

# Product update 2018

**Sunsuper for life, Sunsuper for life Business,  
and Sunsuper for life Corporate**



## Quick reference guide

Insurance changes - page 2

Investment changes - page 4

Other important changes - page 7

## 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.

This *Product update* contains information about important changes to super and your Sunsuper account (refer to *Important information* on page 8).



<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)



# Insurance changes

## Insurance premium changes for *Sunsuper for life* members

From 1 July 2018, our insurance premiums for *Sunsuper for life* are changing and for the majority of members the premium rates will decrease.

Our Total & Permanent Disability Assist and Tailored Total & Permanent Disability premium rates will decrease by an average of 20% and 23.5% respectively while our Death premium rates will remain unchanged. Our Income Protection premium rates are changing depending on the Waiting Period and Benefit Period.

**Note:** These changes do not apply to *Sunsuper for life Business* and *Sunsuper for life Corporate* accounts.

To obtain a copy of the insurance premium rates that will apply from 1 July 2018, refer to [sunsuper.com.au/pdsupdates](https://www.sunsuper.com.au/pdsupdates)

## Changes to when insurance cover stops

We are making some changes to when insurance cover stops from 1 July 2018, as a result of a new Insurance in Superannuation Voluntary Code of Practice (refer to *Other important changes* on page 7 for more information on the Code).

**Automatic cancellation of insurance cover** - Where we stop receiving eligible contributions<sup>1</sup> into your superannuation account for a period of 6 months or more, we will write to you to remind you that we have not received any contributions and provide you with options to re-commence contributions. We will also notify you in that letter that your cover may be cancelled after 12 months of no eligible contributions<sup>1</sup>, depending on your account balance.

After 9 months or more of no eligible contributions<sup>1</sup>, and your account balance is less than \$6,000, we will notify you that your insurance cover will be cancelled after 12 months of no eligible contributions<sup>1</sup> being received.

We understand that everyone has different insurance needs and you may wish to keep your insurance cover. You can contact us at any time and request that automatic cancelling of your insurance cover is not applied to your superannuation account, visit [sunsuper.com.au/contactus](https://www.sunsuper.com.au/contactus) or call 13 11 84.

If we automatically cancel your insurance cover, you will have the option of restarting Death and Total & Permanent Disability cover automatically if:

- you contact us and/or we receive an eligible contribution<sup>1</sup> within 60 days of the cancellation date of your cover. We will restart the cover you had (excluding Income Protection) as at the date of the automatic cancellation from the date we receive the request or contribution; or

- for *Sunsuper for life* members, if you make an eligible contribution<sup>1</sup> more than 60 days after your cover was cancelled. We will provide you with Death and Total & Permanent Disability Assist cover as "Starter" cover at the time we receive the eligible contribution<sup>1</sup>, from the date we receive the contribution. Where your account balance is above \$6,000, we will automatically provide you with "Booster" cover within 7 days (see *Introducing Starter and Booster Cover for Sunsuper for life* on this page for more information).
- for *Sunsuper for life Business* and *Sunsuper for life Corporate* members, if you make an eligible contribution<sup>1</sup> more than 60 days after your cover was cancelled, we will provide you with Death and Total & Permanent Disability cover based on the default level of cover offered under your plan, from the date we receive the eligible contribution<sup>1</sup>.

**Note:** You will not be able to make a claim for the period where the cover was cancelled.

**Automatic lapsing of insurance cover** - From 1 July 2018, where your account balance reduces to \$0, we will notify you that your insurance cover will be lapsed (cancelled) unless you make an eligible contribution<sup>1</sup> within 4 months and have an account balance sufficient to cover any unpaid insurance premiums. If your cover lapses after 1 July 2018, we will **not** automatically restart your cover upon receipt of an eligible contribution<sup>1</sup>. Should you wish to restart cover that has lapsed, you will be required to complete an application that will be subject to health and employment assessment, and acceptance by the insurer. You will also be required to ensure your account has sufficient funds to pay future premiums.

<sup>1</sup> Eligible contributions include Superannuation Guarantee, additional Employer contributions, personal contributions (including voluntary contributions, contributions made by a spouse) and rollovers. They do not include any Government contributions including co-contributions and low income super tax offsets.

## Introducing Starter and Booster cover for *Sunsuper for life*

From 1 July 2018, eligible members joining *Sunsuper for life* will automatically receive "Starter" cover. "Starter" cover provides a minimum level of Death and Total & Permanent Disability Assist insurance cover, based on a member's age. The cost of the "Starter" cover depends on the amount of cover, member's age and gender.

Once the member's account balance reaches \$6,000, the Death and Total & Permanent Disability Assist cover will be automatically doubled, to "Booster" cover. The cost of the "Booster" cover depends on the amount of cover, member's age and gender. Limited cover<sup>1</sup> will apply to "Booster" cover until the member meets a 30 consecutive day "At Work" test.

For eligible new members from 1 July 2018, within 120 days of joining the fund the following New Member options will be available:

- Choose to increase "Starter" cover to "Booster" cover;
- Apply for Opt In Income Protection.

Where a member's occupation is classed as a White Collar, they can apply for an additional 50% of the minimum level of Death and Total & Permanent Disability Assist cover, at no extra cost.

Full details of eligibility and other terms and conditions will be published in the updated *Sunsuper for life Insurance guide*, available from 1 July 2018. "Starter" or "Booster" cover may also be provided where cover is automatically cancelled and later restarted.

<sup>1</sup> The Limited cover periods above apply to members who join *Sunsuper for life* within 120 days of commencing employment with their employer. Different Limited cover periods will apply to members who join *Sunsuper for life* more than 120 days after commencing employment with their employer. Refer to the updated *Sunsuper for life Insurance guide* 1 July 2018 for further details.

**Note:** These changes do not apply to *Sunsuper for life Business* and *Sunsuper for life Corporate* accounts.

# 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.

# Other important changes

|                          | 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.

## Insurance in Superannuation Voluntary Code of Practice

Sunsuper has signed up to the new Insurance in Superannuation Voluntary Code of Practice ("the Code"). The overarching objective of the new Code is to improve the insurance in superannuation offered to you and the processes by which insurance benefits are provided. A copy of the Code is available at [sunsuper.com.au/pdsupdates](https://www.sunsuper.com.au/pdsupdates)

In addition to the *Changes to when insurance cover stops*, from 1 July 2018 the following changes will apply to ensure that we comply with the Code.

- **Intention and Comprehension Statements** - We are including Intention and Comprehension statements to enhance our disclosure. These statements will provide information around Sunsuper's intention for providing Total & Permanent Disability and Income Protection cover, as well as explaining our definitions and how these are applied in the event of a claim.

Intention and Comprehension statements will be available from 1 July 2018 in the *Sunsuper for life Insurance guide* and *Sunsuper for life Business Insurance guide*, and on employer plan microsites for *Sunsuper for life Corporate*.

Visit [sunsuper.com.au/pdsupdates](https://www.sunsuper.com.au/pdsupdates) to pre-view the *Sunsuper for life* Intention and Comprehension statements.

- **Annual insurance summary** - For *Sunsuper for life* and *Sunsuper for life Business*, we are introducing an annual insurance summary, which will be sent to you, approximately 30 days after your birthday. The annual insurance summary will be tailored to you and provides the types of cover you hold, how much you are insured for, the current premium, any standard policy exclusions or benefit limitations, how you can increase, decrease or cancel your cover, and what to do in the event you need to make a claim.

All members will continue to receive their *Annual statement* which contains insurance information.

## 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](https://www.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](https://www.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 Tailored Income Protection (IP) indexation for *Sunsuper for life*

If you have Tailored Income Protection, your amount of cover may be indexed annually. Indexation is based on the annual trend adjusted increase of the Full Time Adult Average Weekly Ordinary Time Earnings Index, published by the Australian Bureau of Statistics, as at the previous November. For 1 July 2018 the indexation amount is 2.3%.

You can elect to not have your cover indexed by completing an *Insurance variation* form available at [sunsuper.com.au/forms](http://sunsuper.com.au/forms). To submit your form or contact us visit [sunsuper.com.au/contactus](http://sunsuper.com.au/contactus) or call **13 11 84**.

## 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.

**Important information** You may have also been provided with an *Important notice* which outlines these changes and for *Sunsuper for life* members contains information about your insurance cover and premium. Please read this *Product update* in conjunction with the *Important notice* (if you received one) 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/pds](http://sunsuper.com.au/pds) for *Sunsuper for life* members, or at your employer plan's microsite for *Sunsuper for life Business* and *Sunsuper for life Corporate* members. 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/pds](http://sunsuper.com.au/pds) for *Sunsuper for life* members. *Sunsuper for life Business* and *Sunsuper for life Corporate* members should refer to their employer plan's microsite. To contact us visit [sunsuper.com.au/contactus](http://sunsuper.com.au/contactus) or call **13 11 84**.

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