

1 March 2022

This Significant Event Notice ('Notice') is to let you know about important changes to **HESTA, HESTA Personal Super, HESTA Corporate Super, HESTA 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

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

- Inclusion of a trustee fee as part of administration fees and Trust Deed amendment
- Fund name change
- Financial statements / annual report correction
- Taxation disclosure
- Insurance change

Changes that apply to all HESTA members

Inclusion of a trustee fee as part of administration fees and Trust Deed amendment

In recent times, there have been significant changes to superannuation laws, regulation and enforcement that have increased the range and circumstances in which penalties or fines may be imposed on trustees and directors of superannuation funds, and for which trustees and directors will be unable to be covered out of fund assets. Prior to January 2022, the Trustee (the legal entity responsible for the management of HESTA) did not hold assets in its own capacity, which would allow it to pay such penalties or fines. Given these circumstances, the Trustee formed the view that it was necessary and in the best financial interests of HESTA members to take steps to manage these increased financial risks facing the Fund.

Like several other super fund trustees, the Trustee therefore sought and has now received Court approval to amend the HESTA Trust Deed to authorise it to charge an appropriately limited trustee fee. This will allow it to adequately manage those financial risks.

How this change impacts you?

From 1 January 2022, the administration fees and costs will include the trustee fee. The trustee fee is not a separate or additional fee paid directly by members – it is included in the total current administration fees and costs amount disclosed to you. It is not expected that the trustee fee will result in an overall increase in the administration fees and costs you pay. However, we will notify you in advance if fees charged to members will increase at any point.

Administration fees and costs deducted from your account are allocated to the Fund Development Reserve. All administration costs (including the trustee fee) are paid out of the Fund Development Reserve. The trustee fee is paid into a newly created Trustee Capital Reserve and is not part of the Fund assets.

Both the trustee fee and Trustee Capital Reserve are subject to caps to protect members' best financial interests.

You can find out more about the changes to the Trust Deed and the trustee fee in the **Trust Deed** and on the **website**. Additionally, each year, the annual report will include information about the Trustee Capital Reserve and trustee fee.

Change to the name of the Fund

From 1 March 2022, the fund name will officially change from 'Health Employees Superannuation Trust Australia' to its abbreviated name 'HESTA'. This change will be reflected on our website, in our correspondence and other official documents.

30 June 2021 financial statements and annual report correction

In HESTA's 30 June 2021 financial statements (which an abridged version is also included in the HESTA 2020/21 Annual Report), there is a 'Related parties' note, under 'Other shareholdings and Transactions' that has been incorrectly stated due to a reconciliation error. IFM Investors Pty Ltd ('IFM Investors') which is a subsidiary of Industry Super Holdings (which the Fund has a shareholding in) manages investments on behalf of the Fund. The value of investments managed by IFM Investors was incorrectly stated to total \$6,018,341,003 when the correct value should have been \$9,282,835,217.

This correction did not impact account balances.

Changes that apply to certain HESTA products as specified

Correction to taxation disclosure (applies to HESTA, HESTA Personal Super and HESTA Corporate Super members only)

HESTA can claim a tax deduction for certain costs of operating the fund, such as administration costs. The benefit of the deduction is retained in the Fund Development Reserve.

From 1 March 2022, the *Fees and costs* document that forms part of the HESTA, HESTA Personal Super and HESTA Corporate Super PDS will be corrected to specifically exclude tax deductions received from investment costs. This is because the benefit of the deduction is passed on to members through investment earnings before the unit price is declared. This clarifies for members what has been existing practice.

Changes to insurance policy transfer terms (applies to HESTA and HESTA Personal Super members only)

From 1 April 2022, we will accept applications for the transfer of existing IP, Death or Lump-sum TPD Cover to include transfers from an individual retail policy (including if the individual retail policy is owned by a SMSF). Applications for transfer are subject to maximum amounts of cover that can be transferred and are subject to assessment and approval from the insurer.

Currently we only consider applications for transfer from another industry fund, master trust or corporate superannuation fund. In addition, we will no longer require members to be under age 55 to apply for the transfer of their insurance. However, a maximum cover age still exists for different types of cover.

These changes give more members the opportunity to switch their insurance cover to HESTA.

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