ZURICH

Product and investment changes

Zurich Master Superannuation Fund

Date of preparation: 4 December 2018

This Significant Events Notice provides members of the Zurich Master Superannuation Fund ('Fund') with a summary of the changes that may affect your investment in the Fund.

The Trustee of the Zurich Master Superannuation Fund (ABN 33 632 838 393 SFN 2540/969/42 Registration No. R1067651) is:

Zurich Australian Superannuation Pty Limited
ABN 78 000 880 553 AFSL 232500
RSE Licence No. L0003216

5 Blue Street North Sydney NSW 2060
Telephone: 131 551

This notice is to be read in conjunction with the Zurich Master Superannuation Fund Annual Fund Report for the year ending 30 June 2018 (available at www.zurich.com.au/annualreports) which further explains the changes. A copy is available free of charge by contacting Zurich Customer Care.

If you have any questions, please contact either your financial adviser or Zurich Customer Care on 131 551.

Product and Investment update

Please note that the information in the following section applies to all investment plans (unless as indicated).

In this section, ZSP stands for Zurich Superannuation Plan, ZRP stands for Zurich Retirement Plan, ZABP stands for Zurich Account-Based Pension and ZTAP stands for Zurich Term Allocated Pension.

Increase to the minimum Monthly Portfolio Management Charge (ZSP, ZABP and ZTAP clients only)

Effective 1 April 2018 the minimum monthly Portfolio Management Charge for the Zurich Superannuation Plan (ZSP), the Zurich Account-Based Pension (ZABP) and the Zurich Term Allocated Pension (ZTAP) increased from $21.88 to $22.30. The cheque fee (ZABP and ZTAP only) has increased from $7.62 to $7.76.

As disclosed in the PDS, the increase has been calculated on the Consumer Price Index ('CPI') increase measured over the 12 months ending 31 December of the previous year (ie. 2017). The CPI is the "Weighted Average of Eight Capital Cities Index" published by the Australian Bureau of Statistics.

Change of Strategic Investment Partners

With effect 7 November 2018, DWS Group GmbH & Co replaced State Street Global Advisers as the investment partner managing an allocation within the Australian equities asset class of the Diversified options, including the Capital Stable, Balanced, Managed Growth and Priority Growth options.

The details of the strategic investment partners for the investment options are in the brochure entitled "Zurich Investments – Global Expertise, Specialist Application, Unique products" or from the website www.zurich.com.au/strategicpartners.

Closure of the Global Equity Income option (ZSP and ZABP clients only)

Effective 21 December 2018 the Global Equity Income investment option will be closed. Members in this option have been asked to nominate an alternative option(s) for their investments or their investment will be moved into the relevant default option.

The decision to close this option was based on the relatively small level of funds under management, which made the option costly to administer. Over the long-term, this could have had an adverse effect on member's investment returns and fees charged.

If you have any questions regarding the closure of this option, please contact either your financial adviser or Zurich's Customer Care team on 131 551.

Insurance in Superannuation Voluntary Code of Practice

Zurich Australian Superannuation Pty Ltd, the Trustee of the Zurich Master Superannuation Fund, has adopted the Insurance in Superannuation Voluntary Code of Practice.

The Code is the superannuation industry's commitment to high standards when providing insurance to members of superannuation funds.

By 31 December 2018, the transition plan for compliance with the Code can be located at www.zurich.com.au. Funds adopting the Code have until 30 June 2021 to comply with it.

A copy of the Insurance in Superannuation Voluntary Code of Practice can be located on the Superannuation and retirement page of the Zurich website - www.zurich.com.au.

Update to Zurich's Privacy Policy

Zurich's Privacy Policy has been updated to include our banking gateway providers and credit card transaction processors as third parties to whom we may disclose your details, including your sensitive information. Other relevant third parties include your intermediary, affiliates of the Zurich Insurance Group, insurers, reinsurers, our service providers, our business partners, health practitioners, your employer, parties affected by claims, government bodies, regulators, law enforcement bodies and as required by law, within Australia and overseas.

For further information about Zurich's Privacy Policy, a list of service providers and business partners that we may disclose your Information to, a list of countries in which recipients of your Information are likely to be located, details of how you can access or correct the Information we hold about you or make a complaint, please refer to the Privacy link on our homepage – www.zurich.com.au, contact us by telephone on 132 687 or email us at privacy.officer@zurich.com.au.

Other Significant Notices

Federal Budget 2018 – Superannuation & Retirement update

Each year, the Federal Government releases its Budget, setting out the economic plan and outlook for Australia. Inevitably, the various measures announced to tackle current social issues and expense management often result in changes being made within the superannuation environment. However this year super was given somewhat of a reprieve with just a small number of announcements specifically aimed at preventing the erosion of superannuation accounts with small balances.

A summary of the key changes announced during the Budget that may impact you include:

"Protecting Your Super" package

The Government's Protecting Your Super package is a package of regulatory reforms designed to protect Australians' superannuation savings from undue erosion by fees and insurance premiums. The draft legislation that has been released for public consultation includes the following elements which are currently planned to take effect from 1 July 2019:

- A cap on administration and investment fees charged on superannuation accounts with balances of $6,000 or less at 3 per cent of the account balance, in addition to banning superannuation funds from charging exit fees for any account.
- Changes to strengthen the ATO-led consolidation regime by requiring the transfer of all accounts that have been inactive for a continuous period of 13 months where the balances are below $6,000 to the ATO. The account will not be transferred if the member has chosen to maintain insurance or if the existing insurance cover has not ceased.

- A requirement on default employer superannuation funds to only offer insurance arrangements on an opt-in basis in relation to accounts:
  - that have balances below $6,000;
  - of new members who are under 25 years old; or
  - that have not received a contribution for 13 months or longer.

Important: Your Zurich superannuation plan is not a default employer arrangement. Any insurance you have with Zurich under superannuation will have been acquired on an opt-in basis, with your purchasing decision generally made after your financial adviser had undertaken a full fact find on your individual circumstances and needs. If you are concerned about the level of insurance you have, we suggest that you contact your financial adviser to discuss.

Finances for a longer life

The Government intend to introduce a range of measures that will enhance the standard of living of older Australians. These measures are planned to commence on 1 July 2019, and comprise:

- an increase to the Pension Work Bonus from $250 to $300 per fortnight allowing age pensioners to earn up to $7,800 each year without impacting their pension. It will also be expanded to allow self-employed retirees to earn up to $300 per fortnight without impacting their pension;
- amending the pension means test rules to encourage the development and take-up of lifetime retirement income products that can help retirees manage the risk of outliving their savings; and
- expanding the Pension Loans Scheme to everyone over Age Pension age and to increase the maximum fortnightly income stream to 150 per cent of the Age Pension rate. This will enable Australians to use the equity in their homes to increase their incomes.

Work test exemption for recent retirees

With effect from 1 July 2019 the Government will introduce an exemption from the work test for voluntary contributions to superannuation, for people aged 65-74 with superannuation balances below $300,000, in the first year that they do not meet the work test requirements.

The work test exemption will give recent retirees additional flexibility to get their financial affairs in order in the transition to retirement. Currently, the work test restricts the ability to make voluntary superannuation contributions for those aged 65-74 to individuals who self-report as working a minimum of 40 hours in any 30 day period in the financial year.

Preventing inadvertent concessional cap breaches by certain employees

The Government have proposed they will allow individuals whose income exceeds $263,157 and have multiple employers to nominate that their wages from certain employers are not subject to the superannuation guarantee (SG) from 1 July 2018.

The measure will allow eligible individuals to avoid unintentionally breaching the $25,000 annual concessional contributions cap as a result of multiple compulsory SG contributions. Breaching the cap otherwise results in these individuals being liable to pay excess contributions tax, as well as a shortfall interest charge.

Employees who use this measure could negotiate to receive additional income, which is taxed at marginal tax rates.

If you are interested in any of the other announcements from Budget night, Zurich have put together a summary which can be located on their website.

As at the end of November 2018 changes for the Protecting Your Super Package and the Preventing inadvertent concessional cap breaches by certain employees are currently before Parliament and had not passed as legislation. You should speak to your adviser for further information

Next steps

Please be aware the measures mentioned in this article have not yet been legislated, and if passed by Parliament they may end up looking slightly different to the announcements made in the Federal Budget and/or the legislation that is currently before Parliament. It is recommended you seek professional advice from your financial adviser, who will be able to assist you with your retirement planning taking these announcements into consideration.

New complaints authority for financial services

Effective 1 November 2018 the Australian Financial Complaints Authority (AFCA) became the new external dispute resolution scheme for the financial services industry. AFCA is an independent body established by legislation passed by the Commonwealth Government and provides a free dispute resolution process to consumers and small businesses for financial products and services and replaces the Superannuation Complaints Tribunal (SCT), the Financial Ombudsman Service (FOS) and the Credit & Investments Ombudsman (CIO).

Changes announced last year

As outlined in the 2017 Annual Fund Report, there were a number of changes to superannuation that were before Parliament and had not been passed at the time the Annual Fund Report was prepared.

The following changes have been passed into legislation:

First home super saver scheme

From 1 July 2017, you can make voluntary concessional (before-tax) and non-concessional (after-tax) contributions into your super fund to save for your first home.

From 1 July 2018, you can then apply to release your voluntary contributions, along with associated earnings, to help you purchase your first home. You must meet the eligibility requirements to apply for the release of these amounts.

Downsizer contribution into superannuation

From 1 July 2018, if you are 65 years old or older and meet the eligibility requirements, you may be able to choose to make a downsizer contribution into your superannuation of up to $300,000 from the proceeds of selling your home.

Superannuation catch-up measure

From 1 July 2018, members will be able to make 'carry-forward' concessional super contributions if they have a total superannuation balance of less than $500,000. They will be able to access their unused concessional contributions cap space on a rolling basis for five years. Amounts carried forward that have not been used after five years will expire.

The first year in which you can access unused concessional contributions is the 2019–20 financial year.

For more information about these changes, please contact your financial adviser or refer to the ATO website: https://www.ato.gov.au/Individuals/Super.

Transfers to an Eligible Rollover Fund (ERF)

Where one of the following occurs, a Fund member's benefit may be transferred to an Eligible Rollover Fund ("ERF"):

- The benefit is immediately payable, and we have not been provided with instructions for payment within 90 days from the date the benefit became payable;
- We have lost track of the member (this is usually when we believe a member has not received at least two consecutive statements from Zurich);
- The member does not meet the relevant plan's minimum account balance;
- The member is inactive and has a balance of under $1,000;

- Members in respect of whom their account balance in the Fund is identified as being an 'accrued default amount' as defined in the Superannuation Industry (Supervision) Act for a period of more than 3 months; or
- The member has engaged in activity which could result in, or has resulted in, financial detriment to other Fund members or beneficiaries ("misconduct").

Superannuation law also allows the trustee to determine other transfer circumstances. The Zurich Master Superannuation Fund's nominated ERF is AUSfund. Where we intend to transfer your benefits to AUSfund, we will provide you with prior notification. If your benefits are transferred:

- you will no longer be a member of the Zurich Master Superannuation Fund and all associated benefits such as insurance (if any) will cease;
- you will instead become a member of AUSfund;
- AUSfund will invest your benefit using a default investment strategy without knowing whether it is appropriate to your needs;
- AUSfund will have a different fee structure;
- AUSfund will not provide death or disablement insurance benefits.

If you are transferred to the AUSfund, you may request access to, or correction of, any personal information held by AUSfund by writing to AUSfund's Privacy Officer. AUSfund's postal address is:

AUSfund Administration
PO Box 543
Carlton South VIC 3053

Unclaimed superannuation

Broadly speaking if we do not transfer your benefit to an ERF, your superannuation benefit may become unclaimed and paid to the Australian Taxation Office (ATO) if you are:

- over 65 years old, haven't made a contribution for the last two years and have been uncontactable by your fund for five years#
- deceased, haven't made a contribution for the last two years and your fund has been unable to pay the benefit to the rightful beneficiary because they are uncontactable
- a former temporary Australian resident and it has been six months since you left Australia or since your visa expired
- entitled to be paid your ex-spouse's super in a divorce and the fund is unable to contact you
- a lost member* whose account balance is less than $6,000
- a lost member* whose account has been inactive for 12 months and your fund does not have the information needed to make a payment to you.

You may contact the ATO to claim your benefits should that occur. For further information about unclaimed superannuation and how to claim, please contact your financial adviser or visit the ATO website, www.ato.gov.au.

Generally, for there to be communication between the fund and the member, it needs to be established that both parties sent and received information. Unfortunately, this does not include where the fund has sent the member their annual statement as the fund is unable to verify if the member actually received the statement.

* A person may be a lost member if they have not made a contribution in the last two years and the fund receives returned mail from their last known address.

A change in residency might require Zurich to suspend or terminate your insurance (if any) accordingly.

We and other companies within the worldwide Zurich group of companies have obligations under Australian and foreign laws. Regardless of any other policy terms and conditions, Zurich and the Trustee reserves the right to take any action (or not take any action) which could place us or another company within the group at risk of breaching Australian laws or laws in any other country.

All financial transactions, including acceptance of premium payments, claim payments and other reimbursements, are subject to compliance with applicable trade or economic sanctions laws and regulations.

Zurich may terminate a policy where you are considered to be a sanctioned person, or you conduct an activity which is sanctioned, according to trade or economic sanctions laws and regulations. Further, neither Zurich nor the Trustee will provide any cover, service or benefit to any party if we determine this places Zurich or the Trustee at risk of breaching applicable trade or economic sanctions laws or regulations.

Each policy is based on the legal and regulatory requirements applicable at the time the policy is issued. Should the legal and regulatory requirements change in a material way, Zurich is entitled to adapt the terms and condition to the changed legal and regulatory requirements, provided the change is lawful.

Planning to move overseas?

Please contact us before moving so that we can provide you with further information, and consider taking independent financial and/or tax advice on your circumstances. You may be asked to provide additional information and your details may be passed to relevant government authorities. We can also transfer your details to another Zurich worldwide company to check whether a more suitable product is available if you ask us to do so.

Contact details

Enquiries and Fund administration

The team at Zurich Customer Care understands the Fund, and are well equipped to answer questions about the Fund and provide extra information, although they are not able to give financial advice.

Please contact Zurich Customer Care in the most convenient way for you:

131 551

Locked Bag 994
North Sydney NSW 2059

client.service@zurich.com.au

www.zurich.com.au

Financial advice

Your financial adviser should be your first point of contact for financial advice. Zurich can only provide you with factual information about your plan and how it operates.

Zurich Australian Superannuation Pty Limited

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The information in this notice, dated 4 December 2018, is derived from sources believed to be accurate as at this date and may be subject to change. The information does not take into account your personal objectives, financial situation or needs. You should consider these factors, the appropriateness of the information and the relevant Product Disclosure Statement issued by Zurich Australian Superannuation Pty Limited ABN 78 000 880 553, AFSL 232500 (available only for open products) before making a decision. This information is not meant as personal financial or legal advice and should not be relied upon as such.

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