

SIGNIFICANT EVENT NOTICE TO NGS SUPER MEMBERS

It's all good news!

SIGNIFICANT EVENT NOTICE (SEN)

24 APRIL 2019

The following document outlines important information for members about changes which may affect their NGS account.

QIEC Super will be merging with NGS Super on 6 May 2019

In 2018 we announced that QIEC Super would merge with NGS Super in 2019. The combined Fund will increase members' retirement savings to more than \$11 billion and raise membership to around 120,000. The merger is in the best interests of NGS Super members as the increased scale will enable us to enhance our products and services in a cost-effective way.

In addition to the changes arising from the merger on 6 May there will also be a number of changes due to the Protecting Your Super legislation effective 1 July 2019.

This notice lists the changes:

Fee removals and reductions:

- Removal of investment switch fee
- Removal of exit fee
- Reduction of family law fee

Other fee changes:

- Capping of fees
- Separation of investment fees from indirect costs

Investment option changes

- Introduction of Infrastructure option

Insurance changes

- Changes to our insurance policy with TAL
- Opt-in to keep your insurance

Other changes

- Introduction of Retirement Bonus
- Changes to our logo.

Fee removals and reductions effective 6 May 2019

We're removing the investment switch fee

As a member, you have a range of investment options to choose from. If you don't select an investment option your money will be invested in the default investment option:

- Diversified (MySuper) for the *Accumulation* and the *Transition to Retirement* account
- Moderate Growth option for the *Income* account

You can make an investment change at any time between the various investment options.

From 6 May 2019 we're removing the switch fee as shown in the **Fee changes table** on the right.

If you're thinking about which investment option might be right for you, consider obtaining professional advice for your personal situation.

We offer single-issue advice limited to your NGS Super *Accumulation* account at no cost:

- over the phone through our Financial Advice Helpline,
- through our Customer Relationship Managers, who may be able to meet face-to-face, or
- online via e-Advice which is located in the **'Tools'** section when you log in to **Member Online**

Further, we offer low-cost tailored advice through NGS Financial Planning.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at ngssuper.com.au/financial-planning

For more information on the investment options available to you, visit our website at ngssuper.com.au/investments

We're removing the exit fee

In the 2018 Federal Budget through the Protecting Your Super Package (PYSP), the government announced its intention to remove all exit fees from super funds. This has now been legislated with an effective date of 1 July 2019. However, we've moved this date forward to be effective from 6 May 2019 for NGS members. NGS *Transition to Retirement* and NGS *Income* account members are currently not charged an exit fee when making withdrawals from their account.

From 6 May 2019 we're removing the exit fee as shown in the **Fee changes table** below.

For further information on accessing your super, read our fact sheet **Gaining access to your super** available at ngssuper.com.au/PDS

We're reducing the family law information fee

In reviewing our fees and costs to members, we're now able to offer a reduced fee for a family law application for information.

From 6 May 2019 we're reducing the family law application for information fee as shown in the **Fee changes table** below.

For further information on fees please read our fact sheet **Fees, costs and tax** available from 6 May 2019 at ngssuper.com.au/PDS

Fee changes table

Type of fee	Amount until 5 May 2019	Amount from 6 May 2019
Switching fee	One free investment change each financial year. Any additional investment change will cost \$30.	Nil
Exit fee	\$80 – <i>Accumulation</i> account \$0 – <i>Income</i> account and <i>Transition to Retirement</i> account	Nil
Family law – Application for information	Members – \$100 Non-members – \$110	\$40

Other fee changes

Capping of fees

The Federal Government recently passed legislation effective from 1 July 2019 on the amount of administration fees, investment fees and certain costs that can be charged to members with an account balance below \$6,000. This cap is equal to 3% of that member's account balance. These changes protect members with low balance accounts, many of which are inactive, from relatively significant erosion of their account balances.

Further, as of 1 July 2019, exit fees on all super accounts, regardless of account balance, will be prohibited. As previously mentioned, NGS will remove all exit fees from 6 May 2019. Exit fees can be a disincentive for you to consolidate your accounts. Consolidation of accounts reduces both your exposure to a duplication of fees across multiple accounts and subsequently any undue erosion of your superannuation savings.

If you have other funds that you would like to transfer into your NGS Accumulation account, you can do this through *Member Online* by selecting the 'Find my super' tab.

There will be a reduction in the estimated indirect costs¹

When we merge with QIEC Super on 6 May 2019, our members' retirement savings will increase to around \$11 billion. This has resulted in a reduction to the estimate of the indirect costs that you will incur this financial year as shown in the table below.

Indirect costs and investment fees are deducted from investment earnings before the unit price is determined. They are not a direct charge to your account.

Indirect costs – Accumulation and Transition to Retirement accounts

Investment option – Accumulation and Transition to Retirement accounts	Until 5 May 2019 % p.a.	From 6 May to 30 June 2019 % p.a.	
PRE-MIXED	Diversified (MySuper)	1.11	1.00
	High Growth	1.04	0.97
	Balanced	0.93	0.83
	Defensive	0.96	0.83
	Socially Responsible Diversified	1.04	0.95
	Indexed Growth	0.29	0.08
	Shares Plus	0.79	0.77
SECTOR-SPECIFIC	Australian Shares	0.64	0.59
	International Shares	0.63	0.62
	Infrastructure	n/a ²	2.00
	Property	1.39	1.20
	Diversified Bonds	0.64	0.51
	Cash and Term Deposits	0.13	0.05

Indirect costs – Income account

Investment option – Income account	Until 5 May 2019 % p.a.	From 6 May to 30 June 2019 % p.a.	
PRE-MIXED	Moderate Growth	0.97	0.85
	Diversified	1.11	1.01
	High Growth	1.06	0.99
	Balanced	0.94	0.84
	Defensive	0.96	0.83
	Socially Responsible Diversified	1.06	0.96
	Indexed Growth	0.29	0.08
SECTOR-SPECIFIC	Retire Plus	1.27	1.19
	Shares Plus	0.82	0.78
	Australian Shares	0.70	0.63
	International Shares	0.65	0.61
	Infrastructure	n/a ²	2.00
	Property	1.40	1.21
	Diversified Bonds	0.66	0.51
Cash and Term Deposits	0.13	0.05	

¹ The indirect cost is an estimate for 2018/19 based on 2017/18 costs. Past costs are not a reliable indicator of future costs. Actual costs will vary from year to year and will be shown in the relevant **Annual Report** available at www.ngssuper.com.au/annualreport

² The Infrastructure option does not have an estimated indirect cost until 5 May 2019 as this option will not be available until 6 May 2019.

We're changing the way we report investment fees and indirect costs

We'll be changing the way we report our investment fees and indirect costs to you from 1 July 2019. **Under the new basis from 1 July 2019, you won't pay any extra, as there are no new fees or costs.** These fees are deducted from investment earnings before the unit price is determined and they are not a direct charge to your account.

Currently, the management fees, and performance fees are included in the Indirect Costs.

From 1 July 2019 these will be shown instead as Investment fees. More details are provided in the tables on the right.

Investment fees and indirect costs table – Accumulation and Transition to Retirement accounts

Investment option – <i>Accumulation and Transition to Retirement accounts</i>	From 6 May to 30 June 2019		New basis from 1 July 2019		
	Total Indirect Costs ³	Total Investment fees ³	Total Indirect Costs ³	Total Investment fees ³	
PRE-MIXED	Diversified (MySuper)	1.00%	0.00%	0.26%	0.74%
	High Growth	0.97%	0.00%	0.22%	0.75%
	Balanced	0.83%	0.00%	0.22%	0.61%
	Defensive	0.83%	0.00%	0.26%	0.57%
	Socially Responsible Diversified	0.95%	0.00%	0.27%	0.68%
	Indexed Growth	0.08%	0.00%	0.01%	0.07%
	Shares Plus	0.77%	0.00%	0.09%	0.68%
SECTOR-SPECIFIC	Australian Shares	0.59%	0.00%	0.09%	0.50%
	International Shares	0.62%	0.00%	0.05%	0.57%
	Infrastructure	2.00%	0.00%	0.47%	1.53%
	Property	1.20%	0.00%	0.64%	0.56%
	Diversified Bonds	0.51%	0.00%	0.16%	0.35%
	Cash and Term Deposits	0.05%	0.00%	0.00%	0.05%

Investment fees and indirect costs table – Income account

Investment option – <i>Income account</i>	From 6 May to 30 June 2019		New basis from 1 July 2019		
	Total Indirect Costs ³	Total Investment fees ³	Total Indirect Costs ³	Total Investment fees ³	
PRE-MIXED	Moderate Growth	0.85%	0.00%	0.22%	0.63%
	Diversified	1.01%	0.00%	0.25%	0.76%
	High Growth	0.99%	0.00%	0.21%	0.78%
	Balanced	0.84%	0.00%	0.22%	0.62%
	Defensive	0.83%	0.00%	0.26%	0.57%
	Socially Responsible Diversified	0.96%	0.00%	0.26%	0.70%
	Indexed Growth	0.08%	0.00%	0.01%	0.07%
	Retire Plus	1.19%	0.00%	0.37%	0.82%
	Shares Plus	0.78%	0.00%	0.07%	0.71%
SECTOR-SPECIFIC	Australian Shares	0.63%	0.00%	0.07%	0.56%
	International Shares	0.61%	0.00%	0.05%	0.56%
	Infrastructure	2.00%	0.00%	0.47%	1.53%
	Property	1.21%	0.00%	0.64%	0.57%
	Diversified Bonds	0.51%	0.00%	0.16%	0.35%
	Cash and Term Deposits	0.05%	0.00%	0.00%	0.05%

³ **Total indirect costs** include transactional and operational costs and borrowing costs but not property operating costs. **Total investment fees** include management fees and performance fees. For further information please read our fact sheet [Fees, costs and tax](#) available from 6 May 2019 at ngssuper.com.au/PDS

The following two tables show the fees and costs in more detail for our default investment options, and shows there is no change to the cost of investing in the option.

Diversified (MySuper) Accumulation and Transition to Retirement accounts investment option				
	From 6 May to 30 June 2019	Balance of \$50,000	From 1 July 2019	Balance of \$50,000
Investment fees	Nil	For every \$50,000 you have in Diversified (MySuper), you will be charged \$0 each year.	0.74% p.a.	For every \$50,000 you have in Diversified (MySuper), you will be charged \$370 each year.
PLUS Administration fees	\$65 (\$1.25 per week) PLUS 0.10% p.a. of your account balance, capped at \$500 p.a.	And, you will be charged \$65 in administration fees regardless of your balance. PLUS \$50 each year.	\$1.25 per week PLUS 0.10% p.a. of your account balance, capped at \$500 p.a.	And, you will be charged \$65 in administration fees regardless of your balance. PLUS \$50 each year.
PLUS Indirect costs for the Diversified (MySuper) investment option	1.00 % p.a.	And, Indirect costs of \$500 each year will be deducted from your investment.	0.26% p.a.	And, Indirect costs of \$130 each year will be deducted from your investment.
EQUALS Cost of Diversified (MySuper) account		If your balance was \$50,000, then for that year you will be charged fees of \$615 for the Diversified (MySuper) Account.		If your balance was \$50,000, then for that year you will be charged fees of \$615 for the Diversified (MySuper) Account.

Note: This example assumes no insurance. If insurance cover is taken, insurance fees (premiums) will apply. For more information, refer to the [Insurance Guide](#) at ngssuper.com.au/PDS

Moderate Growth Income account Investment option				
	From 6 May to 30 June 2019	Balance of \$50,000	From 1 July 2019	Balance of \$50,000
Investment fees	Nil	For every \$50,000 you have in Moderate Growth, you will be charged \$0 each year.	0.63% p.a.	For every \$50,000 you have in Moderate Growth, you will be charged \$315 each year.
PLUS Administration fees	\$65 (\$1.25 per week) PLUS 0.10% p.a. of your account balance, capped at \$500 p.a.	And, you will be charged \$65 in administration fees regardless of your balance. PLUS \$50 each year.	\$1.25 per week PLUS 0.10% p.a. of your account balance, capped at \$500 p.a.	And, you will be charged \$65 in administration fees regardless of your balance. PLUS \$50 each year.
PLUS Indirect costs for the Moderate Growth investment option	0.85%	And, Indirect costs of \$425 each year will be deducted from your investment.	0.22% p.a.	And, Indirect costs of \$110 each year will be deducted from your investment.
EQUALS Cost of Moderate Growth account		If your balance was \$50,000, then for that year you will be charged fees of \$540 for the Moderate Growth Account.		If your balance was \$50,000, then for that year you will be charged fees of \$540 for the Moderate Growth Account.

For further information read our fact sheet [Fees, costs and tax](#) available from 6 May 2019 at ngssuper.com.au/PDS

Investment option changes effective 6 May 2019

We're introducing Infrastructure as a new investment option from 6 May 2019

About Infrastructure

The Infrastructure investment option is predominantly invested in unlisted infrastructure assets, strategically blended with listed infrastructure securities in Australia but with some international exposure.

Its aim is to achieve attractive long term investment returns above inflation, whilst accepting some short term volatility. This option is likely to have higher volatility than bonds, but lower volatility than shares. Details on the asset allocation and risk for Infrastructure are provided on the following two pages.

SECTOR-SPECIFIC OPTION

INFRASTRUCTURE

Asset allocation

Long term target allocation

	Strategic asset allocation*	Dynamic asset allocation range†
Growth	95%	50 – 100%
Unlisted Infrastructure	85%	50 – 100%
Listed Infrastructure	10%	0 – 30%
Defensive	5%	0 – 30%
Cash and Term deposits	5%	0 – 30%

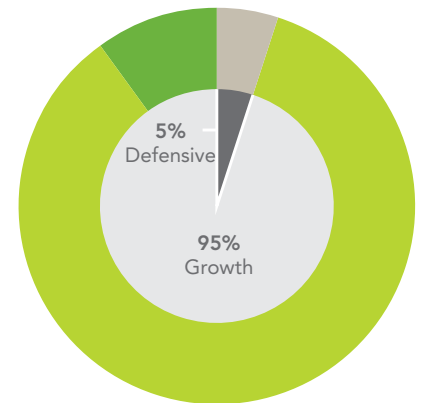
Indicative asset allocation and ranges

* The **strategic asset allocation** is indicative of the expected asset allocation during stable market environments.

† The **dynamic allocation range** is used to respond to changes in the investing environment.

Availability:

- ✓ **Accumulation and Transition to Retirement accounts**
- ✓ **Income account**



Recent effective rates of investment returns

This option is due to commence on 6 May 2019, therefore no performance history is available.

Risk over each time horizon

5 years Medium to high

10 years Low to medium

20 years Low to medium

Investment performance objective is to achieve a net return¹: 3% per annum above CPI over rolling five year periods.

Minimum investment timeframe:

Be prepared to stay invested in this option for at least ten years.

What type of investment is it?

Predominantly invested in unlisted infrastructure assets, strategically blended with listed infrastructure securities in Australia but with some international exposure.

Expected frequency of negative return over 20 year period: Approximately three years in 20.

This option may be right for you if

you seek: To achieve attractive long term investment returns above inflation, whilst accepting some short term volatility. This option is likely to have higher volatility than bonds, but lower volatility than equity.

¹ The Trustee is required by law to set these objectives. They are neither a forecast nor a guarantee of future investment returns. It is anticipated that the objective should be achieved over the long term. However, due to the volatile nature of investment markets and the lack of direct linkage between market returns and inflation, there may be periods when investment returns are not above the objective.

INVESTMENT TIME HORIZON

Investment time horizon periods

Short – 5 years

If you have a short investment horizon, preserving the capital value of the investment is the likely objective. The key risk to preserving the capital value is volatility of investment returns. For investment options with a short term objective, we focus on measuring each option's short term volatility through the use of the **Standard Risk Measure (SRM)**⁴.

Medium – 10 years

If you have a medium investment horizon, inflation begins to have an impact on the investment. For investment options with a medium term objective, we focus on measuring a balance of volatility and inflation risk. The risk level is derived from a mixture of each option's SRM score and their probability of exceeding inflation over the medium term.

Long – 20 years

If you have a long investment horizon, inflation is a key risk in determining if your retirement objectives will be met. Our methodology therefore focuses on inflation risk. The risk level is derived from each option's probability of exceeding inflation over the long term.

Our range of pre-mixed and sector-specific investment options have different levels of risk according to different time horizons. The table on this page shows the level of risk for the different investment time horizons. It is also important to note that the potential range of returns for each option will vary as a result of the level of growth versus defensive asset mix.

For more information, please refer to the **Investment Guide** available from 6 May 2019 at ngssuper.com.au/PDS, including Section 3: Understanding your options and Section 4: Choosing your options.

Investment option	Risk level for the time invested		
	Short term If savings are required in 5 years or less	Medium term If savings are required after 10 years	Long term If savings are required after 20 years or more
Pre-mixed options			
Infrastructure	Medium to high	Low to Medium	Low to Medium

⁴ The **SRM** measures the probability of a negative return in any particular year, and then multiplies this by the number of years in the period to arrive at the expected number of years with negative returns. The **SRM** will be reviewed if we believe there has been a material change to the underlying risk and return assumptions.

Insurance changes effective 6 May 2019

Changes to our insurance policy with TAL

We've enhanced our insurance offering from 6 May 2019, as outlined below:

- Members will be able to decrease the **Default Cover Multiple** so that cover will continue to vary with age as per our Default Cover age-based scale (currently insurance cover can be reduced only by fixing the new insured amount);
- We'll amend the definition of **Active Employment** to define full-time as 30 hours a week. Currently, it is 35 hours a week;
- Currently, **Limited cover** applies for 24 months after which you must be in **Active Employment** for two consecutive months to receive full cover. The two months will be reduced to 14 days;
- Two new **Life Events** have been introduced to enable you to apply for additional cover subject to a short-form personal statement. You can now apply for the following **Life Events** cover within 90 days of the following events occurring:
 - the completion of 10 consecutive years with the Fund (if you're under age 60); and
 - reaching age 30, 40 or 50.

To be eligible to apply for **Life Events** cover or to 'transfer' similar cover from another super fund or individual policy, you need to have not claimed a payment as a result of an injury or illness. From 6 May 2019, this will only be assessed over the last 10 years prior to your application.

- Our insurer (TAL) provides rehabilitation programs for members who are on claim and these are funded by TAL. From 6 May 2019, TAL will now support you for any rehabilitation programs that are initiated by you or your doctor while you are on claim up to a certain limit.

Further details can be found in our **Insurance guide** which will be available from 6 May 2019 at ngsuper.com.au/PDS

Protecting Your Super package

New insurance opt-in requirements

The Federal Government recently legislated for members' super accounts to be at risk of losing any insurance cover where those accounts are considered to be inactive.

From 1 July 2019, we'll be unable to continue to provide any insurance cover through super if you have an inactive account, where "inactive" means:

- we have not received an amount (such as a rollover or contribution) to your account within the last 16 months; and
- you have not communicated to us that you wish to continue to receive insurance benefits despite holding an inactive account.

We'll notify you when your account has been inactive for 9, 12 and 15 months, providing you with the opportunity to elect to maintain your insurance cover if you wish. If your cover is cancelled after your account has been inactive for 16 months, you'll be provided with an opportunity to reinstate your cover within 60 days of cancellation if there are sufficient funds in your account to meet premium deductions.

Alternatively, you can elect to maintain your insurance cover now by logging into your **Member Online** account and electing to keep your insurance through the **TAL insurance portal**.

The benefits of life insurance cover through your super include:

- we work with our group life insurer to negotiate discounted bulk insurance rates for our members;
- as we are a profit-to-member super fund, you only pay for what it costs to provide the life insurance cover; and
- your insurance premiums are deducted from your super account each week, not from your take-home pay. So payments are hassle-free.

Your rights to be covered by insurance remain unaffected until the earlier of:

- the end of the period for which premiums have been paid, or
- the expiry date of your insurance contract.

Your account may also be transferred to the ATO

To allow for the consolidation of multiple accounts that a member may hold across a number of super funds, we are required to transfer "inactive low balance accounts" to the ATO. The ATO will then try to reunite your account with an active account elsewhere.

Your account may be transferred to the ATO if:

- your account balance is less than \$6,000;
- we have not received an amount (such as a rollover from another fund or a contribution) to your account within the last 16 months;
- we are not owed an amount in respect of your account;
- you have no insurance cover;
- you have not changed your investment options or insurance coverage in the last 16 months; and
- you have not made or amended a binding death benefit nomination in the last 16 months.

Accounts transferred to the ATO may no longer enjoy the benefits of profit-to-member super funds which generally provide lower fees and better investment returns for their members.

If you do not want your account to be transferred to the ATO you can inform them of this.

Other changes

We're introducing a Retirement Bonus

NGS Super will be introducing a Retirement Bonus for all eligible members who transfer an amount from an NGS *Accumulation* or *Transition to Retirement* account to an NGS *Income* account. The Retirement Bonus represents the member's portion of what the Fund has previously withheld from earnings for capital gains tax on unrealised gains.

This capital gains tax is no longer payable by the Fund when the member commences an *Income* account.

The Retirement Bonus Rate will be 0% where NGS Super has no taxable unrealised gains.

You will be eligible to receive the Retirement Bonus if you:

- commence a new NGS *Income* account on or after 1 July 2017
- had an NGS *Accumulation* or *Transition to Retirement* account for at least 12 continuous months immediately before transferring an amount from one or more of those accounts to your NGS *Income* account
- have not previously received the Retirement Bonus, and
- have a current NGS *Income* account on the day your Retirement Bonus is to be paid.

The Retirement Bonus will apply to all available NGS investment options with the exception of Cash and Term Deposits, Diversified Bonds and NGS Self-Managed Direct Investment Option (DIO).

The amount of the Retirement Bonus you may receive will depend on a range of factors and will be determined on an individual basis.

The **Retirement Bonus Rate** will be determined by the Fund annually following the end of the financial year, based on the level of deferred tax liabilities held.

NGS Super will make the payment to eligible members following the end of the financial year of transfer from their other NGS Super account to their NGS *Income* account.

Your bonus will be paid into your *Income* account, and will be visible on **Member Online** and any future statements you receive.

The units purchased will be based on the unit prices applicable on the process date of the payment of the Retirement Bonus.

The Retirement Bonus Rate in respect of a financial year will generally be declared by the following October, with payments made soon after. However, as we are still awaiting ATO approval, the date of the bonus payments for the 2017/18 financial year is yet to be determined.

Our logo

From 6 May 2019 you may see this logo used on some of our communications to you:

**ngs
Super**



Incorporating **qiecsuper** division

You're still with the same trusted fund that has been supporting your industry for the last 30 years.

We continue to be the leading Industry SuperFund for people working in non-government education and community-focused organisations.

More information?

Contact us

You can contact us at
ngssuper.com.au/contact-us
or call us on **1300 133 177**
between 8.00am and 8.00pm
(AEST or AEDT), Monday to Friday.

Phone number for callers outside
Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address
GPO Box 4303
MELBOURNE VIC 3001

Need help?

We offer single-issue advice limited to
your NGS Super account at no cost:

- over the phone through our Financial Advice Helpline,
- through our Customer Relationship Managers who may be able to meet face-to-face, or
- online via e-Advice which is located in the **'Tools'** section when you log in to **Member Online**.

Further, we offer low-cost tailored advice through NGS Financial Planning on all your financial needs – not just your super.

To make an appointment phone us on **1300 133 177** or complete the **Financial planning enquiry form** on our website at ngssuper.com.au/financial-planning

Single-issue advice covers topics such as investments selection, contributions, insurance needs analysis and retirement benefit estimation.

Important information

The information provided in this Significant Event Notice is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

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