, or to apply for new cover with OnePath Life.

### If you leave your employer and you were a member of a Tailored insurance arrangement with OnePath Life Limited

If your employer notifies us that you have left employment with them, your account will no longer be linked to your employer and any Default and Voluntary cover will be converted to a fixed amount of Choose your Own cover. The amount of Choose Your Own cover will be equal to the amount of Default cover plus any Voluntary cover you held at the time of ceasing employment. From then, your insurance fees will be calculated in line with the Choose Your Own cover basis. We will write to you, outlining the details of your new cover.

### If you leave your employer and you were a member of a Standard insurance arrangement with OnePath Life Limited

If your employer notifies us that you have left their employment, your account will no longer be linked to your employer and any Lifestage or Choose Your Own Cover you hold will continue from the date you are transferred out of the employer arrangement (i.e. delinked from the employer plan). From then, your insurance fees will be calculated in line with either Lifestage or Choose Your Own cover, depending on the cover type you held at the time of ceasing employment.

You can use your ANZ Smart Choice Super account with your new employer by using the Choice of Fund Nomination form. You can obtain this form via ANZ Internet Banking or by contacting Customer Services on 13 12 87.

22

## WHAT HAPPENS TO YOUR INSURANCE COVER IF YOUR EMPLOYER TERMINATES THEIR ANZ SMART CHOICE SUPER PLAN?

### If your employer has a Standard insurance arrangement with OnePath Life Limited

At a future date, if your employer terminates their default Standard employer arrangement, any Lifestage or Choose your Own cover you hold will continue from the date you are transferred out of the employer arrangement (i.e. delinked from the employer plan). From then, your insurance fees will be calculated in line with either Lifestage or Choose Your Own cover basis.

### If your employer has a Tailored insurance arrangement with OnePath Life Limited

At a future date, if your employer terminates their default Tailored employer arrangement, any insurance cover that you hold will convert to Choose Your Own cover from the date you are transferred out of the employer arrangement (i.e. delinked from the employer plan). The amount of Choose Your Own cover will be equal to the amount of any Default cover plus Voluntary cover applicable prior to your transfer out. From then, your insurance fees will be calculated in line with the Choose Your Own cover basis. We will write to you, outlining the details of your new cover.

### What is the effect of conversion to Choose Your Own cover?

Your Insurance fees will be based on the standard Choose Your Own cover insurance rates. The rates applicable to Choose Your Own cover are generally higher than the rates that apply to Tailored employer plans. These rates are included in the ANZ Smart Choice Super for employers and their employees Insurance Guide for Standard employer plans, which you can find on our website at [anz.com/smartchoicesuper](http://anz.com/smartchoicesuper) > downloads or by calling Customer Services.

Where your cover is converted to a fixed amount of Choose Your Own cover, you will be classified as being in a Standard collar occupation. Where your occupational category is known prior to your insurance cover conversion, this will be retained. This will determine the loadings that are applied to your Insurance fees. You can contact us at any time to advise us of the occupational category that is applicable to you.

Any change to your Insurance fee loadings will be applied from the next business day after the day your cover converts to Choose Your Own cover.

### If your employer has a Tailored insurance arrangement with an insurer other than OnePath Life Limited

If your employer terminates their default Tailored employer arrangement in the future, any insurance cover you hold at that time will not automatically continue.

If you wish for your insurance cover to continue:

- you may need to apply for the Continuation Option if available (which may apply only to some types of cover provided through the employer plan), and
- apply within the time specified by the life insurer – generally within 60 days of your employment ceasing, or
- you can apply for new cover with OnePath Life Limited.

# EXPLORE MORE ONLINE

For up to date information on your account balance, contributions, investment performance and much more, log in to or register for ANZ Internet Banking today.

## Contact us

ANZ Smart Choice Super

☎ 13 12 87 (option 1) weekdays between 8.30am and 6.30pm (AEST)

✉ [anzsmartchoice@anz.com](mailto:anzsmartchoice@anz.com)

OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673) is the trustee of the OnePath MasterFund (ABN 53 789 980 697, RSE R1001525, SFN 292 916 944) (Fund) and issuer of this Member Update. The issuer is a wholly owned subsidiary of Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ). ANZ is an authorised deposit taking institution (Bank) under the Banking Act 1959 (Cth). Although the issuers is owned by ANZ it is not a Bank.

The ANZ Smart Choice Super suite of products consists of ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees (together "ANZ Smart Choice Super"). ANZ Smart Choice Super and Pension is a retail product issued pursuant to the Product Disclosure Statement (PDS) dated 17 March 2018. ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees are both MySuper compliant employer products issued pursuant to separate PDSs dated 17 March 2018.

ANZ Smart Choice Super and Pension received a Gold rating in SuperRatings' 2018 product rating in both the Super and Pension categories. ANZ Smart Choice Super for employers and their employees received a Gold rating in SuperRatings' 2018 MySuper product rating. SuperRatings does not issue, sell, guarantee or underwrite this product. Go to [www.superratings.com.au](http://www.superratings.com.au) for details of its ratings criteria.

Before re-directing your super or moving your money into your product, you will need to consider whether there are any adverse consequences for you, including exit fees, other loss of benefits (e.g. insurance cover), investment options and performance, functionality, increase in investment risks and where your future employer contributions will be paid.

ANZ does not represent or guarantee that access to ANZ Internet Banking or the ANZ App will be uninterrupted. Temporary service disruptions may occur.

Except as described in the relevant PDS, an investment with the issuer is not a deposit or other liability of ANZ or its related group companies and none of them stands behind or guarantees the issuer or the capital or performance of an investment. Any investment is subject to investment risk, including possible repayment delays and loss of income and principal invested. Returns can go up and down. Past performance is not indicative of future performance.

This information is current as at August 2018 but may be subject to change. You should read the relevant Financial Services Guide (FSG), PDS, product and other updates and consider whether the product is right for you before making a decision to acquire or to continue to hold the product. Updated information will be available free of charge by calling Customer Services on 13 12 87. Taxation law is complex and this information has been prepared as a guide only and does not represent taxation advice. Please see your tax adviser for independent taxation advice.

The information provided is of a general nature and does not take into account your personal needs, financial circumstances or objectives. Before acting on this information, you should consider the appropriateness of the information, having regard to your needs, financial circumstances or objectives. The case studies used in this Member Update are hypothetical and are not meant to illustrate the circumstances of any particular individual. Opinions expressed in this document are those of the authors only.

In addition to their salary, ANZ staff members may receive monetary or non-monetary benefits depending on the product they are selling or providing advice on. You may request further information from ANZ. Other key features including insurance, available investment options and performance, exit fees and functionality are relevant when choosing a super fund.