

# Significant Events Notice

Product and investment changes  
for the year ending 30 June 2014



This 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

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**This notice is to be read in conjunction with the 2014 Zurich Master Superannuation Fund Annual Fund Report (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's Client Service Centre.**

If you have any questions, please contact either your financial adviser or Zurich's Client Service Centre on 131 551.

# Update: Product and Investment

*In this section, **ZSP** stands for Zurich Superannuation Plan, **ZRP** stands for Zurich Retirement Plan, **ZABP** stands for Zurich Account-Based Pension, **ZAP** stands for Zurich Allocated 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).*

## **Member protection repealed – impact for members with small account balances** (all investment plans except ZABP, ZAP and ZTAP)

The Government has passed legislation repealing Member Protection Standards with effect from 1 July 2013.

Prior to 1 July 2013 if at your policy anniversary the amount in your account was less than \$1,000 and superannuation guarantee or award contributions had been made into the account by your employer, superannuation law limited the amount of charges that could be deducted from your account. Generally you could not be charged administration fees that exceeded your investment returns during that period.

Following the removal of the Member Protection Standards, Zurich made a decision to continue providing member protection until 30 June 2014.

**Important!** If you have a small balance (ie less than \$1,000), you need to be aware your account will be charged the standard rate of administration fees from 1 July 2014. Unless you make additional investments to your plan, your account may be eroded by the application of full administration fees.

## **Intra-fund consolidation**

**(all investment plans except ZABP, ZAP and ZTAP)**

Intra-fund consolidation involves the merging of multiple superannuation accounts for the same member within the Fund, if this is in the member's best interest. When determining whether it is in the member's best interest, we must consider the possible savings in fees, charges and insurance premiums, as well as any other relevant factors.

We have completed the first round of intra-fund consolidation in June 2014 and you would have been notified if we identified any accounts that were consolidated. Future rounds of intra-fund consolidation will be completed in the first quarter of each calendar year.

## **Increase to the minimum Monthly Portfolio Management Charge**

**(ZSP, ZABP, ZAP and ZTAP clients only)**

Effective 1 April 2014 the minimum monthly Portfolio Management Charge for the Zurich Superannuation Plan (ZSP), the Zurich Account-Based Pension (ZABP), the Zurich Allocated Pension (ZAP) and the Zurich Term Allocated Pension (ZTAP) increased from \$20.30 to \$20.85.

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. 2013). The CPI is the "Weighted Average of Eight Capital Cities Index" published by the Australian Bureau of Statistics.

## **Cost of Capital Guaranteed – reduced**

**(ZRP clients only)**

Zurich guarantees the Capital Guaranteed investment option will never declare a negative rate of investment return. Currently there is a maximum deduction of 0.85% from the declared rate of the option for the cost of providing this guarantee. Zurich has recently changed how it invests the assets that back the capital guaranteed

option to a more stable pool of assets. In light of that change, Zurich has been able to reduce this charge from a maximum of 0.85% to a maximum of 0.70%. This change applies for annual investment returns credited to policies from 1 January 2015 and will be reflected in the returns declared at 31 December 2014.

### **Addition of Zurich Global Equity Income and Zurich Global Growth Share options (ZSP, ZABP and ZAP clients only)**

Effective 14 March 2014 two new investment options, namely the Zurich Global Equity Income and the Zurich Global Growth Share options, were added to the investment menu for new and existing members of the Zurich Superannuation Plan and Zurich Account-Based Pension and to existing members of the Zurich Allocated Pension.

Full details of these options can be located in the Investment option summaries section beginning on page 24 of the Annual Fund Report.

You should speak with your financial adviser to determine if these new options fit within your risk/return profile.

### **Closure of investment option (ZSP, ZABP and ZAP clients only)**

Effective 26 June 2014 the BlackRock Balanced investment option was closed. Members in this option were asked to nominate an alternative option(s) for their investments or their investment was/would 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 Client Service Centre on 131 551.

## Change to asset allocation benchmarks and ranges

The asset allocation benchmarks and ranges for the Zurich Balanced, Managed Growth and Priority Growth options have been changed in line with the following table:

Balanced		
Asset class	Benchmark %	Ranges %
Australian Share	24	8 – 38
International Shares	16	5 – 30
Listed Property Securities:		
– Australian	2	0 – 9 <sup>#</sup>
– Global	2	0 – 9 <sup>#</sup>
Alternative investments	8	6 – 10
<i>Total growth assets</i>	52	19 – 65
Aust & Int Fixed Interest <sup>^</sup>	38	30 – 58
Cash	10	5 – 25
<i>Total defensive assets</i>	48	35 – 81

Managed Growth		
Asset class	Benchmark %	Ranges %
Australian Share	32	17 – 41
International Shares	26	10 – 36
Listed Property Securities:		
– Australian	2	0 – 12 <sup>#</sup>
– Global	3	0 – 12 <sup>#</sup>
Alternative investments	9	7 – 11
<i>Total growth assets</i>	72	45 – 85
Aust & Int Fixed Interest <sup>^</sup>	24	15 – 40
Cash	4	0 – 15
<i>Total defensive assets</i>	28	15 – 55

(continued next page)

## Priority Growth

Asset class	Benchmark %	Ranges %
Australian Share	37	23 – 50
International Shares	37	23 – 50
Listed Property Securities:		
– Australian	2	2 – 10 <sup>#</sup>
– Global	3	2 – 10 <sup>#</sup>
Alternative investments	9	7 – 11
<i>Total growth assets</i>	88	57 – 100
Aust & Int Fixed Interest <sup>^</sup>	10	0 – 30
Cash	2	0 – 15
<i>Total defensive assets</i>	12	0 – 43

# The range shown for Australian and Global Property Securities is a combined range.

<sup>^</sup> This asset class includes both investment grade and non investment grade international fixed interest.

## Change of Strategic Investment Partners

Effective 24 June 2014, Wells Capital Management Inc. was appointed investment manager for the Emerging Markets equity asset allocation within 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 available from the website [www.zurich.com.au/strategicpartners](http://www.zurich.com.au/strategicpartners).

# Other significant notices

## Federal Budget 2014-15

On 13 May 2014 the Treasurer, Mr Joe Hockey, delivered his first Federal Budget. Following are announcements that may impact on your investment in the Fund. We recommend you speak to your financial adviser about how these changes affect your investment.

Please note that unless otherwise stated, legislation may not yet have been passed. We strongly recommend that members check with their financial adviser before making any changes to their investment.

## Superannuation Excess Contributions Tax

Individuals will be given the option of withdrawing superannuation contributions in excess of the non-concessional contributions cap made from **1 July 2013** and any associated earnings, with these earnings to be taxed at the individual's marginal tax rate.

Final details of the policy will be settled following consultation with key stakeholders in the superannuation industry.

This measure delivers on the Government's election commitment to develop an appropriate process that addresses all inadvertent breaches of the contribution caps where the error would result in a disproportionate penalty.

## Additional Budget announcements

Zurich's overview of the 2014-15 Federal Budget announcements that impact superannuation, investments and taxation can be located on the Superannuation and Retirement page at [www.zurich.com.au](http://www.zurich.com.au).



## **Other announcements /changes to superannuation**

### **Change to Centrelink Deeming rules**

From 1 January 2015, the normal deeming rules will be extended to superannuation account-based income streams. This will mean all financial assets are assessed under the same rules.

This change applies to pensions established on or after 1 January 2015. Account-based income streams held by pensioners prior to 1 January 2015 will continue to be assessed under the existing rules, so existing pensioners will not be affected unless they choose to change superannuation pension products, or obtain a new product from 1 January 2015.

If you have any questions regarding the new deeming rules, we recommend you speak with your financial adviser.

### **Superannuation guarantee contributions**

Since 1 July 2003, employers have been required to contribute 9% of an employee's earnings to a superannuation fund under the superannuation guarantee (SG) law. Recent changes to legislation saw the superannuation guarantee increase from 1 July 2013. As at the date of preparation of this report, with the repeal of the Minerals Resource Rent Tax, the proposed schedule for the increase is shown overleaf.

Period	Superannuation guarantee rate
1 July 2003 – 30 June 2013	9.0%
1 July 2013 – 30 June 2014	9.25%
1 July 2014 – 30 June 2020	9.5%
1 July 2020 – 30 June 2021	10.0%
1 July 2021 – 30 June 2022	10.5%
1 July 2022 – 30 June 2023	11.0%
1 July 2023 – 30 June 2024	11.5%
1 July 2024 – 30 June 2025 onwards	12.0%

If an employee earns more than \$49,430 in a quarter of the 2014-15 financial year, the employer is not obligated to pay superannuation guarantee contributions on the excess above \$49,430 in that quarter.

### Low Income Superannuation Contribution

Since 1 July 2012, the Government provided a super contribution of up to \$500 annually for anyone earning up to \$37,000 p.a. The low income superannuation contribution (LISC) effectively refunded the 15% tax they have paid on their SG contributions.

Those eligible for the LISC won't need to lodge a tax return to receive their contribution and the first payments will be made in the 2013-14 income year. The Australian Tax Office (ATO) will use available information to determine an individual's eligibility.

Individuals will need to meet a test where at least 10% of their income must be from employment or business sources and they are a resident of Australia or New Zealand.

**Note:** the government has introduced legislation to repeal the Low Income Superannuation Contribution as part of the Minerals Resource Rent Tax, with the last contribution to be made for the financial year 2016/17.

## Your privacy

Zurich and the Trustee are bound by the Privacy Act 1988 (Cth). Before providing us with any Personal or Sensitive Information ('Information'), you should know the following information.

We collect, use, process and store Personal Information and, in some cases, Sensitive Information about you in order to comply with our legal obligations, to assess your application, to administer the product provided, to enhance customer service or products and, where relevant, to manage claims ('purposes'). If you do not agree to provide us with the Information, we may not be able to process your application, administer your product or assess your claims.

By providing us or your intermediary with your Information, you consent to our use of this Information which includes us disclosing your Information where relevant for the purposes, to your intermediary, affiliates of the Zurich Insurance Group Ltd, our service providers, our business partners, government authorities or as required by law within Australia or overseas. These laws include the Australian Securities and Investment Commissions Act 2001, Corporations Act 2001, Insurance Contracts Act 1984, Life Insurance Act 1995, Superannuation Industry (Supervision) Act 1993, Anti Money Laundering and Counter Terrorism Financing Act 2006, Anti Money Laundering and Counter Terrorism Financing Rules Instrument 2007 (No. 1), Income Tax Assessment Act 1997, Taxation Administration Act 1953, Superannuation Guarantee (Administration) Act 1992, Small Superannuation Accounts Act 1995, Superannuation (Unclaimed Money and Lost Members) Act 1999, Superannuation (Resolution of Complaints) Act 1993, Superannuation (Government Co-contribution for low income earners) Act 2003, Social Security (Administration) Act 1999 and Family Law Act 1975 (Part VIII B), as those acts are amended and any associated regulations. From time to time other acts

may require, or authorise us to collect your personal information. Zurich may also obtain Information from government offices and third parties to assess an application or a claim. We may use Personal Information (but not Sensitive Information) collected about you to notify you of other products and services we offer. If you do not want your Personal Information to be used in this way, please contact us.

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](http://www.zurich.com.au), contact us by telephone on 132 687 or email us at [privacy.officer@zurich.com.au](mailto:privacy.officer@zurich.com.au)

The information in this notice, dated 30 September 2014, 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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