

significant event notice



14 October 2022

This Significant Event Notice ('Notice') is to let you know about important changes to **HESTA Income Stream**, which includes HESTA Retirement Income Stream and HESTA Transition to Retirement (TTR) Income Stream and **HESTA Term Allocated Pension (TAP)**. 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

Changes to administration fees and costs

The administration fees and costs you pay on your Income Stream account will decrease from **1 February 2023**. While you may be paying less, our high standard of service, quality products and competitive member benefits including access to some types of financial advice and our range of investment options will remain the same.

What's the change?

Administration fees and costs are decreasing. We're also introducing a cap on our administration fees and costs - so you won't pay percentage-based administration fees on that part of your balance over \$600,000 from 1 February 2023.

The average account balance for members receiving retirement income payments from HESTA is around \$250,000. People with this amount in their account will save around \$138 per year. Overall, whatever your income stream account balance is, you will pay less in administration fees and costs.

What do you need to do?

You don't need to do anything. The fee reduction will automatically apply to your account from 1 February 2023.

Details of the change

From 1 February 2023, we will continue to charge both a weekly fee and a percentage-based administration fee, however, the amounts will be different. The new fee amount is subject to an account balance cap, so you won't pay percentage-based administration fees on that part of your balance over \$600,000. Note the balance cap applies separately to each account. Administration fees and costs will still be deducted from your account on the last Friday of each month, or on the date of your full exit from income stream. The changes are shown in the comparison table below¹.

	Current administration fees and costs, excluding amounts paid from fund assets	New administration fees and costs from 1 February 2023, excluding amounts paid from fund assets
Weekly fee	<ul style="list-style-type: none"> \$1.75 per week 	<ul style="list-style-type: none"> \$1.50 per week
Percentage based fee	<ul style="list-style-type: none"> 0.28% on balances up to \$250,000 OR 0.23% on balances \$250,000 and over No balance cap 	<ul style="list-style-type: none"> 0.23% Same percentage of fees and costs apply regardless of balance Capped at a balance of \$600,000

¹This comparison analysis only looks at the changes to the administration fees and costs that is deducted from your account. It does not take into consideration the additional administration costs that may be paid from fund assets (i.e. the Fund Development Reserve).

How this administration fees and cost change can affect different account balances

The table below shows examples of how the administration fee and cost decrease will affect a range of account balances:

Account balance	Fee DECREASE (\$/year)
\$50,000	\$38
\$100,000	\$63
\$250,000	\$138
\$500,000	\$13
\$600,000	\$13

The above table is illustrative only as it assumes a static account balance throughout the year and does not include any drawdowns or movements to the account throughout the year.

Over \$600,000 in your account

The percentage-based administration fee will be applied to amounts up to \$600,000. This means, if you have more than \$600,000 in your account, the remaining balance over \$600,000 will not have the percentage-based administration fee applied to it from 1 February 2023.

Lower account balances

If your account balance for a product offered by HESTA is less than \$6,000 at the end of the HESTA income year or when exiting the fund, certain fees and costs charged to you in relation to administration and investment are capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

For Term Allocated Pension (TAP) members only

Members who joined HESTA by way of a successor fund transfer with balances less than \$25,000 may have previously been entitled to a full or partial waiver, or rebate of the weekly fee component of the administration fee, exercised at HESTA's discretion. To simplify ongoing administration across all accounts, from 1 February 2023, this waiver will no longer apply.

You can go to our website for information about these changes, visit hesta.com.au/fee-changes

contact us

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

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