

SIGNIFICANT EVENT NOTICE

Some changes you
need to know

SIGNIFICANT EVENT NOTICE (SEN)

1 APRIL 2022

The following pages outline important changes which may affect your account with NGS Super.

This notice lists the following changes:

Fees and costs

- Removal of Family Law fees
- Trustee fee

Closing investment options

- NGS Self-Managed Direct Investment Option (DIO) now closed to *NGS Transition to retirement account* members
- Pre-mixed investment options closing

Investment option changes

- Asset class name changes
- Risk of negative return and risk rating changes
- Investment performance objective changes
- Asset allocation changes

Legislation changes

- Changes from 1 July 2022

FEES AND COSTS

Removal of Family Law fees

From 31 May 2022, NGS Super will no longer charge a Family Law fee for information requests under the *Family Law Act 1975* or the fee for splitting a benefit.

Activity fee type	Current	From 31 May 2022
Family law — application for information	\$40 Payable to NGS Super by the person making the request for information at the time a request is made.	Nil
Family law — splitting a benefit	\$100 Split between both parties, deducted at the time of the split.	Nil

Trustee fee

In our recent SEN dated 11 March 2022 we advised that from 22 December 2021, NGS Super Pty Limited (the trustee) had amended its trust deed to introduce a trustee fee. The initial fee charged by the trustee was paid by transfer from the existing Trustee Operating Reserve. This fee equated to 0.053% of Fund assets at 31 January 2022 and not as stated in our earlier SEN. We have annotated the SEN dated 11 March 2022 to reflect this correction.

CLOSING INVESTMENT OPTIONS

NGS Self-Managed Direct Investment Option now closed to NGS Transition to retirement account members

The NGS Self-Managed Direct Investment Option (DIO) has been available to members since 29 January 2014. This option has provided members with a gateway to direct investments, including ASX-listed companies, exchange traded funds (ETFs) and term deposits.

The NGS Self-Managed DIO has had very low member demand from *NGS Transition to retirement (TTR) account* members. With a focus on keeping costs low, from 19 November 2021 this investment is no longer offered to TTR members.

The Self-Managed DIO is still currently available to members of:

- *NGS Accumulation account*
- *NGS Income account*.

Pre-mixed investment options closing

From 20 April 2022 several of our investment options will be closing to new applicants:

- Socially Responsible Diversified
- Shares Plus
- Moderate Growth.

These options will then close permanently (no longer exist) from 31 May 2022.

Since first offering the Socially Responsible Diversified (SRD) investment option, NGS Super has greatly expanded its environmental, social and governance (ESG) commitment, with our first ESG and responsible investment strategy being approved at the beginning of 2021.

We have set an ambitious target of 2030 for a carbon-neutral investment portfolio, towards which we are making excellent progress. But this is not the only work we are doing in the ESG space — we are also updating our exclusions and mapping our investments to the United Nations Sustainable Development goals, as well as seeking out impact investment opportunities.

The ongoing deep integration of ESG into all of our investments means that the standalone SRD investment is no longer necessary — we believe that effectively all of our investment options now meet that standard. You can find out more on our website at ngssuper.com.au/esg

The Shares Plus option is a duplication of the sector specific options:

- Australian Shares
- International Shares

Shares Plus as a separate investment option does not add any additional option selection compared to a mix of Australian Shares and International Shares currently available as supported by the current low members numbers in the Shares Plus option. Removal of Shares Plus will also simplify the investment menu.

Moderate Growth is currently the default investment option for *NGS Income account*. This investment option has similar investments to the Diversified option and like the Shares Plus option, adds complexity to the investment option menu. From 20 April 2022, when the Moderate Growth option will be closed, there will no longer be a default investment option for *NGS Income account* and members who join will need to select at least one investment option on their application form. The default investment option for Accumulation accounts and Transition to retirement (TTR) accounts remains unchanged as Diversified (MySuper).

From 20 April 2022, if you are

- not invested in any of these options — you will not be able to select to invest in these investment options, and no action is required.
- invested in one or more of these options — you will remain invested in that option until the earlier of the date you switch out or 31 May 2022. You may switch funds held in these options to other investment options up until 18 May 2022. From this date, no further switches out will be permitted. We will continue to accept contributions into, and benefit payments out of these options until 31 May 2022. On 31 May 2022, any investments held in these closing options will automatically be transferred to the investment option(s) noted below.

	Automatic transfer to relevant investment option at 31 May 2022 (unless you advise otherwise by 18 May)	
Investments held in closing investment option at 31 May 2022	Accumulation and TTR accounts	Income accounts
Shares Plus	46% Australian Shares 54% International Shares	46% Australian Shares 54% International Shares
Socially Responsible Diversified	Diversified (MySuper)	Diversified
Moderate Growth	n/a	Diversified

The letter attached to this SEN provides further information on impacts to you and any action you must take.

INVESTMENT OPTION CHANGES

The investment option changes below will be reflected in our [Investment guide](#) from 31 May 2022 available at ngssuper.com.au/PDS

Asset class name changes

To provide a clearer understanding of our asset classes, we have made the following name changes:

Current asset class name	New asset class name (from 31 May 2022)
Bond alternatives Corporate bonds Government bonds Social impact bonds	Fixed income
Growth alternatives	Alternatives
Cash and term deposits	Cash

Asset classes are a key component of investing. Each investment option is broken down into various asset classes which can be classified as either defensive or growth assets. Infrastructure and Property asset classes have characteristics of both growth and defensive assets and, therefore, do not completely fit the definition of either. Previously these asset classes were classified as 50% growth and 50% defensive. From 31 May, these will be reclassified as 75% growth and 25% defensive to better align with industry classification. This has resulted in some investment options that hold these asset classes having a higher weight to growth assets versus defensive assets than they currently do — and is shown in the Asset allocation changes shown further in this document.

Risk of negative return and risk rating changes

We have a standard risk measure (SRM) for each investment option, measured as the likely number of negative annual returns over a 20-year period. Our recent review has resulted in the SRM and risk rating (where applicable) being updated and shown in the following tables.

Standard risk measure

Investment option	Risk of negative return	
	Current	From 31 May 2022
Diversified/Diversified (MySuper)	4.6 years in 20 years	4.5 years in 20 years
High Growth	5.1 years in 20 years	5.2 years in 20 years
Balanced	3.9 years in 20 years	3.8 years in 20 years
Retire Plus (Income account only)	3.5 years in 20 years	3.4 years in 20 years
International Shares	6.5 years in 20 years	6.4 years in 20 years
Infrastructure	4.6 years in 20 years	6.7 years in 20 years
Property	4.6 years in 20 years	6.7 years in 20 years
Diversified Bonds	2.8 years in 20 years	4.8 years in 20 years
Cash and Term Deposits	Never	Negligible

While the Cash and Term Deposits option has a very low risk of having negative returns, it should be noted that in periods of low or negative interest rate returns, there is potential for negative returns.

Risk rating

Investment option	Risk rating	
	Current	From 31 May 2022
Infrastructure	High	Very high
Property	High	Very high
Diversified Bonds	Medium	High

INVESTMENT OPTION CHANGES *(continued)*

Investment performance objective changes

We have changed the performance objectives for the following investment options:

Investment option	Investment performance objective	
	Current	From 31 May 2022
Infrastructure	To achieve a net return 3% p.a. above CPI over rolling 5-year periods.	To match the FTSE Developed Core Infrastructure 50/50 Net Total Return Index in AUD (unhedged) over the medium to long term.
Property	To achieve a net return 3% above CPI p.a. over rolling 5-year periods.	To match the FTSE EPRA/NAREIT Developed Net Total Return Index AUD (unhedged) over the medium to long term.
Diversified Bonds	To achieve a net return 0.5% above CPI p.a. over rolling 3-year periods.	To match the J.P. Morgan Government Bond Index Global (hedged to AUD) over the medium to long term.

ASSET ALLOCATION CHANGES

We have changed the Strategic Asset Allocation (SAA) and Dynamic Asset Allocation (DAA) ranges for the following investment options. Note the updated asset class name changes have been reflected in the below.

Pre-mixed options

Asset class	Diversified (MySuper) and Diversified				High Growth			
	Current		From 31 May 2022		Current		From 31 May 2022	
	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)
Australian shares	23	15–40	23	15–40	28	20–45	28.9	20–45
International shares	27	15–40	27	15–40	32	20–45	29	20–45
Listed infrastructure	–	–	0	0–15	–	–	0	0–15
Infrastructure	10	0–20	10	0–20	12	0–20	11.9	0–20
Alternatives	8	0–20	10	0–20	13.5	0–40	25	0–40
Listed property	–	–	0	0–15	–	–	0	0–15
Property	9	0–20	9	0–20	3.5	0–20	0	0–20
Fixed income	–	–	15	0–40	–	–	2.2	0–30
Bond alternatives	8	0–20	–	–	8	0–20	–	–
Corporate bonds	5	0–20	–	–	2	0–15	–	–
Government bonds	4	0–20	–	–	0	0–15	–	–
Cash	6	0–25	6	0–25	1	0–20	3	0–20
Total growth assets	71.5	55–85	69.3	55–85	84.5	70–95	79.3	70–95
Total defensive assets	28.5	15–45	30.7	15–45	15.5	5–30	20.7	5–30
Foreign currency exposure	15	0–40	13.5	0–40	20	0–55	14.5	0–55

ASSET ALLOCATION CHANGES *(continued)*

Pre-mixed options *(continued)*

Asset class	Balanced				Defensive			
	Current		From 31 May 2022		Current		From 31 May 2022	
	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)
Australian shares	16.5	10–30	16.5	10–30	10	0–20	10	0–20
International shares	19.5	10–30	19.5	10–30	11	0–20	11	0–20
Listed infrastructure	–	–	0	0–15	–	–	0	0–15
Infrastructure	10	0–20	10	0–20	10	0–20	10	0–20
Alternatives	5	0–10	6	0–10	4	0–15	5.4	0–15
Listed property	–	–	0	0–15	–	–	0	0–15
Property	10	0–20	10	0–20	8.5	0–30	8.5	0–30
Fixed income	–	–	18	0–40	–	–	27.1	5–65
Bond alternatives	5	0–15	–	–	9.5	0–20	–	–
Corporate bonds	7	0–20	–	–	11	0–30	–	–
Government bonds	7	0–20	–	–	8	5–35	–	–
Cash	20	0–30	20	0–40	28	5–35	28	5–45
Total growth assets	53.5	35–70	54	35–70	39	25–60	37.6	25–60
Total defensive assets	46.5	30–65	46	30–65	61	40–75	62.4	40–75
Foreign currency exposure	9	0–40	9.8	0–40	7	0–20	5.5	0–20

Asset class	Indexed Growth				Retire Plus			
	Current		From 31 May 2022		Current		From 31 May 2022	
	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)
Australian shares	27.5	15–40	27.5	15–40	16	5–40	16	0–40
International shares	30.5	15–40	30.5	15–40	19	0–40	19	0–40
Listed infrastructure	9	0–20	9	0–30	–	–	0	0–15
Infrastructure	–	–	0	0–15	22	0–40	22	0–40
Alternatives	–	–	0	0–15	4	0–10	5.8	0–15
Listed property	9	0–20	9	0–30	–	–	0	0–15
Property	–	–	0	0–15	21.5	0–40	21.5	0–40
Fixed income	–	–	10	0–40	–	–	10.7	0–40
Bond alternatives	–	–	–	–	4	0–15	–	–
Corporate bonds	–	–	–	–	4	0–20	–	–
Government bonds	10	0–40	–	–	4.5	0–20	–	–
Cash	14	0–20	14	0–20	5	0–25	5	0–25
Total growth assets	76	55–85	76	55–85	62.8	45–75	70.5	45–75
Total defensive assets	24	15–45	24	15–45	37.2	25–55	29.5	25–55
Foreign currency exposure	18.8	0–50	15.3	0–50	9	0–30	9.5	0–30

ASSET ALLOCATION CHANGES *(continued)*

Sector-specific options

Asset class	Infrastructure				Property			
	Current		From 31 May 2022		Current		From 31 May 2022	
	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)
Unlisted infrastructure	50	0–100	–	–	–	–	–	–
Listed infrastructure	45	0–100	95	85–100	–	–	–	–
Listed property	–	–	–	–	40	0–100	95	85–100
Property	–	–	–	–	55	0–100	–	–
Cash	5	0–30	5	0–15	5	0–30	5	0–15
Total growth assets	70	50–100	95	85–100	67.5	50–100	95	85–100
Total defensive assets	30	0–50	5	0–15	32.5	0–50	5	0–15
Foreign currency exposure	0	0–30	95	0–100	0	0–30	95	0–100

Asset class	Diversified Bonds			
	Current		From 31 May 2022	
	SAA (%)	DAA range (%)	SAA (%)	DAA range (%)
Fixed income	–	–	95	85–100
Bond alternatives	30	0–40	–	–
Corporate bonds	40	0–60	–	–
Government bonds	25	0–50	–	–
Cash	5	0–30	5	0–15
Total growth assets	15	0–20	0	0–15
Total defensive assets	85	80–100	100	85–100
Foreign currency exposure	0	0–20	0	0–20

LEGISLATION CHANGES

Several changes to super will come into effect from 1 July 2022.

Superannuation Guarantee rises to 10.5%

Probably the most significant change for working members is that the Superannuation Guarantee is legislated to increase to 10.5% (from 10% for the 2021–22 financial year). This is one of a series of incremental increases to take the Superannuation Guarantee to 12% on 1 July 2025.

Superannuation Guarantee wage threshold

There is currently a \$450 threshold per calendar month — that is, you need to earn \$450 or more to be eligible for the Super Guarantee from your employer. From 1 July 2022, this will be abolished, which is a great outcome for those on low incomes or who work multiple part-time jobs.

Work test abolished

The current work test means that if you're aged between 67 and 74 (inclusive), you must be gainfully employed before you can contribute to your super. This means that you must be employed for at least 40 hours over a consecutive 30-day period in a financial year, before you can contribute for that financial year.

From 1 July 2022 this work test will no longer apply to contributions except when you wish to claim a deduction for personal superannuation contributions. The abolishment of this test will also result in individuals being able to take advantage of the bring-forward rule.

Higher withdrawal limit for first home super saver scheme

The first home super saver scheme allows you to withdraw up to \$30,000 towards the purchase of your first home where you have made eligible personal contributions into your superannuation. From 1 July 2022, the maximum available to withdraw will be increased to \$50,000. Noting, where you are a member of a couple purchasing your first home, you may both be eligible to withdraw under the first home super saver scheme — allowing you access up to \$100,000 combined.

Reduced eligibility age for a downsizer contribution

The downsizer scheme allows you to make a one-off contribution of up to \$300,000 (\$600,000 for a couple) to your super from the sale of the family home, and is currently only available to those aged 65 and above. From 1 July 2022, this contribution will be available to those aged 60 and above.

Pension drawdown

When the government released its COVID-19 stimulus package, it included reducing the minimum drawdown on account-based pensions (*NGS Transition to retirement account* and *NGS Income account*) by 50% for the 2019–20 and 2020–21 financial years. This was extended further to include the 2021–22 financial year.

The government has announced its intention to extend the reduced drawdown rates for financial year ended 30 June 2023. The minimum (and maximum if applicable) will be calculated based on your age and account balance on 1 July 2022 and will be available to view through your **Member Online** account at ngssuper.com.au/MOL. We expect updated values to be available online in the first week of July.

More information?

Contact us

You can contact us at

ngssuper.com.au/contact-us

or call us on **1300 133 177**

Monday to Friday, 8am–8pm
(AEST/AEDT).

Phone number for callers outside

Australia: **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address:

GPO Box 4303

MELBOURNE VIC 3001

Have you considered obtaining professional advice to understand how super works for your personal situation?

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, virtually or over the phone.

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** at ngssuper.com.au/advice

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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