

26 August 2019

This Significant Event Notice is to inform you of important changes to **HESTA Income Stream** and **HESTA Term Allocated Pension**. Generally this includes changes to, or events impacting, the information provided in the Product Disclosure Statements ('PDS') of those products. The changes will be incorporated into subsequent releases of the PDS available at hesta.com.au/pds

Legislation and tax changes

Transfers to ATO or Eligible Rollover Fund

From 1 July 2019 we are required to transfer your account to the ATO, or we may choose to transfer you to eligible rollover fund (ERF), if your account is deemed to be inactive low-balance. Inactive low-balance means:

- we haven't received any amount for you for a continuous period of 16 months; and
- your account balance is less than \$6,000.

You will be excluded from being considered as an inactive low-balance account if you have:

- chosen to maintain your insurance (opt-in)
- any existing insurance cover has not ceased
- have met a condition of release as prescribed for this purpose in legislation.

Or in the previous 16 months you have:

- changed your investment option
- changed your insurance cover
- made or amended a binding death benefit nomination
- given a written notice to the ATO advising you did not have an inactive low balance account
- HESTA was owed an amount for you.

You will cease to be considered inactive low-balance if your account becomes active again.

Caps and thresholds

	2018/19	2019/20
SG maximum contribution base	\$54,030 p.q.	\$55,270 p.q.
Co-contribution threshold	\$37,697	\$38,564
Co-contribution upper thresholds	\$52,697	\$53,564
Lump sum low rate cap	\$205,000	\$210,000
Untaxed plan cap amount	\$1,480,000	\$1,515,000

Fees and costs

Investment fees and costs – Transition to Retirement

	Investment fee		Indirect Cost Ratio	
	2017/18	2018/19	2017/18	2018/19
Defensive	0.27%	0.33%	0.04%	0.02%
Conservative	0.41%	0.43%	0.04%	0.02%
Balanced	0.50%	0.49%	0.07%	0.03%
Eco	1.16%	1.27%	0.11%	0.04%
Active	0.53%	0.43%	0.03%	0.02%
Cash	0.06%	0.08%	0.00%	0.00%
Property	0.38%	1.15%	0.46%	0.08%
Term Deposits	0.04%	0.06%	0.00%	0.00%
International Shares	0.67%	0.46%	0.01%	0.01%
Australian Shares	0.42%	0.40%	0.00%	0.00%

Investment fees and ICRs includes several components which are estimates only. Actual amounts you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

Investment fees and costs – Retirement Income Stream and Term Allocated Pension

	Investment fee		Indirect Cost Ratio	
	2017/18	2018/19	2017/18	2018/19
Defensive	0.25%	0.33%	0.04%	0.02%
Conservative	0.35%	0.42%	0.04%	0.02%
Balanced	0.49%	0.50%	0.07%	0.03%
Eco	0.99%	1.18%	0.11%	0.04%
Active	0.50%	0.44%	0.03%	0.02%
Cash	0.06%	0.08%	0.00%	0.00%
Property	0.39%	1.16%	0.48%	0.08%
Term Deposits	0.04%	0.06%	0.00%	0.00%
International Shares	0.60%	0.46%	0.00%	0.01%
Australian Shares	0.41%	0.38%	0.00%	0.00%

Investment fees and ICRs include several components which are estimates only. Actual amounts you will be charged in subsequent financial years will depend on the actual costs incurred in those years. Past costs may not necessarily be an indicator of future costs.

Fee cap

From 1 July 2019, if your account balance is less than \$6,000 at the end of a financial year, the total combined amount of administration fees, investment fees and indirect costs charged to you will be capped at 3% of your account balance. Any amounts charged in excess of that cap will be refunded to your account.

Advice fees

Generally, the cost of financial advice you receive from HESTA in relation to your HESTA account is included in the administration fee. An advice fee is only charged where the advice relates to retirement or transition to retirement.

From 1 July 2019, HESTA will no longer charge an advice fee for financial advice relating to retirement and transition to retirement. The cost of this advice is now covered by the administration fee and no advice fee is charged.

Family Law Information Request fee

From 1 October 2019, HESTA will no longer charge a Family Law Information Request fee for responding to superannuation information requests under the Family Law Act 1975.

Investment changes

Risk Level and Probable number of negative annual returns over 20 years

	Up to 30/9/2019		From 1/10/2019	
	Risk level	Negative returns	Risk level	Negative returns
Term deposits	Low	0.5 to less than 1	Very low	Less than 0.5
Australian Shares	High	4 to less than 6	Very High	6 or greater

Asset allocation range – Transition to Retirement

	Asset class	Up to 30/9/2018	From 1/10/2019
Eco	Cash	5-20%	2-20%

Foreign currency exposure – Retirement Income Stream and Term Allocated Pension

	Up to 30/9/2018			From 1/10/2019		
	Strategic exposure	Strategic exposure range	Active hedge	Strategic exposure	Strategic exposure range	Active hedge
Property	0.0%	5% - 20%	No	0.0%	0% - 20%	No

Investment managers in Eco

The HESTA Income Stream Product Disclosure Statement has been updated to remove reference to specific investment managers in the Eco option. From 1 July 2019, HESTA may use other investment managers to implement its investment strategy in relation to this option. The investment managers HESTA uses can be viewed at hesta.com.au/members/investments

Controversial weapons exclusion

Across our entire listed equities portfolio we exclude investment in any company that produces controversial weapons. From 1 July 2019, the definition of controversial weapons that are subject to this exclusion has been amended to include any weapons in breach of a United Nations Convention, and covers whole weapon systems or components developed for exclusive use in those weapons.

contact us

hestais@hesta.com.au | 1300 734 479 | Locked Bag 5136, Parramatta NSW 2124 | hesta.com.au