

significant event notice



25 August 2020

This Significant Event Notice ('Notice') is to let you know about important changes to **HESTA and HESTA Personal Super**. 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 future versions of the PDS available at hesta.com.au/pds

The changes that we are letting you know about in this Notice include:

- Temporary changes to unit pricing, investment switching and transaction processing
- Investment changes
- Legislation and tax changes
- Insurance changes, and
- Other changes.

Changes to unit pricing, investment switching and transaction processing

To implement the investment changes (detailed in the next section), there will be a short period between **28 September – 5 October 2020** where transaction requests including rollovers and investment switches will be impacted. After 12.01am 5 October, members will be able to check their new investment options online. There will also be a change to the regular unit pricing cycle.

Unit pricing

Generally unit prices are valued weekly on a Tuesday, then applied to member accounts the immediate Friday. To implement the investment changes and enable the system update, the unit price cycle will change for the week during the implementation. Unit pricing will return to the normal cycle from Tuesday 6 October 2020, after the investment options are implemented.

Here's what's changing

Instead of calculating the unit price on Tuesday 29 September 2020, the unit price will be calculated on Wednesday 30 September. There will be no unit price calculated on the Tuesday.

The unit price calculated 30 September (Wednesday) will be effective on 1 October (Thursday) instead of 2 October (Friday). Any switches processed thereafter will use the last effective unit price (being that on 1 October) until the next regular cycle.

The following timings and unit pricing will apply to investment switching and transactions:

Transaction type	Timings that apply	Unit pricing that apply
Investment switching will be temporarily suspended from 12.01am 30 September to 12.01am 5 October		
An automatic transfer of members to their new investment option (where relevant)	Processed effective Thursday 1 October	The automatic transfer will be processed using unit prices calculated at the end of the day on Wednesday 30 September
Investment switches received by 11.59pm (AET) 29 September 2020	Processed effective Friday 2 October	Your switch will be processed using the new investment option and unit prices calculated at the end of the day on Wednesday 30 September
Members can submit switch requests under our changed investment menu	From 12.01am Monday 5 October	Normal investment switching rules apply: If you complete an investment switch before 11.59pm (AET) Tuesday 6 October, your switch will be processed the immediate Friday using prices calculated at the end of the day on the Tuesday. Any switch requests received after 11:59pm (AET) Tuesday 6 October will be processed the Friday of the following week using the prices calculated the next Tuesday

Changes to unit pricing, investment switching and transaction processing (continued)

Transaction type	Timings that apply	Unit pricing that apply
Changes to transaction processing		
Money 'in' <ul style="list-style-type: none"> Including employer and personal contributions and money you roll in from other funds 	Money 'in' will be temporarily suspended from 12.01am 1 October to 12.01am 5 October and will be processed on 5 October, effective the day of receipt	Money 'in' during this period will be processed using unit prices calculated at the end of the day on Wednesday 30 September
Money 'out' <ul style="list-style-type: none"> Including rollovers, withdrawals, lump sum payments for claims and COVID-19 early release payments 	Money 'out' will be temporarily suspended from 12.01am 28 September to 12.01am 5 October, with requests received from 28 September being processed within three business days from 5 October	Money 'out' will be processed using prices calculated at the end of the day on Wednesday 30 September until Friday 9 October when the next weekly unit price is applied to member accounts (as per normal unit price cycle)

Investment changes

Overview

From 1 October 2020, we are making changes to the investment options we offer, so we can better concentrate our investment expertise on a more focussed set of choices.

These changes are to support the continued delivery of strong, competitive, long-term returns for members and are the result of more than 18 months' worth of extensive research into member needs and choices.

In updating our investment options, some options will be closing, others will have a name change, be new or be a mix of existing options.

The impact to members who are invested in closing or merging options will be minimal. These members' investments will be automatically transferred to another option (if no other choice is made) which offers a similar risk/return profile. This means that the risk and return profile on the new option will be in a similar range as their previous option. These members were notified on 11 August about the changes affecting them. You can read that notification [here](#).

Investment options from 1 October 2020

Members will have a choice of 10 investment options across super and Transition to Retirement (TTR) Income Stream and 10 options in Retirement Income Stream.

For most of our members invested in Core Pool this is a simple name change to Balanced Growth. Changes to fees and costs and a small adjustment to the growth and defensive asset split (from 72.5% growth to 75% growth) is an outcome of our usual annual investment review.

Our investment options will be consistently named across both super and income stream. This will give members a better understanding of the options and a seamless experience when moving from the accumulation phase of super to taking an income stream as members approach or reach retirement.

Members will also be able to invest in a new Indexed Balanced Growth option, that aims to closely match index returns.

The table below compares the current and new investment options.

	Current Options	Investment options from 1 October 2020	Key change
Ready-Made Options	Core Pool (MySuper)	Balanced Growth (MySuper)	Name change, details on page 5
	Conservative Pool	Conservative	Name change, details on page 5
		Indexed Balanced Growth	New investment option, details on page 6
	Eco Pool	Sustainable Growth	Name change, details on page 6
	Shares Plus	High Growth	Name change, details on page 6
Your Choice Options	Cash	Cash and Term Deposits	Including term deposit assets and option renamed. See details on page 7.
	Global Bonds	Diversified Bonds	Name change, details on page 7
	Property	Property and Infrastructure	Infrastructure option closed and merged into Property option. Option renamed. See details on page 8
	Infrastructure		
	International shares	International shares	Details on page 8
	Australian shares	Australian shares	Details on page 9
	Private Equity	Closed	Private Equity will close and members allocated to High Growth. Details on page 9

Full details of the changes are on pages 5-9.

Terminology updates

The feedback we received through extensive member testing is that members would like investments explained to them in a more straightforward and literal way to make them easier to understand. This feedback has driven these changes. From 1 October 2020:

- all references to investment 'pools' will be removed and 'Ready-made Investment Pools' will be renamed to 'Ready-Made Options'. Similarly, 'Your Choice asset classes' will be renamed to 'Your Choice Options'; and
- the 'Strategy' label for each investment option will be known as 'Description'. Each description is designed to explain what the option is invested in and what it is trying to achieve.

Risk profile descriptions

To improve members' understanding, we have updated the names assigned to our risk profiles which corresponds to 'Type of investor this option may suit' for some options in Tables 1-5 on pages 5-9.

Old risk profile names	New risk profile names	Detailed descriptions of the new risk profile
Cautious	Very Cautious	<ul style="list-style-type: none"> You cannot accept a short-term capital loss from your super. You're usually investing over a short time period (less than 1 year). You may choose to invest in 100% defensive assets.
Defensive	Cautious	<ul style="list-style-type: none"> Generally, your priority is to keep your super steady in the short-term. You prefer not to risk losing capital but want to keep pace with inflation. You're typically planning to stay invested for at least 1-3 years. While you typically invest in defensive assets, you may choose to invest up to 39% in growth assets.
Moderate	Moderate	<ul style="list-style-type: none"> You may be comfortable with some exposure to growth assets in your super to increase the likelihood of a higher investment return over the short to medium-term. You may also be comfortable with year-to-year variation in returns, including an occasional negative return. You're typically planning to stay invested for at least 3-5 years. You may choose to invest up to 57% in growth assets.
Assertive	Ambitious	<ul style="list-style-type: none"> You may be comfortable with more exposure to growth assets in your super to increase the likelihood of a higher investment return over medium to long-term. You may also be comfortable with short-term changes in the value of investments, including negative returns, in aiming for higher returns over the long-term. You're typically planning to stay invested for at least 5-7 years. You may choose to invest up to 75% in growth assets.
Aggressive	Very Ambitious	<ul style="list-style-type: none"> You may be comfortable with high exposure to growth assets to increase the likelihood of a higher investment return over the long-term. You may also be comfortable with short-term changes in the value of investments, including negative returns, in aiming for higher returns over the long-term. You're typically planning to stay invested for at least 7-10 years You may choose to invest up to 90% in growth assets.

Table 1: Changes to Ready-Made Options - Balanced Growth and Conservative

Name		Up to 30/9/2020 Core Pool	From 1/10/2020 Balanced Growth	Up to 30/9/2020 Conservative Pool	From 1/10/2020 Conservative
Description		Invests in a diversified but balanced mix of assets. Aims to provide a less volatile return than would otherwise be expected in an investment with its investment objective.	This is our default investment option where over 80% of our members have invested their super. Invests in a wide range of mainly shares, private equity, property and infrastructure, with some debt and cash investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	Asset allocation includes: <ul style="list-style-type: none"> more exposure to cash and debt markets than other Ready-Made Pools approximately 25% of investments in shares. Shares tend to have a low correlation, or relationship, with cash and debt and as one rises in value, the other may be expected to fall. Investing a proportion in shares helps reduce risk while enhancing the potential return over the longer term.	Invests in a range of mainly debt and cash, with some exposure to shares, property and infrastructure. This option aims to achieve medium-term growth with some possible ups and downs but is expected to be more stable than Balanced Growth in the short-term .
Investment objective (long-term)		To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%	No change	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 2.0%	No change
Probable number of negative returns over 20 years		3 to less than 4	No change	1 to less than 2	No change
Risk level		Medium to high	No change	Low to medium	No change
Suggested minimum investment timeframe		5 to 7 years	No change	1 to 3 years	No change
Type of investor this may suit		Assertive	No change to risk profile, renamed to 'Ambitious'	Defensive	No change to risk profile, renamed to 'Cautious'
Strategic asset allocation	Australian shares	25%	25%	12%	11.5%
	International shares	24%	24%	11%	10.5%
	Private equity	6%	6%	-	-
	Alternatives	8.5%	8.5%	6%	6%
	Infrastructure	12%	12%	11%	10.5%
	Property	9.5%	9.5%	8.5%	8.5%
	Global debt	10%	10%	30%	30%
	Cash	5%	5%	22%	23%
Allocation range	Australian shares	17 - 37%	17 - 37%	5 - 20%	5 - 20%
	International shares	16 - 36%	16 - 36%	5 - 15%	5 - 15%
	Private Equity	0 - 12%	0 - 12%	-	-
	Alternatives	0 - 15%	0 - 15%	0 - 15%	0 - 15%
	Infrastructure	5 - 25%	5 - 25%	2 - 15%	2 - 15%
	Property	3 - 20%	3 - 20%	2 - 15%	2 - 15%
	Global debt	5 - 25%	5 - 25%	20 - 40%	20 - 40%
	Cash	0 - 30%	0 - 30%	10 - 30%	10 - 30%
Overall growth / defensive split*	Growth	72.5%	75%	35.5%	39%
	Defensive	27.5%	25%	64.5%	61%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 2: New Indexed Balanced Growth and changes to Ready-Made Options - Sustainable Growth and High Growth

Name		New option from 1/10/2020 Indexed Balanced Growth	Up to 30/9/2020 Eco Pool	From 1/10/2020 Sustainable Growth	Up to 30/9/2020 Shares Plus	From 1/10/2020 High Growth
Description		Invests in a mix of low-cost asset classes that aim to closely match index returns. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	Invests in companies with above average environmental, social and governance performance. Eco Pool has investment exclusions concerning uranium, fossil fuels, tobacco and controversial weapons. See investment policies for details. Property investments are screened to ensure they meet appropriate environmental requirements. Currently, the Private equity investments are in sustainable investments.	Invests in shares, debt and private equity of companies with above average environmental, social and governance performance, along with some exposure to environmental property investments. This option aims to achieve medium to long-term growth with some possible ups and downs in the short-term.	Has a mixed asset allocation, with more exposure to the share market than Core Pool. However, its diversification means that it has a lower risk profile than an investment in shares alone.	Invests in a wide range of primarily Australian and international shares, and private equity, along with some exposure to property, infrastructure, debt and cash. This option aims to achieve strong long-term growth with some possible ups and downs that may be greater than Balanced Growth in the short-term.
Investment objective (long-term)		To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 2.5%	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.5%	No change	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%	No change
Probable number of negative returns over 20 years		4 to less than 6	4 to less than 6	No change	4 to less than 6	No change
Risk level		High	High	No change	High	No change
Suggested minimum investment timeframe		7 to 10 years	7 to 10 years	No change	7 to 10 years	No change
Type of investor this may suit		Ambitious	Aggressive	No change to risk profile, renamed to 'Very ambitious'	Aggressive	No change to risk profile, renamed to 'Very ambitious'
Strategic asset allocation	Australian shares	32%	33%	33%	39.7%	39.0%
	International shares	43%	31%	31%	31.6%	30.5%
	Private equity	-	4%	4%	10%	10%
	Alternatives	-	0%	0%	0.0%	8.5%
	Infrastructure	-	0%	0%	8.7%	4.5%
	Property	-	10%	10%	8%	3.5%
	Global debt	20%	17%	17%	0.0%	2.0%
	Cash	5%	5%	5%	2%	2%
Allocation range	Australian shares	27 - 37%	23 - 47%	23 - 43%	25 - 50%	25 - 50%
	International shares	38 - 48%	17 - 41%	21 - 41%	25 - 50%	25 - 50%
	Private equity	-	0 - 10%	0 - 10%	5 - 15%	0 - 15%
	Alternatives	-	0 - 15%	0 - 15%	0 - 10%	0 - 15%
	Infrastructure	-	0 - 20%	0 - 20%	2 - 10%	0 - 10%
	Property	-	0 - 20%	0 - 20%	2 - 15%	0 - 10%
	Global debt	15 - 25%	5 - 25%	5 - 25%	0 - 10%	0 - 10%
	Cash	0 - 10%	2 - 20%	2 - 20%	0 - 25%	0 - 25%
Overall growth / defensive split*	Growth	75%	73%	75%	90.9%	90%
	Defensive	25%	27%	25%	9.1%	10%

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 3: Changes to Your Choice Options - Cash and Term Deposits and Diversified Bonds

Name		Up to 30/9/2020 Cash	From 1/10/2020 Cash and Term Deposits	Up to 30/9/2020 Global Bonds	From 1/10/2020 Diversified Bonds
Description		Cash is primarily invested in at-call bank deposits, along with an allocation to short-dated term deposits. It may include a small allocation to other cash investments.	Invests in a range of at-call bank deposits and short-dated term deposits, and may have a small allocation to other cash investments. It is expected to deliver a return above the official RBA cash rate over the long-term.	Is 100% invested in bonds and other debt products. The underlying investments are similar for this asset class in Core Pool, being a range of global and alternative debt products, but excluding some unlisted debt that is considered higher risk. All currency exposures in international debt are fully hedged.	Invests in Australian and international government bonds and other debt. This option aims for returns that typically outperform cash, but is more stable than shares in the short to medium-term.
Investment objective (long-term)		Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the Bloomberg Ausbond Bank Bill Index.	No change	Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the combination of: • 50% Bloomberg AusBond Composite 0+ Year Index • 50% Barclays Capital Global Aggregate ex Australia Index Hedged to \$A	No change
Probable number of negative returns over 20 years		Less than 0.5	No change	1 to less than 2	No change
Risk level		Very low	No change	Low to medium	No change
Suggested minimum investment timeframe		Less than 1 year	No change	1 to 3 years	No change
Type of investor this may suit		Cautious Or an investor seeking to create their own diversified portfolio, who would like to include cash and cash products.	No change to risk profile, renamed to 'Very Cautious' Or an investor seeking to create their own diversified portfolio, who would like to include cash, cash products and term deposits.	An investor seeking to create their own diversified portfolio, who would like to include debt and other fixed interest investments.	No change
Strategic asset allocation	Global debt	-	-	100%	100%
	Alternatives	-	-	0%	0%
	Cash	100%	50%	-	-
	Term deposit	-	50%	-	-
Allocation range	Global debt	-	-	50 - 100%	50 - 100%
	Alternatives	-	-	0 - 30%	0 - 30%
	Cash	100%	40 - 100%	0 - 25%	0 - 25%
	Term deposit	-	0 - 60%	-	-
Overall growth / defensive split*	Growth	0%	No change	0%	No change
	Defensive	100%	No change	100%	No change

** Estimated tax rate provided by independent investment consultant.

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 4: Changes to Your Choice Options - Property and Infrastructure and International Shares

Name	Up to 30/9/2020 Property	Up to 30/9/2020 Infrastructure	From 1/10/2020 Property and Infrastructure	Up to 30/9/2020 International Shares	From 1/10/2020 International Shares	
Description	Is invested primarily in unlisted property products and has a 10% holding in cash investments. Your Choice - Property investments are managed in a similar style to that used by Core Pool for this asset class	Is invested primarily in unlisted infrastructure products with a 10% holding in cash products. It will have investments in both Australian and international infrastructure. The underlying investments are similar to those for this asset class in Core Pool.	Invests in Australian and global property and infrastructure, along with some cash. This option aims to achieve medium to long-term growth with some possible ups and downs, but is expected to be more stable than shares in the short-term.	The underlying investments in Your Choice - International Shares are similar for this asset class in Core Pool. The currency exposures in international shares are managed under our currency overlay program policy. It may include managers who also short sell shares.	Invests in a range of companies listed on stock exchanges around the world. This option aims to achieve strong growth over the long-term, with possible short-term ups and downs.	
Investment objective (long-term)	Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%.	Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 3.0%.	No change	Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the combination of: <ul style="list-style-type: none"> • 77.5% MSCI World ex Australia Index in \$A Net Dividends Reinvested • 22.5% MSCI Emerging Markets Index in \$A Net Dividends Reinvested • 50/50 \$A Hedged/ Unhedged 	No change	
Probable number of negative returns over 20 years	2 to less than 3	3 to less than 4	2 to less than 3	4 to less than 6	No change	
Risk level	Medium	Medium to high	Medium	High	No change	
Suggested minimum investment timeframe	5 to 7 years	5 to 7 years	No change	7 to 10 years	No change	
Type of investor this may suit	An investor seeking to create their own diversified portfolio, who would like to include Australian and international property	An investor seeking to create their own diversified portfolio, who would like to include exposure to infrastructure assets.	An investor seeking to create their own diversified portfolio, who would like to include property and infrastructure	An investor seeking to create their own diversified portfolio, who would like to include international shares.	No change	
Strategic asset allocation	International shares	-	-	100%	100%	
	Infrastructure	-	90%	45%	-	
	Property	90%	-	45%	-	
	Cash	10%	10%	10%	-	
Allocation range	International shares	-	-	75 - 100%	90 - 100%	
	Infrastructure	-	85 - 95%	30 - 70%	-	
	Property	85 - 95%	-	30 - 70%	-	
	Cash	5 - 15%	5 - 15%	0 - 30%	0 - 25%	0 - 10%
Overall growth / defensive split*	Growth	58.5%	45%	68%	100%	No change
	Defensive	41.5%	55%	32%	0%	No change

** Estimated tax rate provided by independent investment consultant.

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Table 5: Changes to Your Choice Options - Australian Shares and the closed Private Equity (Closed and allocated to High Growth)

Name		Up to 30/9/2020 Australian Shares	From 1/10/2020 Australian Shares	Up to 30/9/2020 Private Equity (Closed option allocated to High Growth)	From 1/10/2020 High Growth
Description		The underlying investments in Your Choice - Australian Shares are similar for this asset class in Core Pool. It can hold a small percentage of its assets in shares of companies not listed on the Australian Stock Exchange. It may include managers who also short sell shares.	Invests in a range of companies listed on the Australian stock exchange, as well as a few that aren't. This option aims to achieve strong growth over the long-term, with possible short-term ups and downs.	Invests primarily in Australian and international private equity and also has a 10% holding in cash products. The underlying investments are similar to those for this asset class in Core Pool.	Invests in a wide range of primarily Australian and international shares, and private equity, along with some exposure to property, infrastructure, debt and cash. This option aims to achieve strong long-term growth with some possible ups and downs that may be greater than Balanced Growth in the short-term.
Investment objective (long-term)		Over the long-term, to earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than the return (net of tax**) of the S&P/ASX 300 Accumulation Index.	No change	Over the long-term, to earn an after-tax return after investment fees and indirect costs, at least 3% higher than the return (net of tax**) of the combination of: <ul style="list-style-type: none"> • 13.5% S&P/ASX 300 Accumulation Index • 76.5% MSCI ACWI ex Australia in \$A Net Dividends Reinvested Hedged • 10.0% Bloomberg Ausbond Bank Bill Index. 	To earn an after-tax return, after investment fees and indirect costs, equivalent to or higher than CPI + 4.0%
Probable number of negative returns over 20 years		6 or greater	No change	4 to less than 6	No change
Risk level		Very high	No change	High	No change
Suggested minimum investment timeframe		7 to 10 years	No change	7 to 10 years	No change
Type of investor this may suit		An investor seeking to create their own diversified portfolio, who would like to include Australian Shares.	No change	An investor seeking to create their own diversified portfolio, who would like to include exposure to Australian and international private equity products.	Very ambitious, renamed from 'Aggressive'
Strategic asset allocation	Australian shares	100%	100%	-	39%
	International shares	-	-	-	30.5%
	Private equity	-	-	90%	10.0%
	Alternatives	-	-	-	8.5%
	Infrastructure	-	-	-	4.5%
	Property	-	-	-	3.5%
	Global debt	-	-	-	2%
	Cash	0%	0%	10%	2%
Allocation range	Australian shares	75 - 100%	90 - 100%	-	25 - 50%
	International shares	-	-	-	25 - 50%
	Private equity	-	-	85 - 95%	0 - 15%
	Alternatives	-	-	-	0 - 15%
	Infrastructure	-	-	-	0 - 10%
	Property	-	-	-	0 - 10%
	Global debt	-	-	-	0 - 10%
	Cash	0 - 25%	0 - 10%	5 - 15%	0 - 25%
Overall growth / defensive split*	Growth	100%	No change	90%	No change
	Defensive	0%	No change	10%	No change

** Estimated tax rate provided by independent investment consultant.

*The growth/defensive split relates to the strategic allocation and may change as asset allocations move within their allocation ranges.

Investment fees and costs update

Investment fees and indirect cost ratios (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.

		Investment fee		Indirect Cost Ratio	
		2018/2019	2019/2020	2018/2019	2019/2020
Ready-Made Options	Balanced Growth (MySuper)	0.69%	0.73%	0.13%	0.09%
	Conservative	0.47%	0.42%	0.05%	0.03%
	Indexed Balanced Growth	-	0.06%	-	0.00%
	Sustainable Growth	1.17%	0.82%	0.04%	0.05%
	High Growth	0.69%	0.79%	0.17%	0.12%
Your Choice Options	Cash and Term Deposits	Cash - 0.07%	0.03%	Cash - 0.0%	0.00%
	Diversified Bonds	0.64%	0.42%	0.00%	0.00%
	Property and Infrastructure	Property - 1.16%	1.03%	Property - 0.22%	0.15%
		Infrastructure - 0.81%		Infrastructure - 0.23%	
	International shares	0.47%	0.56%	0.01%	0.00%
	Australian shares	0.40%	0.37%	0.00%	0.00%

Other investment changes

- From 1 October 2020, the HESTA and HESTA Personal Super Product Disclosure Statements have been updated to remove the 5-year medium-term investment objectives for each investment option, given the long-term nature of super investments
- From 1 October 2020, the growth and defensive classification in the asset classes of property and infrastructure has been updated to be in line with the APRA Information Paper "Heatmap - MySuper products" released in November 2019
- From 1 October 2020, information about our foreign currency hedge strategy for each investment option will be removed. The changes from 1 October are outlined in the table below.

		Strategic foreign currency exposure		Strategic foreign currency exposure range	
		up to 30/9/2020	From 1/10/2020	up to 30/9/2020	From 1/10/2020
Ready-Made Options	Balanced Growth (MySuper)	15%	17.5%	0 - 30%	0 - 30%
	Conservative	7.5%	7.5%	0 - 30%	0 - 20%
	Indexed Balanced Growth	-	21.5%	-	0 - 35%
	Sustainable Growth	15%	17.5%	0 - 30%	0 - 30%
	High Growth	25%	25%	0 - 60%	0 - 50%
Your Choice Options	Cash and Term Deposits	-	-	-	-
	Diversified Bonds	-	-	-	-
	Property and Infrastructure	Property - 0%	0%	Property - 0 - 20%	0 - 100%
		Infrastructure - 0%		Infrastructure - 0%	
	International shares	50%	50%	0 - 100%	0 - 100%
	Australian shares	-	-	-	-

Responsible investment updates

- Across our entire portfolio we exclude certain investments in companies related to thermal coal. From 1 July 2020, the restriction was extended to all investments, regardless of whether those investments were new or existing.
- From 1 October 2020, the HESTA and HESTA Personal Super PDS was updated to reflect an exclusion that applies across our entire portfolio of investment in any company that provides services to asylum seeker detention centres.
- From 1 July 2020, the Australian shares and international shares asset component of Eco Pool (renamed Sustainable Growth from 1 October 2020) was updated to enable a more general description.

Investment term clarifications

- From 1 July 2020, the explanation of investment fees was expanded to include investment costs that are incurred by the HESTA internal investment team. These costs are allocated on an activity basis determined by underlying management costs. Similarly, the explanation of performance fee was updated to reflect that it contributes to the investment fee or indirect cost ratio (ICR) for each investment option.
- From 1 July 2020, we updated the conventions and procedures on unit pricing and investment switches including what happens when a public holiday falls on a Wednesday or Thursday with requests being applied on the immediate Saturday instead of Friday. From 1 October 2020, we have removed references to the number of units being visible in your online account as that functionality is not currently available.

Legislation and tax changes

Increase to work test age

From 1 July 2020, the age required to meet the work test increased to 67. This means a member who is under age 67 will be able to make non-concessional contributions. The concessional contributions cap of \$25,000 and non-concessional contributions cap of \$100,000 has not changed.

Increase to spouse contributions age

From 1 July 2020, the age limit for spouse contributions increased from age 69 to age 74. The receiving spouse must meet the work test from age 67.

	2019/20	2020/21
SG maximum contribution base	\$55,270 p.q.	\$57,090 p.q.
Co-contribution lower/upper thresholds	\$38,564/\$53,564	\$39,837/\$54,837
Lump sum low rate cap	\$210,000	\$215,000
Untaxed plan cap amount	\$1,515,000	\$1,565,000

Insurance changes

When cover ends

From 1 October 2019, cover will cease from the date your account has an insufficient balance to deduct the next insurance fee due. Previously, cover would cease 63 days after you had an insufficient balance to pay insurance fees.

Restarting your insurance cover after we are required to cancel your cover

Federal Government legislation from 1 July 2019 (*Protecting your Super*) and 1 April 2020 (*Putting Members Interests First*) introduced new rules for when insurance cover starts and stops.

If you don't receive any contributions or roll-ins into your account for a continuous period of 16 months, it will be considered inactive. If this happens we have to cancel your insurance cover unless you've told us you want to keep it. Also, if your account does not have enough money to pay the insurance fees, your insurance cover will cease. If an amount is received in your account after your cover has ceased, Standard Cover – two units of Income Protection Cover and two units of Death Cover – will automatically restart from the date an amount is received provided the amount is sufficient to cover the first month's insurance fees.

If your insurance cover ceased from 1 April 2020 because your account balance did not exceed \$6,000 between 1 November 2019 and 31 March 2020, you will receive Standard Cover when your account balance has been \$6,000 or more and you are aged 25 or older.

If when cover restarts and you are aged less than 55 and a HESTA super member, cover will be restricted to New Events Cover for 24 months. If you are a HESTA Personal Super member or a HESTA super member aged 55 or over, New Events Cover will apply until the cover ends or an application to remove New Events Cover is received. You can apply to remove the New Events Cover restriction via the insurance portal in your member account at hesta.com.au/login Removal of this restriction is subject to the approval of the insurer.

If you previously had underwritten cover that ceased, you will need to be underwritten again to receive the same cover.

If you cancelled your insurance cover before your account became inactive, you will not receive any insurance cover when your account becomes active again.

Pandemic Exclusion Removal

If you currently have Death, TPD or Income Protection Cover within your HESTA super account, we've got you covered for pandemics.

Our Insurer previously had the right to invoke a clause to exclude the payment of death benefits in certain circumstances due to Pandemic Illness. This clause was never invoked by our Insurer when the COVID-19 Pandemic was declared. The non-applied pandemic exclusion has been removed from the insurance policies.

Other changes

Investment of accrued balance in Cash and Term Deposits upon death notification, in addition to certain insurance benefits

From 1 July 2020, a member's accrued account balance will be transferred to the Cash option upon receiving formal notification of death. This has been introduced to preserve the accrued balance before being paid to beneficiaries. From 1 October 2020, the Cash option will change to a Cash and Term Deposits option as a result of the overall investment option changes.

Similarly, from 1 October, Death, Lump-sum TPD benefits and Permanent Incapacity Support Benefits received from the insurer will be invested in the Cash and Term Deposits option as a result of the overall investment option changes.

Rollovers

How Super Works (hesta.com.au/pds) has been updated to include a disclaimer about non-written rollover requests:

We make sure that the roll over is authorised only by you so will ask you to verify your identity before arranging the transfer with your other fund. Any impact on your benefit caused by technology failure or dishonest conduct in handling your roll over will be compensated by us to the extent of making whole the amount of the transaction. However, if you have contributed towards unauthorised access to your information in arranging the transfer this may limit our liability.

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