

significant event notice

HESTA

27 August 2018

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 PDSs available at hesta.com.au/pds

Investment changes

Asset allocation

	Asset class	Long-term strategic asset allocation (LTSAA)		LTSAA range	
		Up to 30/9/2018	From 1/10/2018	Up to 30/9/2018	From 1/10/2018
Core Pool	Australian Shares	29.0%	25.0%	17-37%	17-37%
	International Shares	23.0%	24.0%	16-36%	16-36%
	Private Equity	7.0%	6.0%	0-14%	0-12%
	Infrastructure	12.5%	12.0%	4-25%	5-25%
	Property	11.5%	9.5%	3-20%	3-20%
	Global Debt	15.0%	10.0%	4-25%	5-25%
	Cash	2.0%	5.0%	0-30%	0-30%
	Alternatives	0.0%	8.5%	0.0%	0-15%
Conservative Pool	Australian Shares	13.7%	12.0%	7-18%	5-20%
	International Shares	10.3%	11.0%	5-15%	5-15%
	Infrastructure	10.3%	10.5%	2-20%	2-15%
	Property	9.5%	8.5%	2-20%	2-15%
	Global Debt	34.2%	30.0%	10-50%	20-40%
	Cash	22.0%	22.0%	15-50%	10-30%
	Alternatives	0.0%	6.0%	0.0%	0-15%
Eco Pool	Australian Shares	35.2%	33.0%	23-47%	23-47%
	International Shares	28.8%	31.0%	17-41%	17-41%
	Private Equity	4.0%	4.0%	0-10%	0-10%
	Infrastructure	0.0%	0.0%	0-10%	0-20%
	Property	8.0%	10.0%	0-16%	0-20%
	Global Debt	16.0%	17.0%	4-30%	5-25%
	Cash	8.0%	5.0%	5-30%	2-20%
Shares Plus	Australian Shares	39.7%	39.7%	23-49%	25-50%
	International Shares	31.6%	31.6%	16-42%	25-50%
	Private Equity	10.0%	10.0%	0-20%	5-15%
	Infrastructure	8.7%	8.7%	2-20%	2-20%
	Property	8.0%	8.0%	2-16%	2-15%
	Global Debt	0.0%	0.0%	0-10%	0-10%
	Cash	2.0%	2.0%	0-25%	0-25%
	Alternatives	0.0%	0.0%	0-0%	0-10%
Global Bonds	Global Debt	100.0%	100.0%	100.0%	50-100%
	Cash	0.0%	0.0%	0.0%	0-25%
	Alternatives	0.0%	0.0%	0.0%	0-30%

Asset classes

From 1 October 2018:

- The Alternative Growth asset class has been renamed to Private Equity; and
- A new asset class called Alternatives has been added, which may include investments in liquid alternatives, insurance linked securities and alternative credit.

Investment objectives – Long term

	Up to 30/9/2018	From 1/10/2018
		To earn a return, after investment fees and indirect costs, equivalent to or higher than
Conservative Pool	CPI + 3.0%	CPI + 2.0%
Core Pool	CPI + 4.0%	CPI + 3.5%
Shares Plus	CPI + 4.5%	CPI + 4.0%
Eco Pool	CPI + 4.0%	CPI + 3.5%
Cash	To exceed the return from the RBA Cash Rate	The Bloomberg Ausbond Bank Bill Index
Global Bonds	To exceed the return from the combination of: <ul style="list-style-type: none"> • 50% Bloomberg AusBond Composite 0 + Year Index • 50% Barclays Capital Global Aggregate Hedged to \$A. 	<ul style="list-style-type: none"> • 50% Bloomberg AusBond Composite 0 + Year Index • 50% Barclays Capital Global Aggregate ex Australia Index Hedged to \$A
Property	CPI + 3.5%	CPI + 3.0%
Infrastructure	CPI + 3.5%	CPI + 3.0%
International Shares	To exceed the return from the combination of: <ul style="list-style-type: none"> • MSCI ACWI ex-Australia Index in \$A Net Dividends Reinvested Unhedged (50.0%) • MSCI ACWI ex-Australia Index in \$A Net Dividends Reinvested Hedged (50.0%) 	<ul style="list-style-type: none"> • MSCI World ex-Australia Index in \$A Net Dividends Reinvested (77.5%) • MSCI Emerging Markets Index in \$A Net Dividends Reinvested (22.5%) • 50/50 \$A Hedged/Unhedged
Private Equity	To exceed by 3% the return from the combination of: <ul style="list-style-type: none"> • S&P/ASX 300 Accumulation Index (13.5%) • MSCI ACWI ex Aust in \$A Net Divs Reinvested Hedged (76.5%) • RBA Cash Rate (10.0%) 	<ul style="list-style-type: none"> • S&P/ASX 300 Accumulation Index (13.5%) • MSCI ACWI ex Aust in \$A Net Divs Reinvested Hedged (76.5%) • Bloomberg Ausbond Bank Bill Index (10.0%)

Investment objectives – Medium term

	Up to 30/9/2018	From 1/10/2018
Shares Plus	CPI + 4.0%	CPI + 3.5%

Fees and costs

	Investment fee		Indirect Cost Ratio (ICR)	
	2016/17	2017/18	2016/17	2017/18
Conservative Pool	0.40%	0.45%	0.16%	0.08%
Core Pool	0.81%	0.73%	0.24%	0.17%
Shares Plus	0.78%	0.83%	0.25%	0.16%
Eco Pool	1.05%	1.00%	0.27%	0.11%
Cash	0.04%	0.05%	0.00%	0.00%
Global Bonds	0.30%	0.56%	0.32%	0.00%
Property	0.85%	0.60%	0.27%	0.53%
Infrastructure	0.93%	0.92%	0.12%	0.25%
International Shares	0.81%	0.74%	0.44%	0.01%
Australian Shares	0.36%	0.50%	0.30%	0.00%
Private Equity	4.66%	3.17%	0.30%	1.42%

Investment fees and ICRs for 2017/18 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.

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

	Up to 30/9/2018		From 1/10/2018	
	Risk label	Negative returns	Risk label	Negative returns
Property	Medium to High	3 to less than 4	Medium	2 to less than 3
Infrastructure	High	4 to less than 6	Medium	2 to less than 3

Foreign currency exposure

	Up to 30/9/2018			From 1/10/2018		
	Strategic exposure	Strategic exposure range	Active hedge	Strategic exposure	Strategic exposure range	Active hedge
Core Pool	15.0%	0-50%	Yes	15.0%	0-30%	Yes

Controversial weapons exclusion

Across our entire listed equities portfolio we are in the process of excluding investment in any company that produces controversial weapons defined as whole weapon systems or components developed for exclusive use in cluster munitions, anti-personnel mines, biological or chemical weapons.

Legislation and tax changes

First Home Super Saver Scheme (FHSS)

From 1 July 2018, any voluntary before-tax and after-tax contributions made after 1 July 2017 may be withdrawn for the purpose purchasing a first home (subject to eligibility). Voluntary contributions can be withdrawn up to a maximum of \$30,000 in total and no more than \$15,000 from any one year along with associated earnings. Having amounts released does not affect the calculation of your contributions for contributions cap purposes. Your contributions still count towards your contribution caps for the year they were originally made. The Australian Tax Office (ATO) is responsible for the FHSS Scheme and any requests for the release of contributions must be made to the ATO. To find out if you are eligible and to request the release of voluntary contributions visit ato.gov.au

Downsizer contributions

From 1 July 2018, if you are over the age of 65, you may be eligible to contribute up to \$300,000 from the sale of your home. This contribution known as a downsizer contribution must be made within 90 days of receiving the proceeds of a sale (usually the settlement date). A downsizer contribution does not count towards your contributions or total super balance caps in the year it was made. To make a downsizer contribution, the proceeds and the ATO-approved form must be received. For more information and to download the form, visit ato.gov.au/super

Caps and thresholds

The following superannuation tax thresholds have changed for the 2018/19 financial year.

	2017/18	2018/19
Division 293 tax threshold	\$300,000 p.a.	\$250,000 p.a.
Superannuation Guarantee (SG) maximum contribution base	\$52,760 p.q.	\$54,030 p.q.
Co-contribution threshold	\$36,813	\$37,697
Co-contribution upper threshold	\$51,813	\$52,697
Lump sum low rate cap	\$200,000	\$205,000
Untaxed plan cap amount	\$1,445,000	\$1,480,000

Dispute resolution changes

From 1 November 2018, superannuation related complaints must be made to a new external dispute resolution body.

Complaints lodged before 1 November 2018	Complaints lodged on or after 1 November 2018
Superannuation Complaints Tribunal	Australian Financial Complaints Authority
Online: sct.gov.au	Online: afca.org.au
Email: info@sct.gov.au	Email: info@afca.org.au
Phone: 1300 884 114	Phone: 1800 931 678
Mail: Superannuation Complaints Tribunal, Locked Bag 3060, MELBOURNE VIC 3001	Mail: Australian Financial Complaints Authority GPO Box 3, MELBOURNE VIC 3001

Eligible Rollover Fund changes

The circumstances in which the trustee may transfer your HESTA account to an eligible rollover fund has been expanded to include 'inactive low balance accounts'. An account may be considered an 'inactive low balance account' where the account balance is under \$6,000 and has not received any contributions or rollovers for at least 13 months. Generally, the trustee will only transfer your benefit to an eligible rollover fund where it reasonably believes you have an active account in another fund, and, there is no indication of engagement that you wish to retain your HESTA account. Once an account has been transferred to an eligible rollover fund the HESTA account, including any insurance cover, will cease.

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