

# Important changes to your legalsuper account

This Significant Event Notice (SEN) advises of important changes impacting your legalsuper account. This SEN details changes to:

1. asset allocation for some investment options;
2. risk profiles for some investment options;
3. investment fees and costs for some investment options;
4. unit pricing frequency;
5. the administration of the Direct Investment option (DIO); and
6. legislation and legalsuper's Eligible Rollover Fund (ERF) process.

For information about how these changes might affect you, please contact legalsuper.

Email via [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au) or call 1800 060 312, 8am-8pm (AEST) Monday-Friday.

## 1. Asset allocation changes – effective 6 May 2019

Asset allocation refers to the combination of different asset categories or classes, such as Australian shares, overseas shares, fixed interest and cash. The investment return and risk of an investment option are largely determined by its asset allocation. The following changes are about to be made to each option.

- The allocation to the fixed interest asset class in the MySuper balanced and Balanced options will be reduced in favour of Alternative assets.
- The permitted ranges for some asset classes will be adjusted.

The other changes about to be made are:

- References to growth and defensive assets in legalsuper's Product Disclosure Statement (PDS) and publications have been removed, as there is no common market practice to define growth or defensive assets.
- The Alternative income and Alternative growth asset classes will be merged to form the Alternative asset class.

Details of these changes are below:

INVESTMENT OPTION	ASSET CLASS	ASSET ALLOCATION <sup>1</sup> (%)		PERMITTED RANGE <sup>2</sup> (%)	
		up to 5/5/2019	from 6/5/2019	up to 5/5/2019	from 6/5/2019
MySuper balanced/Balanced	Australian shares	27	27	20-50	20-50
	Overseas shares	27	27	10-40	10-40
	Alternative growth	9	-	0-20	-
	Alternative assets	-	20	-	10-30
	Alternative income	5	-	0-20	-
	Property	12	12	0-25	0-25
	Fixed interest	18	12	0-30	0-20
	Enhanced cash	2	2	0-30	0-30
Conservative	Australian shares	12	12	5-25	5-25
	Overseas shares	12	12	0-20	0-20
	Alternative growth	4	-	0-10	-
	Alternative assets	-	10	-	0-20
	Alternative income	5	-	0-20	-
	Property	7	6	0-10	0-10
	Fixed interest	20	20	20-60	10-40
	Enhanced cash	30	30	10-40	10-40
	Cash	10	10	0-20	0-20

1 Asset allocation is the proportion of an option's investment that is listed in each asset class.

2 The permitted range shows the minimum and maximum exposure to an asset class. For example, if the permitted range for Australian shares is 20-50, then the minimum allocation to Australian shares is 20% of the option, and maximum allocation is 50% of the option.

INVESTMENT OPTION	ASSET CLASS	ASSET ALLOCATION <sup>1</sup> (%)		PERMITTED RANGE <sup>2</sup> (%)	
		up to 5/5/2019	from 6/5/2019	up to 5/5/2019	from 6/5/2019
Conservative balanced	Australian shares	19	19	10-45	10-45
	Overseas shares	19	19	10-30	10-30
	Alternative growth	6	-	0-15	-
	Alternative assets	-	12	-	0-20
	Alternative income	5	-	0-20	-
	Property	11	9	0-20	0-20
	Fixed interest	20	20	10-50	10-50
	Enhanced cash	15	15	0-30	0-30
Growth	Cash	5	6	0-20	0-20
	Australian shares	34	34	30-50	20-50
	Overseas shares	34	34	20-40	20-50
	Alternative growth	9	-	0-20	-
	Alternative assets	-	12	-	0-20
	Alternative income	2	-	0-20	-
	Property	13	10	0-20	0-20
	Fixed interest	7	7	0-20	0-20
High growth	Enhanced cash	1	3	0-20	0-20
	Australian shares	42	42	30-60	30-60
	Overseas shares	42	42	20-50	20-50
	Alternative growth	9	-	0-20	-
	Alternative assets	-	10	-	0-20
Property	7	6	0-20	0-20	

## 2. Risk profile changes – effective 6 May 2019

The risk profile for the following investment options have been adjusted:

INVESTMENT OPTION	RISK PROFILE – LIKELIHOOD OF PRODUCING A NEGATIVE RETURN EVERY 20 YEARS		RISK LEVEL	
	Until 5/5/2019 (years)	From 6/5/2019 (years)	Until 5/5/2019	From 6/5/2019
Conservative	1-2	1-2	Medium	Low to Medium
Conservative balanced	2-3	2-3	Medium to high	Medium
MySuper balanced /Balanced	3-4	3-4	High	Medium to high
Balanced Socially responsible	3-4	3-4	High	Medium to high
Balanced index (accumulation)	3-4	3-4	High	Medium to high
Balanced index (pension)	4-6	3-4	High	Medium to high

The return objectives for the Cash, Enhanced cash, Australian shares and Overseas shares investment options have changed to outperform their respective benchmarks 'net of fees'. Previously the return objective for these investment options was 'net of fees and tax'.

## 3. Changes to investment fees and costs – effective 6 May 2019

Investment fees include investment manager fees, custody fees and investment-related Trustee costs.

Investment fees will change for some options, as set out below.

INVESTMENT OPTION	INVESTMENT FEE (% PA)	
	Up to 5/5/2019	From 6/5/2019
MySuper balanced/Balanced	0.69	0.73
Conservative	0.41	0.44
Growth	0.72	0.64
High growth	0.73	0.63
Australian shares	0.59	0.58
Overseas shares	0.45	0.43

1 Asset allocation is the proportion of an option's investment that is listed in each asset class.

2 The permitted range shows the minimum and maximum exposure to an asset class. For example, if the permitted range for Australian shares is 20-50, then the minimum allocation to Australian shares is 20% of the option, and maximum allocation is 50% of the option.

## 4. Changes to unit pricing frequency – effective 6 May 2019

legalsuper values the assets of each investment option to determine the unit price of the option.

legalsuper currently prices its investments weekly. From 6 May 2019, this will change to daily investment pricing. This means that unit prices will be updated on each national business day (i.e. a weekday that is not a national public holiday or the NSW Queens Birthday weekend or at the Trustee's discretion).

This change will reduce the time taken to process investment switches and cash transfers<sup>3</sup>. For more information, please visit [legalsuper.com.au/investments/investment-options/changing-your-investment-options](https://legalsuper.com.au/investments/investment-options/changing-your-investment-options)

Requests to switch investment option(s) received before 4pm (AEST)<sup>4</sup> on a national business day will receive the unit price of that day. Your account records will be updated two national business days after the request.

## 5. Changes to the Direct Investment option – effective 6 May 2019

legalsuper's Direct Investment option (DIO) offers members more control over their investments. legalsuper has appointed UBS to replace Macquarie as the provider of its DIO platform. This change will provide service enhancements and improved access to investment tools and research. Changes to the DIO service during and after the transition process are as follows.

### PERIODS OF RESTRICTED FUNCTIONALITY

The transition will necessitate periods of restricted functionality for the DIO to ensure the transfer of investments is accurate and complete.

Full access and transactional capability to MemberAccess and the DIO will be restored from 9am Monday 6 May (AEST).

For detail about the periods of restricted functionality, please visit [legalsuper.com.au/changes-to-the-dio](https://legalsuper.com.au/changes-to-the-dio) and see below:

- The ability for members to invest in 3, 6 and 12 month Term Deposits ceased from 27 February 2019. Only 1 month Term Deposits can be selected from 27 February 2019.
- The ability for members to invest in a 1 month Term Deposit will be disabled from 8pm 29 March 2019 (AEST).
- The ability for members to transfer their superannuation DIO to a pension DIO will be disabled from 12 April 2019.
- From Midnight 17 April 2019 (AEST):
  - existing fund members will be unable to start a DIO; and
  - existing DIO members will not be able to transfer funds to their DIO from their non-DIO investment option(s), and vice versa.
- From 8pm 30 April 2019 until 5pm 2 May 2019 (AEST), the DIO will be view only to all existing DIO members (i.e. for this period DIO members will not be able to perform any transactions including cash transfers, Term Deposit investments and/or listed security trading).
- At 8pm 30 April 2019 (AEST), any outstanding 'at market' and/or 'at limit' orders will be cancelled. You will be able to place a new 'at market' and/or 'at limit' order from market open on 6 May 2019.
- From 5pm 2 May 2019 until 9am 6 May 2019 (AEST), the DIO will be unavailable to all existing DIO members (i.e. for this period DIO members will be unable to access their DIO).
- From 5pm 3 May 2019 until 9am 6 May 2019 (AEST), MemberAccess will be unavailable to all members.

### UPDATED TERMS AND CONDITIONS

The first time any member logs in to the new DIO platform they will be prompted to accept the updated Terms and Conditions.

### APPROVED INVESTMENT MENU

There have been two changes to the Approved Investment Menu. The Australian Governance Masters Index Fund Limited (AQF) and Macquarie Bank Term Deposits will no longer be available.

### TRANSITION TO RETIREMENT (TTR) PENSION MEMBERS

The new DIO platform is unable to support TTR Pension members. If this affects you, we will communicate with you separately.

### MINIMUM PENSION PAYMENT REQUIREMENT

A new Minimum Pension Payment Requirement will apply. The minimum non-DIO balance for Pension members will be the greater of \$3,000 or the equivalent of 13 months of the required annual minimum pension payment.

### TERM DEPOSITS

We are not able to transfer existing Term Deposits to the new platform. Existing Term Deposits will be closed before the transition date. No fees will be charged to close existing Term Deposits and interest will be credited at the agreed rate from the date invested to 5 May 2019. Members who wish to re-establish Term Deposits must arrange them on the new DIO platform from 6 May 2019. If this affects you, we will communicate with you separately.

### DIO ACCOUNTS WITH A \$0 BALANCE

If you have previously opened a DIO account but currently have a \$0 balance, your DIO account will not be transitioned to the new platform. If this affects you, we will communicate with you separately.

### DIO CASH ACCOUNT

The minimum cash balance in the DIO Cash account will reduce from \$500 to \$250. This minimum cash balance must always be retained in the DIO Cash account.

The DIO Cash account will be used to settle trades, pay fees and to receive interest and dividends net of any applicable tax.

### DELISTED AND SUSPENDED STOCK

Delisted and suspended stock will be unable to be transitioned to the new platform. If this affects you, we will communicate with you separately.

<sup>3</sup> Cash transfers are transfers to and from the Direct Investment option.

<sup>4</sup> The 4pm (AEST) cut-off applies to requests received via all channels (e.g. both online and forms). The investment switch detailed above does not include investments within the Direct Investment option.

## FEES

There are changes to fees and how the fees are charged.

- The DIO account fee (also known as a 'Portfolio Administration Fee') of \$20 per month will remain unchanged. However, this fee will now be deducted from your DIO Cash account on a monthly basis instead of from your non-DIO investment option(s).
- A DIO Cash account fee of 0.40% per annum will apply based on your DIO Cash account balance. This fee is calculated daily and deducted monthly from your DIO Cash account.
- The brokerage rates charged on the platform to buy or sell shares will change. Details are set out below.

BROKERAGE			
Up to 5/5/2019		From 6/5/2019	
Trade amount	Brokerage fee (exc. GST)	Trade amount	Brokerage fee (exc. GST)
\$0 - \$4,167	\$12.50	\$0 - \$10,000	\$19.50
\$4,168 - \$10,000	0.30%		
\$10,001 - \$30,000	0.20%	\$10,000.01 - \$27,500	\$29.50
\$30,001 - \$50,000	0.18%		
\$50,001 - \$100,000	0.15%	\$27,500.01 - \$10,000,000	0.11% on total value
\$100,001 - \$10,000,000	0.10%		

## 6. Legislative changes and updates to legalsuper's Eligible Rollover Fund (ERF) process – effective 1 July 2019

The Government has made several legislative changes effective from 1 July 2019. These may affect your account and include the following:

### A. CAP ON ADMINISTRATION AND INVESTMENT FEES ON ACCOUNT BALANCES OF LESS THAN \$6,000

From 1 July 2019, the administration and investment fees charged for accumulation accounts with a balance of \$6,000 or less will be capped at 3% per annum. If this applies to you, legalsuper will refund fees charged in excess of 3% per annum.

### B. REMOVAL OF EXIT FEES ON A PAYMENT/ ROLLOVER FROM YOUR ACCOUNT

Currently, legalsuper charges an Exit fee of \$50. From 1 July 2019, this fee will no longer be charged as exit fees for all payments and rollovers will be removed.

### C. CEASING DEATH AND TPD INSURANCE COVER FOR ACCOUNTS THAT ARE INACTIVE FOR 16 MONTHS OR MORE, REGARDLESS OF ACCOUNT BALANCE

From 1 July 2019, where an accumulation account has been inactive (i.e. no contributions or rollovers have been received) for 16 months or more, Death and TPD insurance cover will be cancelled unless legalsuper has been advised by you to maintain it.

If you are affected by this change, legalsuper will be communicating with you providing further information and the action you need to take to maintain your Death & TPD insurance cover if you wish to do so.

### D. TRANSFERRING INACTIVE ACCOUNT BALANCES OF LESS THAN \$6,000 TO THE AUSTRALIAN TAXATION OFFICE (ATO)

From 1 July 2019, inactive accumulation accounts with a balance of \$6,000 or less will be transferred to the ATO unless within the last 16 months you have:

- provided written notice to the Commissioner, declaring that you are not a member of an inactive low-balance account;
- changed investment options;
- made changes to your insurance cover;
- made or amended a binding beneficiary nomination; or
- legalsuper is owed an amount in respect of your account.



### Changes to legalsuper's Eligible Rollover Fund (ERF)

The above process will replace legalsuper's current practice of transferring member accounts with a balance of less than \$500 and are inactive (i.e. there have been no contributions for 15 months) to AusFund.

### E. CHANGES TO THE WORK TEST

Changes to the work test mean an extra year to contribute to super. People aged 65-74, with a total superannuation balance of below \$300,000, will be able to make voluntary contributions for 12 months from the end of the financial year in which they last met the work test. Some conditions apply. This change is effective from 1 July 2019.

For more information about your legalsuper account, or how these changes may affect you, please refer to legalsuper's Product Disclosure Statement or contact us.

-  legalsuper.com.au
-  mail@legalsuper.com.au
-  1800 060 312, 8am – 8pm (AEST) Monday – Friday

This information is of a general nature only and does not take into account your objectives, financial situation or needs. You should therefore consider the appropriateness of the information and obtain and read the relevant legalsuper Product Disclosure Statement before making any decision.

Legal Super Pty Ltd ABN 37 004 455 789, AFSL 246315 is the Trustee of legalsuper ABN 60 346 078 879.