

Significant Event Notice (SEN) – Pension members

We are writing to you to advise you of some important Government changes to that will affect the investment of your Transition to Retirement Pension with NESS Super and to advise you of Pension fee changes that will affect your account.

It is important that you carefully read this Significant Event Notice on changes to your Transition to Retirement (TTR) Pension and Pension fee changes to understand what is changing and how the changes affect you. To assist you in your investment decisions affecting your NESS Super Transition to Retirement Pension, we would like to offer you the opportunity to meet with LinkAdvice to discuss your investment options for your NESS Super TTR pension. Please contact Simon Horrod on 02 9021 9627 to arrange an appointment with LinkAdvice.

Tax treatment of Transition to Retirement Pensions will change from 1 July 2017

From 1 July 2017, as a result of Government changes, investment earnings on assets held in your TTR will now be subject to an investment earnings tax of up to 15%. This investment earnings tax will apply until you cease your TTR and commence an Account Based Pension because you meet certain Conditions of Release. These **conditions of release** include:

- Reaching age 65
- Permanently retiring from the workforce after you reach your preservation age
- Ceasing an employment arrangement on or after age 60.

Currently assets of your TTR are invested in a tax-free asset pool. Investment earnings in this pool do not attract investment earnings tax.

To comply with legislated changes at 1 July 2017, the Trustee of NESS Super will move assets of your TTR into a similar investment option in the taxed Industry Investment Options. These options include:

- NESS MySuper
- Stable
- High Growth
- Cash
- Property
- Overseas Shares
- Australian Shares.

A detail description of these investment options can be found in Appendix 1.

How will your TTR investment option be affected?

Based on your current TTR investment options for your Pension account and future transactions, your account and your investment option for future transactions will be transferred on 30 June 2017 as follows:

Current Pension Investment Option	New Investment Option
Aggressive	High Growth
Assertive	40% High Growth 60% NESS MySuper
Cash	Cash
Cautious	50% Stable 50% NESS MySuper
Conservative	Stable
Moderate	NESS MySuper

Will there be a cost of moving the assets?

There will **no cost** to you in moving the assets.

What happens if I meet a Condition of Release between now and 1 July 2017?

If you will meet a Condition of Release before 1 July 2017, **please call us on 1800 022 065** so that we do not transfer your assets into the taxed Industry Investment options. We will then arrange with you to transfer your account into an Account Based Pension.

Is TTR still an effective strategy?

Despite the loss of tax free earnings, a TTR strategy may still reduce the overall tax you pay. We have included a paper produced by LinkAdvice that may assist you in this regard. However, the changes to TTRs are complex and everyone's circumstances are unique. We strongly recommend that you seek professional financial advice – this service is offered to you by NESS Super at no additional cost by LinkAdvice. Please contact Simon Horrod on 02 9021 9627 to arrange an appointment with LinkAdvice.

Changes to Pension fees from 1 July 2017

From 1 July 2017, the **exit fee** for Pension members will increase from \$50 to \$69.57 indexed at 1 July (\$67.87 plus 2.5% GST). This Pension fee will be indexed each year on 1 July (including 1 July 2017) in line with annual changes in the Wage Price Index for the March quarter.

> **Comment:** *The impact to Pension Members will be an additional cost of \$19.57 (indexed) on each full or partial commutation from your Pension account.*

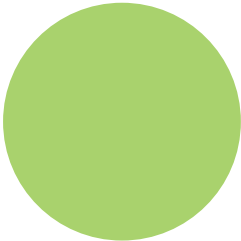
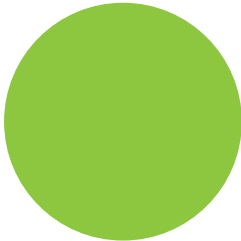
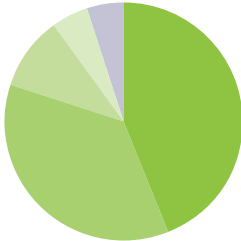
From 1 July 2017, the Pension member fee will increase from \$1.40 to \$1.50 per member per week.

> **Comment:** *The impact to Pension members will be an additional cost of \$5.20 per year.*

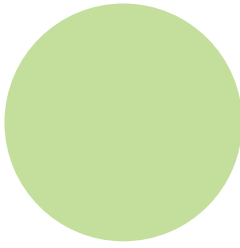
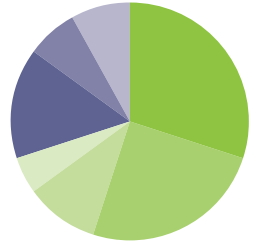
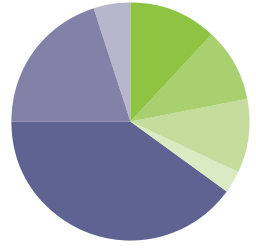
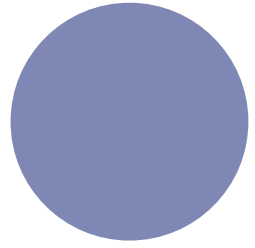
From 1 July 2017, the Pension Asset based fee will increase from a range of 0.20% to 0.25% up to a maximum of \$500 per year to 0.25% up to a maximum of \$650 per year.

> **Comment:** *The impact to Pension members will be an additional cost of 0.05% of your account balance per year to a maximum additional cost of \$150 per year.*

Appendix 1: Your investment options

Options	Overseas Shares	Australian Shares	High Growth																								
Investor profile	An investment seeking significant growth above inflation in the longer term. It is likely to suit members seeking long-term growth of their superannuation with high risk.	An investment seeking significant growth above inflation in the longer term. It is likely to suit members seeking long-term growth of their superannuation with high risk.	An investment seeking significant growth above inflation in the longer term. It is likely to suit members seeking long-term growth of their superannuation with high risk.																								
Investment objective	To achieve a return after fees and tax over rolling seven-year periods of at least 4% per annum above inflation, as measured by the Consumer Price Index.	To achieve a return after fees and tax over rolling seven-year periods of at least 4% per annum above inflation, as measured by the Consumer Price Index.	To achieve a return after fees and tax over rolling seven-year periods of at least 4% per annum above inflation, as measured by the Consumer Price Index.																								
Investment strategy	Invests exclusively in international shares.	Invests exclusively in Australian shares.	Invests predominantly in Australian and international shares, with the balance in property and growth alternatives.																								
Minimum investment timeframe	Long term: Has the highest long-term return expectation and is the highest risk strategy, producing very volatile returns over the short term.	Long term: Has the highest long-term return expectation and is the highest risk strategy, producing very volatile returns over the short term.	Long term: Has the highest long-term return expectation and is the highest risk strategy, producing very volatile returns over the short term.																								
Standard Risk Measure*	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 to 6	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 to 6	Risk Band: 6 Risk Label: High Estimated number of negative annual returns over any 20 year period: 4 to 6																								
Benchmark asset allocation	 <p>Benchmark ● International Shares 100%</p>	 <p>Benchmark ● Australian Shares 100%</p>	 <table border="1"> <thead> <tr> <th></th> <th>Long-term Benchmark</th> <th>Range</th> </tr> </thead> <tbody> <tr> <td>● Australian Shares</td> <td>44%</td> <td>35% – 60%</td> </tr> <tr> <td>● International Shares</td> <td>36%</td> <td>25% – 50%</td> </tr> <tr> <td>● Property</td> <td>10%</td> <td>0% – 30%</td> </tr> <tr> <td>● Growth Alternatives</td> <td>5%</td> <td>0% – 10%</td> </tr> <tr> <td>● Fixed Interest</td> <td>0%</td> <td>0% – 10%</td> </tr> <tr> <td>● Cash</td> <td>0%</td> <td>0% – 10%</td> </tr> <tr> <td>● Defensive Alternatives**</td> <td>5%</td> <td>0% – 15%</td> </tr> </tbody> </table>		Long-term Benchmark	Range	● Australian Shares	44%	35% – 60%	● International Shares	36%	25% – 50%	● Property	10%	0% – 30%	● Growth Alternatives	5%	0% – 10%	● Fixed Interest	0%	0% – 10%	● Cash	0%	0% – 10%	● Defensive Alternatives**	5%	0% – 15%
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The performance of the investment options is not guaranteed. The value will rise and fall due to the performance of investment markets.

Property	NESS MySuper (default option)	Stable	Cash																																										
An investment seeking growth above inflation over the medium term. It is likely to suit members seeking mid to long-term growth of their superannuation with medium to high risk.	An investment seeking growth above inflation over the medium term. It is likely to suit members seeking mid to long-term growth of their superannuation with moderate risk.	An investment with good security and potential for some growth. It is likely to suit members seeking short to medium-term growth of their superannuation with low to medium risk.	An investment with maximum security but low potential for growth after taking into account inflation. It is likely to suit members with a short investment timeframe.																																										
To achieve returns after fees and tax over rolling five-year periods of at least 2% per annum above inflation, as measured by the Consumer Price Index.	To achieve a return after fees and tax over rolling ten-year periods of at least 3% per annum above inflation, as measured by the Consumer Price Index.	To achieve a return after fees and tax over rolling three-year periods of at least 1% per annum above inflation, as measured by the Consumer Price Index.	To achieve a return after fees and tax in line with the UBS Australia Bank Bill Index.																																										
Invests in direct and listed property.	Between 60% and 80% invested in a range of Australian and international shares, infrastructure and property, with the balance in diversified fixed interest investments, defensive alternatives and cash investments.	A conservative investment that invests mainly in defensive assets such as cash and Australian and overseas fixed interest.	Invests exclusively in cash investments.																																										
Medium to long term: Likely to provide higher long-term returns than the Stable option but with more volatility.	Suitable for Members seeking a diversified investment over a broad range of asset classes, in order to achieve higher capital growth in the medium term with a moderate level of risk.	Short to medium term: Likely to produce both low volatility and lower long-term returns.	Short term: Likely to produce both the lowest volatility and the lowest long term returns.																																										
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* The Standard Risk Measure is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a member may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return.

Members should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option/s.

** Also known as Diversified Alternatives

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