

26 August 2019

This Significant Event Notice is to inform you of 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 subsequent releases of the PDS available at hesta.com.au/pds.

Legislation and tax changes

Insurance - Inactivity

If you become inactive after 1 July 2019 any insurance cover you have will cease unless you made an election to maintain your insurance cover during periods of inactivity before your cover ceased. You are considered inactive if your account has not received an amount for a continuous period of 16 months. An amount includes contributions and rollovers. You can elect to maintain your insurance cover during periods of inactivity online at hesta.com.au/login or call us on 1800 813 327.

Where your insurance cover ceased due to inactivity before 1 October 2019, the same level of cover you had before your cover ceased will be reinstated if an amount is received in your account between 1 July 2019 and 30 September 2019. Cover will be reinstated from when it originally ceased. The circumstances under which insurance cover will recommence will change from 1 October 2019 (see *Insurance recommencement of cover rules* below).

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 inactive low-balance 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

Work test exemption

To make voluntary contributions to your super account if you are aged 65-74, you must have worked a minimum of 40 hours in any consecutive 30 day period in the financial year the contributions are made. This is known as the 'work test'. From 1 July 2019 you may make voluntary contributions in the first year you do not meet the work test if your account balance is less than \$300,000 and you have not made a work test exempt contribution in any previous financial year.

Catch-up contributions

You may make additional concessional (before-tax) contributions in a financial year if you have unused before-tax contribution cap amounts from up to five previous financial years and if your total super balance is less than \$500,000 at the start of the financial year. From the 2019/20 financial year onwards, you may access unused cap amounts accrued from the 2018/19 financial year.

MySuper

The HESTA and HESTA Personal Super Product Disclosure Statements have been updated to clarify the circumstances in which a person will be a *MySuper* member. Members who do not make a choice where to invest their money, or, actively choose to invest all their money in Core Pool, are *MySuper* members. All other members are not *MySuper* members.

Minimum account balance on partial withdrawals and transfers

From 1 July 2019, if you make a partial withdrawal, or transfer part of your account to another fund, you must keep at least \$6,000 in your account.

Insurance changes

Recommencement of cover rules

If your insurance cover has ceased due to inactivity, or because your account did not have enough money to pay the insurance fees, the circumstances in which the cover will recommence will change from 1 October 2019.

If an amount is received into your account from 1 October 2019, you will automatically receive Standard Cover commencing from the date the amount is received. The cover will be New Events Cover. The New Events Cover restriction will apply for two years if you are under age 55 and a HESTA member (who joined through a Fund Employer). For all other members (including HESTA Personal Super members and HESTA members aged 55 or over), New Events Cover will continue to apply unless an application to remove the restriction is made. 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.

Income protection offset

When you make a claim for income protection, your benefit may be offset by other income you are receiving. The definition of income offset and when it will apply has been updated to clarify its current application in the insurance policy. You can read more about offsets in the section entitled 'Offsetting IP payments' in *Insurance options* at hesta.com.au/pds

Further insurance changes can be read in the Significant Event Noticed dated 22 August 2019 at hesta.com.au/sen

Fees and costs

Investment fees and costs

	Investment fee		Indirect Cost Ratio (ICR)	
	2017/18	2018/19	2017/18	2018/19
Conservative Pool	0.45%	0.47%	0.08%	0.05%
Core Pool	0.73%	0.69%	0.17%	0.13%
Shares Plus	0.83%	0.69%	0.16%	0.17%
Eco Pool	1.00%	1.17%	0.11%	0.04%
Cash	0.05%	0.07%	0.00%	0.00%
Global Bonds	0.56%	0.64%	0.00%	0.00%
Property	0.60%	1.16%	0.53%	0.22%
Infrastructure	0.92%	0.81%	0.25%	0.23%
International Shares	0.74%	0.47%	0.01%	0.01%
Australian Shares	0.50%	0.40%	0.00%	0.00%
Private Equity	3.17%	2.15%	1.42%	1.20%

Investment fees and ICRs for 2018/19 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.

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
Infrastructure	Medium	2 to less than 3	Medium to High	3 to less than 4

Investment managers in Eco Pool

The HESTA and HESTA Personal Super Product Disclosure Statements have been updated to remove reference to specific investment managers in the Eco Pool 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

hesta@hesta.com.au | 1800 813 327 | Locked Bag 5136, Parramatta NSW 2124 | hesta.com.au