

Changes to investments and the administration fee rebate threshold

Significant Event Notice

ISSUED 15 SEPTEMBER 2020

Since 1989, legalsuper has been committed to supporting the legal community.

On 1 November 2020, we're making some important changes to your legalsuper account.

1. Changes to investments

- Changes in risk profile and risk level for the Balanced index investment option.
- Changes in return objectives for the Balanced Socially responsible and Balanced index investment options.
- Change of investment manager for the Balanced Socially responsible option.
- Asset allocation changes for some investment options.

2. Administration fee rebate threshold

- Administration fees for balances which exceed an average of \$350,000 and higher in a financial year are capped. The \$350,000 threshold has not been indexed since 2009 and will increase to \$450,000.

1. Changes to investments

Risk Profile Changes

The ASFA Standard Risk Measure for the Balanced index investment option has been adjusted:

Investment option	Risk profile – Likelihood of producing a negative return every 20 years		Risk Level	
	Until 31/10/20	From 1/11/20	Until 31/10/20	From 1/11/20
Balanced index (accumulation)	3 - 4 in every 20 years	4-6 in every 20 years	5: Medium to High	6: High
Balanced index (pension)	3 - 4 in every 20 years	4-6 in every 20 years	5: Medium to High	6: High

Change of manager for the Balanced Socially responsible option

The investment manager for the Balanced Socially responsible option has changed from AMP Capital to Pandal Group.

The Balanced Socially responsible option was until recently invested in AMP Capital's AMP Capital Ethical Leaders Balanced Fund. Due to concerns with investment performance and recent reports about culture at AMP, legalsuper has terminated AMP Capital and transferred the investment into the Pandal Group's Sustainable Balanced Fund.

As a result of this change, there has been a corresponding change in both the return objective and the strategic asset allocation for this option.

Return Objective Changes – effective 1 November 2020

The return objectives of the following investment options have been updated.

Investment Option	Return objective (pa, over rolling 10-year periods)*	
	Until 31/10/20	From 1/11/20
Balanced Socially responsible (accumulation)	CPI + 3.5%	CPI + 3.0%
Balanced index (accumulation)	CPI + 2.8%	CPI + 3.0%
Balanced index (pension)	CPI + 3.3%	CPI + 3.5%

*net of all fees and taxes except the weekly \$1.30 administration fee

Asset allocation changes - effective 1 November 2020

Asset allocation is 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 will be made to each option:

- Strategic asset allocation changes in line with current portfolio strategy.
- The permitted ranges for some asset classes have also been adjusted.

Details of these changes are below:

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
MySuper balanced/ Balanced	Australian Shares	27%	27%	20% - 50%	10% - 40%
	International Shares	27%	27%	10% - 40%	10% - 40%
	Alternatives	20%	20%	10% - 30%	10% - 30%
	Property	12%	12%	0% - 25%	0% - 25%
	Fixed Interest	12%	11%	0% - 20%	0% - 20%
	Enhanced Cash	2%	0%	0% - 30%	0%
	Cash	0%	3%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Growth	Australian Shares	34%	34%	20% - 50%	10% - 50%
	International Shares	34%	34%	20% - 50%	20% - 50%
	Alternatives	12%	12%	0% - 20%	0% - 20%
	Property	10%	10%	0% - 20%	0% - 20%
	Fixed Interest	7%	7%	0% - 20%	0% - 20%
	Enhanced Cash	3%	0%	0% - 20%	0%
	Cash	0%	3%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
High growth	Australian Shares	42%	40.5%	30% - 60%	20% - 50%
	International Shares	42%	40.5%	20% - 50%	20% - 50%
	Alternatives	10%	10%	0% - 20%	0% - 20%
	Property	6%	6%	0% - 20%	0% - 20%
	Cash	0%	3%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Balanced Socially responsible	Australian Shares	25%	29.1%	15% - 40%	10% - 40%
	International Shares	33%	29.1%	15% - 40%	10% - 40%
	Alternatives	6%	14.5%	0% - 13%	0% - 20%
	Property	9%	3.9%	0% - 20%	0% - 20%
	Fixed Interest	25%	12.6%	0% - 45%	0% - 50%
	Cash	2%	10.8%	0% - 20%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Balanced index	Australian Shares	35%	34%	20% - 45%	10% - 45%
	International Shares	25%	24%	10% - 45%	10% - 45%
	Property	10%	10%	0% - 20%	0% - 20%
	Fixed Interest	25%	24%	0 - 50%	0 - 50%
	Enhanced Cash	5%	0%	10% - 50%	0%
	Cash	0%	8%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Enhanced cash	Enhanced Cash	100%	97%	0% - 100%	0% - 100%
	Cash	0%	3%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Australian shares	Australian Shares	100%	97%	0% - 100%	0% - 100%
	Cash	0%	3%	0%	0% - 20%

Investment option	Asset class	Asset allocation (%)		Permitted range (%)	
		Up to 31/10/20	From 1/11/20	Up to 31/10/20	From 1/11/20
Overseas shares	International Shares	100%	97%	0% - 100%	0% - 100%
	Cash	0%	3%	0%	0% - 20%

2. Administration fee rebate threshold increase

In July 2009, legalsuper introduced an 'Administration fee rebate' such that administration fees charged by legalsuper were capped for average account balances in excess of \$350,000.

The threshold from which the rebate applied has not changed since its introduction in 2009.

If your average account balance* at the end of a financial year exceeds \$350,000 during the entire financial year, legalsuper caps the total combined amount of administration fees (including the DIO Asset fee, if applicable) and DIO account fee (if applicable) so that you are only charged administration fees up to that \$350,000 average.

Where the fee cap applies, any excess fees will be rebated effective 1 July of the next financial year and the rebate will be shown on your next annual statement.

If you exit legalsuper after 30 June, but before the fee cap is applied, you will receive the fee cap rebate as an additional payment.

Changes effective 1 November 2020

1. The 'Administration fee rebate threshold' will increase to \$450,000.
This means that, for the 2020/21 financial year, the 'Administration fee rebate threshold' will be \$350,000 up to 31 October 2020 and then \$450,000 from 1 November 2020.
2. The 'Administration fee rebate threshold' will be indexed annually from 1 July 2021 in accordance with the 'All Groups Consumer Price Index (CPI)'.

The table below shows the treatment for the 2020/21 and 2021/22 financial years:

Financial Year	Administration fee rebate threshold
1 July 2020 to 30 June 2021	\$350,000 to 31 October 2020 (123 days) and then \$450,000 to 30 June 2021 (242 days) i.e. $= (\$350,000 \times 123/365) + (\$450,000 \times 242/365)$ $= \$416,301.37$
1 July 2021 to 30 June 2022	\$450,000 indexed in accordance with the annual movement of the All Groups CPI between 30 June 2020 to 30 June 2021.

*The fee cap does not apply if your account with legalsuper is closed on or before 30 June during that financial year.

Personal support from a Client Service Manager

As a legalsuper member, you have access to a highly experienced and qualified Client Service Manager who you can speak with in person (via zoom meetings) or over the phone, at no additional cost.

Your Client Service Manager can help with matters that relate to:

- Your super and retirement savings
- Your insurance options
- Retirement planning strategies

To arrange an appointment online with a Client Service Manager near you, visit legalsuper.com.au/Contact

 legalsuper.com.au

 1800 060 312

 mail@legalsuper.com.au

 Locked Bag 5081, Parramatta NSW 2124

This information is of a general nature and does not take into account your specific needs. You should consider your own financial position, objectives and requirements before making any decision. You should also obtain and read the legalsuper Product Disclosure Statement (PDS) before making any decision in relation to legalsuper. The PDS can be obtained at legalsuper.com.au. Past performance is not necessarily an indicator of future performance. Issued by Legal Super Pty Ltd, Level 37, 140 William Street, Melbourne, 3000 ABN 37 004 455 789 AFSL 246315 as the Trustee for legalsuper ABN 60 346 078 879.