

# Product update 2018

Sunsuper for life for former Kinetic Super members



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## Need some financial advice?

Speak to your adviser, or contact Sunsuper to get the advice you need. Call **13 11 84** to speak to one of our qualified financial advisers<sup>1</sup> who can give you simple advice about your Sunsuper account at no additional cost, quickly over the phone. For more comprehensive advice, we may refer you to an accredited external financial adviser<sup>2</sup>. Advice of this nature may incur a fee.

- <sup>1</sup> Sunsuper employees provide advice as representatives of Sunsuper Financial Services Pty Ltd (ABN 50 087 154 818 AFSL No. 227867) (SFS), wholly owned by the Sunsuper Superannuation Fund.
- <sup>2</sup> Sunsuper has established a panel of accredited external financial advisers who are not employees of Sunsuper. Sunsuper is not responsible for the advice provided by these planners and does not receive or pay any referral fees. These advisers will explain to you how their advice fees are determined.

At Sunsuper, our members are at the heart of everything we do and so the changes detailed in this *Product update* are focused on improving the products and services we offer you.

It's been a big year for us. We've recently been recognised as the best of the best when it comes to super. With low administration fees, strong investment performance<sup>1</sup> and award winning customer service, you can enjoy the peace of mind knowing your future is in great hands with Sunsuper, now and in retirement.



<sup>1</sup> The Balanced investment option for *Super-savings accounts*, which has identical investments to the Balanced Pool in the Lifecycle Investment Strategy, has outperformed the industry average over 1, 3, 5, 7 and 10 years. (Source: SuperRatings Fund Crediting Rate Survey December 2017). **Warning:** Past performance is not a reliable indication of future performance. For ratings and awards information, visit [sunsuper.com.au/ratingsagencies](http://sunsuper.com.au/ratingsagencies)

# Investment changes

## Standard Risk Measure

From 1 July 2018 the standard risk measure for the Diversified Bonds investment option will change as outlined below.

Current to 30 June 2018	From 1 July 2018
<b>Expected number of years of negative returns over any 20-year period:</b> 2 to less than 3.	<b>Expected number of years of negative returns over any 20-year period:</b> 1 to less than 2.
<b>Risk label:</b> Medium.	<b>Risk label:</b> Low to Medium.
<b>Risk band:</b> 4.	<b>Risk band:</b> 3.

For more information about investment risks refer to the *Sunsuper for life Investment guide*.

## Asset allocations

From 27 November 2017, the allowable range for the cash asset class in the Socially Conscious Balanced investment option changed as shown below.

	Socially Conscious Balanced investment option			
	To 26 November 2017		From 27 November 2017	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	28	20-40	28	20-40
International shares	29	15-42	29	15-42
Property	9	0-20	9	0-20
Infrastructure	3	0-7	3	0-7
Fixed interest	25	0-45	25	0-45
Cash	5	0-15	5	0-20
Alternatives <sup>1</sup>	1	0-6	1	0-6

<sup>1</sup> May include forestry and private equity.

From 1 July 2018 the Emerging Markets Shares, Growth, Balanced, Retirement and Conservative investment options and the Lifecycle Investment Strategy Balanced Pool and Retirement Pool asset allocations will change. Refer to the following tables.

	Emerging Markets Shares investment option			
	Current to 30 June 2018		From 1 July 2018	
	Strategic %	Allowable range %	Strategic %	Allowable range %
International shares emerging	100	70-100	100	n/a
International shares developed	0	0-30	n/a	n/a

	Growth investment option			
	Current to 30 June 2018		From 1 July 2018	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	28.5	0-50	29.5	0-50
International shares	35.5	0-70	34.5	0-70
Private capital	10	0-20	11	0-20
Property	8	0-30	8	0-30
Diversified strategies	5	0-15	4	0-15
Infrastructure	8	0-20	8	0-20
Fixed interest	0	0-20	0	0-20
Hedge funds <sup>1</sup>	5	0-20	5	0-20
Cash	0	0-20	0	0-20

	Balanced investment option and Lifecycle Investment Strategy Balanced Pool			
	Current to 30 June 2018		From 1 July 2018	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	22.5	0-50	22.5	0-50
International shares	27.5	0-70	28.5	0-70
Private capital	7	0-15	7	0-15
Property	11	0-30	11	0-30
Diversified strategies	5	0-15	4	0-15
Infrastructure	8	0-20	8	0-20
Fixed interest	8	0-30	9.5	0-30
Hedge funds <sup>1</sup>	5	0-25	6	0-25
Cash	6	0-25	3.5	0-25

	Retirement investment option and Lifecycle Investment Strategy Retirement Pool			
	Current to 30 June 2018		From 1 July 2018	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	17.5	0-50	17.5	0-50
International shares	15.5	0-55	16.5	0-55
Private capital	5	0-15	5	0-15
Property	10	0-30	10	0-30
Diversified strategies	5	0-15	4	0-15
Infrastructure	7	0-20	7	0-20
Fixed interest	22	0-50	22.5	0-50
Hedge funds <sup>1</sup>	6	0-15	7	0-15
Cash	12	0-25	10.5	0-25

<sup>1</sup> From 1 July 2018, this asset class will be called Hedge funds and alternative strategies.

	Conservative investment option			
	Current to 30 June 2018		From 1 July 2018	
	Strategic %	Allowable range %	Strategic %	Allowable range %
Australian shares	8.5	0-30	8.5	0-30
International shares	9.5	0-30	9.5	0-30
Private capital	1	0-10	2	0-10
Property	9	0-20	9	0-20
Diversified strategies	5	0-15	4	0-15
Infrastructure	6	0-20	6	0-20
Fixed interest	33	0-70	31.5	0-70
Hedge funds <sup>1</sup>	6	0-15	7	0-15
Cash	22	0-100	22.5	0-100

<sup>1</sup> From 1 July 2018, this asset class will be called Hedge funds and alternative strategies.

### Asset class name and description change

From 1 July 2018, 'Hedge funds' will be re-labelled 'Hedge funds and alternative strategies' and the description in the *Sunsuper for life Investment guide* will be updated to the following:

Hedge funds and alternative strategies investments are generally investments that use both listed and private securities that aim to generate returns that do not follow the normal investment cycles of the traditional asset classes. Compared with traditional asset classes, investments in this asset class are often more complex, using leverage, long and short exposures, and multiple asset classes, to access diversifying sources of return.

### Investment style changes

From 1 July 2018, the Cash investment option and Cash Pool of the Lifecycle Investment Strategy will change from active investment management to active and enhanced index investment management.

### Investment fees and costs

Our updated investment fees and costs will be available in the *PDS*, *Sunsuper for life guide* and *Sunsuper for life Investment guide* issued 1 July 2018.

# Other important changes

### First Home Super Saver Scheme (FHSSS)

The Government previously announced that people who make voluntary before or after-tax contributions into their super from 1 July 2017 will be able to withdraw these contributions plus associated earnings from 1 July 2018, to help them purchase their first home. A maximum withdrawal cap of \$15,000 in contributions made during a single year or \$30,000 in total contributions applies.

From 1 July 2018 FHSSS-eligible contributions and associated earnings can be withdrawn from your super and used towards a first home deposit (subject to FHSSS rules and caps). It's important to note that these associated earnings are calculated using a deemed rate of return, which may be greater or less than the actual earnings on your account. For more information visit [sunsuper.com.au/FHSSS](http://sunsuper.com.au/FHSSS)

### Downsizer contributions - put more into your super for retirement

If you are aged 65 or older you will be able to contribute the proceeds from selling your home as a one-off non-concessional contribution to your super, limited to \$300,000 per person (\$600,000 per couple). This measure only applies where the contract of sale was exchanged on or after 1 July 2018, and does not include investment properties, holiday homes, caravans or other mobile homes. These contributions do not count towards the non-concessional contributions cap. For more information visit [sunsuper.com.au/downsizer](http://sunsuper.com.au/downsizer)

### "Catch-up" concessional contributions

Commencing from 1 July 2018, unused portions of the concessional contributions cap can be "rolled over" to future years, subject to certain conditions.

This means that from 1 July 2019, people with total superannuation balances of less than \$500,000 (as at the last day of the previous financial year) will be able to make use of the unused portions, on a rolling 5-year basis.

For example, if your concessional contributions for 2018/19 are \$15,000 less than the concessional contributions cap, that \$15,000 unused portion is effectively rolled over and added to your concessional cap for 2019/20.

Unused cap amounts that aren't used after 5 years will expire.

### Yearly changes to rates and thresholds

Updated rates and thresholds (including contribution caps) will be made available on the ATO website, and will be published in our updated *PDS* and *guides* issued 1 July 2018.

### Changes to superannuation complaints handling

A new body, the Australian Financial Complaints Authority, will replace the Superannuation Complaints Tribunal and other bodies that handle complaints relating to financial services. The Government has announced that the Australian Financial Complaints Authority will start receiving disputes from no later than 1 November 2018. The updated *Sunsuper for life guide*, to be issued on 1 July 2018, will include updated information about making a complaint.

Please read this *Product update* to familiarise yourself with all of the changes and make sure you understand how they may affect your super. *Product Disclosure Statements (PDS)* and important *PDS* updates are available at [sunsuper.com.au/kinetic-super](http://sunsuper.com.au/kinetic-super). The *PDS* will be updated with the changes outlined in this *Product update* effective 1 July 2018.

This *Product update* contains important information. This information was current when this document was prepared. We make every effort to ensure the information shown is correct. Sunsuper reserves the right to make adjustments for any errors, misprints or omissions. A printed copy of the *Product update* is available on request at no additional cost.

This *Product update* contains general information only. Any advice does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of any advice having regard to your personal objectives, financial situation and needs before acting on that advice. You should consider the *Product Disclosure Statement (PDS)* in deciding whether to acquire, or to continue to hold the product. A copy of the *PDS* can be obtained by visiting [sunsuper.com.au/kinetic-super](http://sunsuper.com.au/kinetic-super) To contact us visit [sunsuper.com.au/contactus](http://sunsuper.com.au/contactus) or call 13 11 84.

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