

Explanatory guide - changes to fees and costs disclosures for ANZ Smart Choice Super for employers and their employees

REGULATORY GUIDE 97

ASIC's Regulatory Guide 97 (RG97) is an industry-wide initiative, designed to make the disclosure of fees and costs more transparent for superannuation, pension and investment products.

At ANZ Wealth we are committed to making things easy and transparent for our customers and are supportive of the RG97 disclosure enhancements. For ANZ Smart Choice Super members, compliance with RG97 is expected to have **no impact on the actual fees and costs** applied to their overall account balances and investment returns – it simply changes the way these are disclosed. Please refer to the following page for a comparison of the fees and costs disclosures.

Which products are affected?

All superannuation, pension and investment products are impacted by RG97, including ANZ Smart Choice Super for employers and their employees (ANZ Smart Choice Super).

What does this mean for you?

On 28 September 2017 we issued a new Product Disclosure Statement (PDS) for ANZ Smart Choice Super.

The new PDS provides full details of fees and costs for MySuper Lifestage and 'choose your own' investment options in line with RG97, and is available from the 'Downloads' section at anz.com/smartchoicesuper

In 2018, members will gradually see the RG97 changes reflected in periodic statements issued for accounts in ANZ Smart Choice Super. To assist in understanding the changes, we will provide an explanatory insert with these statements.

What do you need to do?

You and your employees do not need to do anything.

Any questions?

Please visit the 'Downloads' section at anz.com/smartchoicesuper for more information about 'Fees and Costs' for ANZ Smart Choice Super and refer to the PDS, Additional Information Guide (AIG), the Buy-Sell Spread Guide and product updates.

If you have any questions or require further information, please call Customer Services on 13 12 87.

Comparison of fees and costs disclosures

Please see over the page for a comparison of the fees and costs disclosed for the MySuper Lifestage investment options in the ANZ Smart Choice Super PDS under the new and former PDS for this product using a balance of \$50,000.

It is important to note that while the 'Cost of fund/product' now appears slightly higher, this is due to new disclosure requirements and not an increase in fees and costs.

The below tables are illustrative only.

OLD PDS dated 18 February 2017

EXAMPLE OF ANNUAL FEES AND COSTS

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

MySuper Lifestage option fees		Balance of \$50,000
Investment fees	0.50% p.a.	For every \$50,000 you have in the MySuper product you will be charged \$250 each year.
PLUS Administration fees	\$50 p.a. (\$0.96 per week)	And, you will be charged \$50 in administration fees regardless of your balance*.
PLUS Indirect costs for the MySuper product	\$0 p.a.	And, indirect costs of \$0 each year will be deducted from your investment.
EQUALS Cost of fund	\$300	If your balance was \$50,000, then for that year you will be charged fees of \$300 for the MySuper product.*

*Additional fees may apply. There is currently no contribution fee. If you close your account you may also be charged and exit fee of \$50. The administration fee is waived if your account balance has a zero balance.

NEW PDS issued 28 September 2017

The example shown below is an update to the PDS issued 28 September 2017. Both the PDS and the update to the PDS are available in the 'Downloads' section at anz.com/smartchoicesuper

EXAMPLE OF ANNUAL FEES AND COSTS

This 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	0.50% 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%† 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.**

For full fees and costs tables, please see the PDS.

The key differences to note are:

Levies and Expense recoveries, which reflect the recovery of costs associated with government supervision and reform activities within the superannuation industry, are now disclosed as part of the Administration fee. Previously, they were disclosed through a separate communication to members before the levies and expense recoveries were deducted.

Indirect Costs are not charged as a separate fee to members, rather they are reflected in investment option returns and included in the unit price. While these costs have always existed, we are now required to disclose them separately as a consequence of RG97.

* Figures based on the actual amount deducted for the 12 months to 30 June 2017. The levies and expense recoveries are 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 AIG 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 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 available at anz.com/smartchoicesuper or by contacting Customer Services.

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You should read the ANZ Financial Services Guide, the PDS and any product and other updates which are available by calling Customer Services on 13 12 87 or visiting anz.com/smartchoicesuper and consider whether the product is right for you before making a decision to acquire or to continue to hold the product. This information is current as at September 2017 but may be subject to change. 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.