Important Information About Your Super

This notice highlights important changes to superannuation taking effect from **1 July 2017**:

- **QIEC Super insurance changes**
- **Superannuation changes**
- **QIEC Super investment option objectives.**

We assure you that QIEC Super is here to help you navigate these changes and advise on any implications for your super and retirement.

1. QIEC Super insurance changes

Death, Total and Permanent Disablement (TPD) and Income Protection insurance

There have been some changes to the insurance cover offered by QIEC Super which will take effect from **1 July 2017**. The tables below summarise these changes and full details will be available on our website, **qiec.com.au** from 30 May 2017 and the QIEC Super Insurance Guide from 30 June 2017 which can be accessed at **qiec.com.au/members/publications**

If you currently hold insurance with QIEC Super you should review your cover to see how the changes impact you and decide what action (if any) you need to take. You can easily review your current cover via QIEC Super Member Online, at **secure.qiec.com.au/memberOnline**

Reasons for insurance changes

QIEC Super appreciates the need to provide members with the best available insurance products at a competitive cost. QIEC Super undertook a comprehensive insurance review process with a strong focus on keeping fee increases to a minimum, however, also ensuring that you have access to your insurance benefit when you and your loved ones need it the most.

There have been significant changes in the Australian insurance market over the last few years with a number of factors driving an increase in the number of insurance claims and the cost of providing cover.

Whilst QIEC Super is not immune to increases in insurance fees, we are committed to providing members with a sustainable insurance offering, tailored to your needs to provide peace of mind and financial security in the event of sickness, injury or death.

Insurance Fees

Following a review of our insurance, QIEC Super's insurance fees from **1 July 2017** will be:

Unit based Death and TPD cover:

Benefit	Existing Default cost/unit/week	New Default cost/unit/week
Death/TPD	$3.38	$3.77
Death only	$1.56	$1.74

If you have Fixed amount Death and TPD cover then please refer to the enclosed Important Information About Your Insurance document outlining your fees which will apply from 1 July 2017.

Income Protection cover:

	Fees per week per unit of cover for a 5 year benefit payment period and 60 day waiting period	
Age	**Existing Default cost/unit/week**	**New Default cost/unit/week**
15 - 28	$0.94	$1.19
29 - 43	$1.42	$1.80
44 - 54	$2.30	$2.92
55 – 64	$3.56	$4.52

If you have Income Protection with a 2 year or "to age 67" benefit period and/or a 30 or 90 day waiting period then please refer to the enclosed Important Information About Your Insurance document outlining your fees which will apply from 1 July 2017.

Changes to terms and conditions

A number of Death, TPD and Income Protection policy definitions, terms and conditions have been amended from 1 July 2017 that may impact your existing cover. These include changes to the definitions of Disabled/Disability, Active Employment, Full Time hours, Disability income, Pre-Disability income, Suicide Exclusion and Totally Disabled/Total Disability. These are explained further on our website, **qiec.com.au/members/publications** and select the **'News'** tab.

For further information

Full details of the insurance changes will be available on our website from 30 May 2017 (**qiec.com.au/members/publications** and select the **'News'** tab) and the QIEC Super Insurance Guide from 30 June 2017 (**qiec.com.au/members/publications** and select the **'Product Disclosure'** tab).

2. Superannuation Changes

The significant superannuation reforms proposed by the Government in the Federal Budget in May 2016 have now been legislated and are taking effect from 1 July 2017. The following changes may be of varying relevance to you, depending on whether you are an Accumulation or Income Stream member, and your particular circumstances. Members who we identify are likely to be directly impacted by these changes will receive separate direct correspondence from QIEC Super.

Caps to reduce on both concessional contributions and non-concessional contributions

Concessional contributions include:

- Superannuation Guarantee (SG) employer contributions;
- Salary sacrifice contributions; and
- Self employed contributions for which a tax deduction is claimed. From 1 July 2017, individuals who make personal contributions will be eligible to claim a tax deduction (i.e. you do not need to be self-employed). However, members over age 65 will need to meet the work test*.

Concessional contributions are subject to tax at 15% when received by the superannuation fund.

Before 1 July 2017, the concessional contribution caps for 2016/17 are $30,000 per year (across all superannuation funds) if you are under 49 and $35,000 per year if you are 49 and over, at 30 June 2016.

From 1 July 2017, the concessional contributions cap will reduce to $25,000 for all individuals, irrespective of age. The cap will index in line with wages growth.

Under both the current and new arrangements, concessional contributions above these caps are subject to additional tax.

Please note that from 1 July 2018, members under 65 as well as members aged 65 to 74 who meet the work test, can, if their total superannuation balances (across all superannuation funds) are less than $500,000 at the previous 30 June, carry forward any unused concessional cap amounts on a rolling 5 year basis. Amounts not used after 5 years will expire.

Non-concessional contributions include:

- personal contributions for which no tax deduction is claimed;
- spouse contributions; and
- excess concessional contributions

Non-concessional contributions are not subject to tax when received by the superannuation fund.

Before 1 July 2017, you can contribute a maximum of $180,000 a year without incurring additional tax, or if you are under 65, "bring forward" up to 2 years' worth of these annual contributions, giving you a cap of up to $540,000 over 3 years.

From 1 July 2017, the annual non-concessional contribution cap will be lowered to $100,000 per year (across all superannuation funds). Individuals under age 65 will still be eligible to bring forward 2 years of non-concessional contributions ($300,000). Please note complex transitional bring forward arrangements apply for individuals who have partly used their non–concessional bring forward before 1 July 2017. Please contact QIEC Super for more details if this applies to you, or refer to the Contributions factsheet available from 30 June 2017 on our website, **qiec.com.au/members/publications**, for more information.

From 1 July 2017, individuals with a balance of $1.6 million or more (across all superannuation funds) will no longer be eligible to make non–concessional contributions (nor will they be eligible for the Government Co-contribution or the Low Income Superannuation Tax Offset). Individuals with balances close to $1.6 million will only be able to access the number of years of bring forward to take their balance up to $1.6 million.

* The work test requires the person to be gainfully employed for at least 40 hours in a consecutive 30 day period in the year in which the contribution was made.

Transition to Retirement (TTR) income stream investment earnings to be taxed

Before 1 July 2017, investment earnings in a TTR account are tax free.

From 1 July 2017, investment earnings in a TTR account will be taxed at 15%. This is irrespective of when the TTR income stream commenced.

Investment earnings in a Retirement Income Stream account will remain tax free.

Lifetime Retirement Income Account (RIA) transfer balance cap to be introduced

Before 1 July 2017, there is no limit on the amount that can be held in a RIA.

From 1 July 2017, a cap of $1.6 million will apply to the total amount of superannuation you can have in a tax free RIA over your lifetime (across all superannuation funds). This cap will be indexed in future years by the Consumer Price Index, but will increase only in $100,000 increments.

If you currently exceed this cap, you will be required to reduce the amount of money in your RIA by 1 July 2017. Any excess amounts will either have to be transferred back to an accumulation account (where earnings are taxed at 15%), or withdrawn from the superannuation system. The earnings on your RIA will continue to be tax free.

The transfer balance cap does not apply to TTR accounts.

Additional tax on high income earners

Before 1 July 2017, any individual earning more than $300,000 p.a. in taxable income will pay 30% tax on concessional contributions.

From 1 July 2017, any individual earning more than $250,000 p.a. in taxable income will pay 30% tax on concessional contributions. If your taxable income is below the $250,000 threshold, but when added to the concessional contribution is over the $250,000 threshold, the 30% tax rate will be applied to the concessional contribution.

Support for low income earners to be continued

Before 1 July 2017, the Low Income Superannuation Contribution (LISC) is a Government super payment of up to $500 per financial year to assist low income earners save for their retirement. It represents a refund of the 15% contribution tax paid on concessional contributions by those individuals who have a taxable income of up to $37,000 p.a.

From 1 July 2017, the LISC is being renamed as the Low Income Super Tax Offset (LISTO) but it is effectively the same.

Spouse contribution tax offset change

Before 1 July 2017, the gross income threshold to receive the maximum $540 tax offset in respect of a spouse contribution is $13,800.

From 1 July 2017, the gross income threshold will increase to $40,000.

For a detailed list of the new superannuation reforms, please visit www.treasury.gov.au/superreforms

Please note that the QIEC Super Product Disclosure Statement and associated factsheets, as well as the QIEC Super Income Stream Product Disclosure Statement will be updated to reflect all the new requirements. These documents will be available from 30 June 2017 on our website, **qiec.com.au/members/publications**

As outlined above, please note that a number of the above measures apply contribution caps, as well as caps to the total amount of money held in superannuation and also impose a transfer balance cap applying to RIA's. These caps apply to all accounts you may hold across all superannuation funds (not per fund). Although QIEC Super will disclose contributions received to QIEC Super on your Annual Member Statement and in Member Online, please note that QIEC Super will not be aware of your contributions or balances in other funds, and so will not be rejecting contributions or RIA transfers requested by you (unless you exceed the caps in relation to QIEC Super). Please note it is your responsibility to monitor your position across all of the superannuation funds you are in. The Federal Government has indicated it intends to produce a facility to disclose an individual's aggregated contribution and balance totals across all superannuation funds, however this facility is not yet available.

The next steps

The reforms will take effect from 1 July 2017. You still have time to consider the changes and to seek appropriate advice. It is important that you take the right steps to ensure you remain in control of your superannuation and financial affairs.

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3. QIEC Super Investment option objectives

On advice from QIEC Super's Asset Consultant, JANA Investment Advisers (JANA), the Trustee has resolved to amend the performance objective for the single asset class investment options in the Fund. This change will be effective from 1 July 2017. The objectives are being changed from CPI plus objectives to benchmark based objectives for each asset class.

Why have they changed?

Benchmark based objectives are appropriate for single asset class investment options as they give consideration to the type of investments held within each asset class option and the market performance within that specific asset class. Furthermore, in light of the current global economic outlook, the Trustee and JANA believe that for these investment options it is no longer appropriate to have an objective to achieve a percentage over CPI.

What are they changing to?

Outlined below are the current and new investment objectives for the affected investment options:

Investment Option	Current objective	New objective from 1 July 2017
Australian Equities	To achieve a crediting rate equivalent to CPI + 4% over rolling 10 year periods	To outperform the S&P/ASX 300 Accumulation Index over rolling 5 year periods
International Equities	To achieve a crediting rate equivalent to CPI + 4% over rolling 10 year periods	To outperform the MSCI All Country World Index ex. Aus in $AUD – 50% hedged/50% unhedged over rolling 5 year periods
Infrastructure	To achieve a crediting rate equivalent to CPI + 3.5% over rolling 10 year periods	To outperform the benchmark 85% Mercer Unlisted Infrastructure Index and 15% Bloomberg AusBond Bank Bill Index over rolling 5 year periods
Property	To achieve a crediting rate equivalent to CPI + 3% over rolling 10 year periods	To outperform the benchmark 85% Mercer Unlisted Property Index and 15% Bloomberg AusBond Bank Bill Index over rolling 5 year periods
Fixed Interest	To achieve a crediting rate equivalent to CPI + 2% over rolling 10 year periods	To outperform 50% Bloomberg AusBond composite Bond Index, 50% Barclays Global Aggregate Bond Index Hedged 50% over rolling 5 year periods
Cash	To achieve a crediting rate equivalent to CPI + 1% over rolling 10 year periods	Outperform the Bloomberg AusBond Bank Bill Index over rolling 2 year periods

QIEC Super is here to help

Some of our members may feel uncertain about the implications of these changes and the consequences they might have on their superannuation or income stream accounts. QIEC Super wish to assure you that you can call our Client Contact Centre on **1300 360 507** or email **info@qiec.com.au** with all queries. QIEC Super also has a dedicated team of Client Services Managers who can assist members from the comfort of their workplace.

If you need more detailed advice, QIEC Super also offers access to personal financial planning through QIEC Financial Planning (QIEC FP). QIEC FP can offer advice across both super and non-super related issues by phone or face-to-face. Your initial consultation with a financial adviser is free of charge and free of any obligation. Fees may be charged for the provision of personal advice, but where the advice relates to your superannuation, these costs may be deducted from your superannuation account. To book an appointment with QIEC FP, please call our Client Contact Centre on **1300 360 507** or send an email to **info@qiec.com.au**