



# Product and investment changes

Zurich Master Superannuation Fund



Date of preparation: 26 October 2016

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  
Facsimile: 02 9995 3797

**This notice is to be read in conjunction with the Zurich Master Superannuation Fund Annual Fund Report for the year ending 30 June 2016 (available at [www.zurich.com.au/annualreports](http://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.**

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## Zurich set for continued growth thanks to Macquarie Life insurance acquisition

Earlier this year, Zurich entered into an agreement to acquire Macquarie Life's life risk business.

The transaction was subject to regulatory and court approvals, and was finalised on 1 October 2016.

This is an exciting development for Zurich Australia's Life & Investments business, reinforcing its commitment to bring quality and value for money life insurance to all Australians.

You will still benefit from the same award-winning service, and there will be no changes to the terms and conditions of any investment plan or insurance cover. And for those who choose Zurich life insurance as part of their membership, Zurich Australia's expanded stronger business will be even better placed to bring you protection which is easier to keep and easier to understand.

More information about this exciting development is available via our website [www.zurich.com.au](http://www.zurich.com.au)

# Product and Investment update

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.

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

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

Effective 1 April 2016 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 \$21.20 to \$21.56.

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. 2015). The CPI is the "Weighted Average of Eight Capital Cities Index" published by the Australian Bureau of Statistics.

## Change of Strategic Investment Partners

Effective 22 September 2015, Antares Capital Partners Ltd was appointed investment manager for part of the Australian Equity allocation within the Diversified options, including the Capital Stable, Balanced, Managed Growth and Priority Growth options.

Effective 22 January 2016, the Alternative Investment asset class within the Diversified options, including the Capital Stable, Balanced, Managed Growth and Priority Growth options, no longer included Colonial First State Investments Ltd as an investment partner.

The details of the strategic investment partners for the investment options are in the brochure entitled "**Zurich Investments – Global Expertise, Specialist Application, Unique products**" available at [www.zurich.com.au/strategicpartners](http://www.zurich.com.au/strategicpartners).

## Change of investment objectives

During the period, changes to the investment objectives for the Global Thematic Share, Equity Income, Global Equity Income, Capital Guaranteed and Government Securities options were made effective on the following dates.

Investment Option	Product	Effective Date
Equity Income	ZSP and ZABP only	1 July 2015
Global Equity Income	ZSP and ZABP only	1 July 2015
Global Thematic Share	All	1 October 2015
Capital Guaranteed	ZRP only	1 October 2015
Government Securities	ZRP only	1 October 2015

Please refer to the relevant investment option summary in the Zurich Master Superannuation Fund Annual Report on pages 12 to 19 for the updated investment objectives

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## Superannuation death benefit nominations

As mentioned in last year's report, effective 1 July 2016, non-binding nominations are no longer valid. Existing binding nominations will continue until their expiry (3 years after nomination or renewal). If you have a valid binding nomination in place at the time of your death, the trustee will pay your death benefit to your nominated beneficiaries as long as they are your dependants at the time of death, or your legal personal representative (generally the executor of your will).

For pension products, at the time you commence your plan, you can nominate an eligible dependant to receive your pension at death. An existing reversionary pensioner nomination will continue to apply.

If there is no valid binding nomination or reversionary pensioner, your benefits will be paid in accordance with the rules of the fund which generally means payment will be made to your estate (provided it is solvent).

### Further information on death benefits

For further information or to make a binding death benefit nomination, please read and complete the form in the **Zurich Binding Death Benefit Nomination** online brochure at [www.zurich.com.au/bindingnominations](http://www.zurich.com.au/bindingnominations) or call Zurich Customer Care on 131 551 for a hard copy.

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## Federal Budget 2016-17

By now you would have heard about the 'Superannuation Reform Package' that was originally announced by the Federal Treasurer as part of the 2016-17 Budget. Among all the noise of 'winners and losers', 'cuts and changes', many people are still left seeking answers to the most important question: 'How will these measures affect me?'

If you're confused, you're not alone. The Australian superannuation system is one of the most complex in the world – but it's important. Superannuation was designed to provide a better standard of living in retirement than would otherwise be available by the Aged Pension. That's why it's vital Australians are aware of the changes that are being made and can make informed decisions on how they continue to save for their retirement.

On the following pages is a snapshot of the proposed Superannuation Reform package and how those changes may affect you.

While at the time of printing this Report, these superannuation changes have not been legislated, ignoring them may result in penalties and significantly impact your retirement goals. If you are unsure if any of these changes could put your projected super balance at risk, 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.

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## 1. Reduced cap for non-concessional contributions

**What this means:** The Government announced on 15 September 2016 the original Budget proposal of a \$500,000 lifetime cap for non-concessional superannuation contributions will be replaced by reducing the existing annual cap of \$180,000 to \$100,000 from 1 July 2017. In addition, individuals with a superannuation balance of more than \$1.6m will no longer be eligible to make non-concessional (after tax) contributions. The limit will be tied and indexed to the proposed transfer balance cap of \$1.6m.

**How this may affect you:** Access to the bring forward provision will depend on an individual's total superannuation balance being less than \$1.6 million at 30 June of the previous financial year. The new nonconcessional contributions cap of \$100,000 per annum is intended to begin from 1 July 2017. Until then, the current treatment of non-concessional contributions apply.

## 2. Changes to concessional contributions

**What this means:** From 1 July 2017, the annual cap on concessional superannuation contributions will reduce to \$25,000 (currently \$30,000 under age 50; \$35,000 for ages 50 and over).

**How this may affect you:** Annual concessional caps can limit people with interrupted work patterns (for example women or carers) access to deductible contributions to the same level as those who don't take breaks from the workforce.

To help these people "catch-up", from 1 July 2018, those with a super balance of less than \$500,000 can make additional concessional contributions if they haven't reached their concessional contributions cap in previous years. Unused cap amounts can be carried forward from 1 July 2018 for five consecutive years. Regardless of which category you fall into, now is a good time to talk to your adviser about salary sacrifice contributions if you want to make the most of the current higher concessional contribution caps. Make sure these contributions are received by your fund no later than 30 June 2017.

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## 3. Tax deduction for personal contributions

**What this means:** From 1 July 2017, individuals up to age 75 will be able to claim an income tax deduction for personal superannuation contributions.

**How this may affect you:** This effectively allows all individuals, regardless of employment circumstances, to make concessional superannuation contributions up to the concessional cap. If you are partially self-employed and partially wage and salary earners, or an individual whose employer does not offer salary sacrifice arrangements, you can benefit from these changed arrangements. Note if you are aged 65 or more, you must meet the work-test in order to contribute to superannuation.

## 4. Reduced income threshold

**What this means:** the Government will lower the income threshold at which high income earners pay additional contributions tax on concessional contributions. The income threshold is reducing from \$300,000 to \$250,000 per year.

**How this may affect you:** To be liable for the increased contributions tax, a person would need to have at least \$250,000 in combined income and concessional superannuation contributions. The additional tax would be charged on the whole amount of the contributions, up to the concessional cap, if your salary and wages are above the threshold. Otherwise, the additional tax is only imposed on the portion of the contribution that takes you over the threshold. Only one percent of fund members are expected to pay additional contributions tax as a result of this measure in 2017-18.

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## 5. Cap on funds you can use to start a pension

**What this means:** The maximum amount which can be transferred from superannuation into a retirement income product will be capped at \$1.6 million from 1 July 2017.

**How this may affect you:** Where an individual accumulates amounts in excess of \$1.6 million, they will be able to maintain this excess amount in their superannuation account. If you are already in a retirement product (such as the Zurich Account-Based Pension) and have a balance above \$1.6 million, you will need to reduce your retirement balance to \$1.6 million by 1 July 2017. Excess balances may be converted to a superannuation account such as the Zurich Superannuation Plan. Alternatively the excess can be withdrawn from the superannuation environment.

## 6. Low Income Superannuation Tax Offset

**What this means:** From July 2017, people who earn less than \$37,000 a year and have concessional contributions made on their behalf, will be entitled to the Low Income Superannuation Tax Offset (LISTO).

**How this may affect you:** If your take-home pay is under \$37,000, your super fund will get a tax discount of up to \$500, based on the tax paid on concessional contributions (which includes your Employer's compulsory contributions and any Salary Sacrifice contributions). The LISTO reduces contributions tax on those contributions.

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## 7. Transition to retirement pensions (TTR) taxed the same as superannuation

**What this means:** From 1 July 2017 the tax exemption on earnings of a TTR pension, will be removed.

**How this may affect you:** Under the proposed changes, earnings generated by TTR pensions will be taxed the same as earnings in superannuation (ie taxed 15 per cent), rather than being tax-free. The change is proposed irrespective of when your TTR commenced. TTR pensions may continue to be of value to those members who need extra income while reducing the number of hours worked. If you have a current TTR, you should speak to your adviser to see if the strategy will continue to suit your individual needs.

## 8. No more anti-detriment payments

**What this means:** An anti-detriment payment is essentially the refund of contributions tax that increases the death benefit paid to an eligible beneficiary. From 1 July 2017, super funds will no longer be able to provide these payments.

**How this may affect you:** While lump sum death benefits will continue to be paid to dependants tax free, there will be no additional "anti-detriment" payment included in the death benefit payout. As not every super fund made anti-detriment payments, you should check with your adviser if they had allowed for that payment as part of your estate planning strategy.

For current and historic Superannuation rates and thresholds go to the "Super rates and thresholds" section on the Superannuation and Retirement page at [www.zurich.com.au](http://www.zurich.com.au).

## 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

If you would like further information on AUSfund, please visit their website at [unclaimedsuper.com.au](http://unclaimedsuper.com.au) call them on 1300 361 798 or email them at [admin@ausfund.net.au](mailto:admin@ausfund.net.au)

## 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 \$4,000^
- 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](http://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.

^ With effect 31 December 2016 this threshold will increase to \$6,000.

## 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.

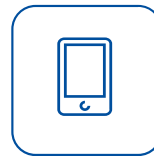
## Planning to move overseas?

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.

## 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](mailto:client.service@zurich.com.au)**



**[www.zurich.com.au](http://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.

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The information in this notice, dated 26 October 2016, 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.