

# PRODUCT NEWS AND OTHER IMPORTANT INFORMATION

## Super Retirement Fund (SRF)

30 June 2021



### Product news

#### Completed transfer of CMLA's Life Business to AIA Australia Limited (AIAA)

In September 2017, AIA Group announced the acquisition of Commonwealth Bank of Australia's life insurance business (CommInsure Life) in Australia, including The Colonial Mutual Life Assurance Society Limited (CMLA).

On 15 March 2021, the Federal Court of Australia ("the Court") confirmed the transfer of CMLA's life insurance business to AIA Australia (AIAA) under Part 9 of the Life Insurance Act 1995 (Cth) (the Transfer). The Court confirmed Thursday 1 April 2021 as the Transfer effective date, or the date the Transfer was legally complete.

From 1 April 2021, AIAA became the Administrator and Insurer of your Fund. The name of your Fund changed from the Colonial Super Retirement Fund (CSRF) to the Super Retirement Fund (SRF) and some product names will also change to remove references to Colonial and Commonwealth brands.

The acquisition does not change how your product is administered or any of the insurance cover that you may hold as a member of the fund, and you do not need to do anything.

The acquisition will not affect or change:

- the terms and conditions of your product;
- active complaints you may have lodged
- active requests or applications you have submitted
- how your product is administered; or
- our commitment to quality support and service.

As a result of the Transfer the change in asset ownership triggered the crystallisation of tax. To ensure policyholders are not negatively impacted, compensation has been paid to all potentially affected policyholders via increases in unit prices or crediting rates (and not as a direct transaction on your account).

#### Investment changes

Investments are periodically reviewed to identify opportunities that may help enhance the investment returns and to respond to market changes. Changes have been made to a number of investment options over FY20/21.

For full details on investment options available in your product, including investment strategy and fees go to [aia.com.au/srf-investment-options](http://aia.com.au/srf-investment-options)

#### Investment menu changes

In April 2021, we simplified our investment menus to help enhance your financial outcomes. We removed some options from investment menus and introduced new investment managers, while ensuring we continued to offer a suite of investment options for you to choose from.

All replacement options generally included revised investment objectives, improved or similar expected risk adjusted returns (higher return and/or lower risk) and changes to your ongoing fees and costs. These changes will help remove some of the risks associated with maintaining options with smaller pools of investable assets.

For more information and a copy of the information booklet issued to impacted customers go to

[aia.com.au/investmentoptionchanges](http://aia.com.au/investmentoptionchanges)

We automatically applied the changes to your account and sent you a confirmation, unless you instructed us otherwise. If your superannuation contribution strategy consisted of a now-terminated option, it has been updated to the corresponding replacement option in which future contributions will be allocated.

#### Investment manager changes

Macquarie, Robeco and Ares were added as managers for the Fixed Income asset class used by the multi-sector options and the multi-manager Fixed Income options.

Colonial First State which used DWS, First Sentier Investors and Resolution Capital Limited, were replaced with DWS for the Global Property Securities options.

#### SRM and return objectives changes

The Standard Risk Measure (SRM) and Return Objective for the Capital Secure option and the SRM for the Savings option have been updated.

#### Renamed investment options

Some investment options were simply renamed to better align to their existing underlying strategy or asset allocation. If applicable to you, the new option names will be reflected in your 2021 annual statement. Refer to the table below for investment options with a name only change:

Product	Previous investment option name	New investment option name
SuperSelect	Growth	High Growth
Pension Select	Managed	Growth
Flexible Income Retirement Plan	Balanced Fund	Growth
Master Fund Superannuation		

## Fee changes

### Fees and costs disclosure on periodic statements

In September 2020, ASIC issued an updated version of 'Regulatory Guide 97 Disclosing fees and costs in Product Disclosure Statements (PDS) and periodic statements' (RG97) which superseded previous RG97 versions and outlined how fees and costs must be disclosed in periodic statements, for superannuation and managed investment products. To meet our regulatory requirement, we have made changes to the fees and costs disclosure on periodic statements (including annual statements, quarterly statements and exit statements) issued on or after 1 July 2021.

For full details on the fees for your investment options go to [aia.com.au/srf-investment-options](http://aia.com.au/srf-investment-options)

### Reductions to certain Investment management fees, product fees and insurance premiums

In December 2020, AIAA ceased the payment of grandfathered conflicted remuneration to the distributors of its products in line with its requirements under *Treasury Laws Amendment (Ending Grandfathered Conflicted Remuneration) Act 2019*.

Grandfathered conflicted remuneration was paid by AIAA to distributors of its products; it was a cost to AIAA and not an additional charge to policyholders.

AIAA has passed back the cost saving from this change to policyholders.

Accordingly, from December 2020 policyholders benefitted from the following fee reductions:

- Impacted investment management fees have been reduced
- Contribution fees have been removed for all contribution types
- Capital Guaranteed options receive a benefit pass back (incorporated into the crediting rates effective from early 2021)
- A reduction of up to 20 per cent on group life insurance premiums may apply for members who hold group Death, TPD and Income Protection cover.

For further information including impacted products and investment options go to [aia.com.au/feechangesetsl](http://aia.com.au/feechangesetsl) and select *2020 Investment Management and Product Fee changes – Superannuation and Pension Products issued by ETSL*.

### Reduced fees for Cash options

Changing economic conditions have and will continue to affect the investment outcomes and returns of policyholders. An area where change has had a significant impact is on interest rates (or the

target cash rate) which are operating at a historically low level (0.1 per cent from December 2020).

With interest rates at such low levels, this has had a corresponding impact on the returns of cash investment options. In response, from 1 October 2020 we reduced the investment management fees on a range of cash investment options for the Rollover Fund product.

For more information, please visit [aia.com.au/forms-docs](http://aia.com.au/forms-docs) and select *Fee Reductions to Cash options for Personal Superannuation and Pension products 1 October 2020 (ETSL)* under the "Super and Investment" tab.

### Pause to fee Indexation

Some member, administration and policy fees are indexed annually, based on Consumer Price Index (CPI), Australian Weekly Ordinary Time Earnings (AWOTE) or Average Weekly Earnings (AWE). Following a review the indexation of these fees has been paused, with effect from 1 July 2021.

## Trustee updates

### Annual Member Meeting (AMM)

Your superannuation account is held with the SRF and the Fund is responsible for monitoring and managing your account. SRF is overseen by Equity Trustees Superannuation Limited (ETSL), the Trustee, who operates in your best interests. The Trustee has an important role to play in the financial wellbeing of its members and is focused on achieving the best retirement outcomes.

ETSL, held its inaugural AMM on 12 March 2021. The AMM for the financial year ending 30 June 2021, is scheduled to occur in December 2021. Further details on the next AMM will be issued to all members by mail in late 2021.

### Member Outcome Assessments (MOA)

From 2021, all trustees of Registrable Superannuation Entities (RSEs) are required to publish Member Outcomes Assessments (MOAs) for their products. In March 2021, ETSL, the Trustee of SRF, published MOAs for SRF products.

MOAs can be found on ETSL's website at: <https://www.eqt.com.au/superannuation/annual-member-meetings-and-member-outcomes-statements/pages/super-retirement-fund>

### Online disclosure from 2022

From next year this fact sheet will be available online and will not be printed as part of your annual statement. If you require a printed version please call us or send an email to [au.service@aia.com](mailto:au.service@aia.com)

## Legislative changes

The following is a summary of legislated changes relating to your product.

### Superannuation Guarantee (SG) percentages

From 1 July 2021, the prescribed SG rate will increase to 10 per cent (from the current rate of 9.5 per cent).

This increase will require employers to contribute an additional half per cent to meet their SG obligations for the financial year ended 30 June 2022.

The minimum SG rate is currently legislated to gradually rise to 12 per cent over the next five years as set out in the table below.

Source: [www.budget.gov.au](http://www.budget.gov.au)

Year	SG Rate
Year starting 1 July 2020	9.5
Year starting 1 July 2021	10
Year starting 1 July 2022	10.5
Year starting 1 July 2023	11
Year starting 1 July 2024	11.5
Years starting on or after 1 July 2025	12

### Indexation of contribution caps

From 1 July 2021, the superannuation contribution caps will be indexed to the amounts in the table below:

Concessional contributions	Non-concessional contributions
\$27,500 per annum	\$110,000 per annum
Unused carry-forward concessional contributions - available for individuals with a total superannuation balance.	Bring forward non-concessional contributions - available for individuals aged under 67 up to a maximum of \$330,000 depending on the individual's total superannuation balance, at the previous 30 June.

### Other superannuation rates and threshold changes for FY2021-22

The Australian Taxation Office (ATO) has published its superannuation rates and thresholds for 2021-22. The following key changes have been applied:

- the Capital Gains Tax cap amount for non-concessional contributions is \$1.615 million
- the maximum super contribution base is \$58,920 per quarter
- the maximum superannuation co-contribution entitlement remains at \$500, the lower-income threshold increases to \$41,112 and the higher-income threshold increases to \$56,112
- the low-rate cap amount is \$225,000
- the general transfer balance cap is \$1.7 million.

For further information please refer to <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/>

### Reuniting More Superannuation

The Government has recently passed the *Treasury Laws Amendment (Reuniting More Superannuation) Regulations 2021* to facilitate the closure of Eligible Rollover Funds (ERF) and to allow superannuation providers to make voluntary payments to the ATO. The ATO will then work to proactively reunite these funds with their owners.

As a result of this legislation, from 1 May 2021 any monies that were previously rolled over to SRF's ERF, SuperTrace, will now be sent to the ATO.

Further information on the Trustee's policy on payments to the ATO can be found in the 2021 SRF Annual Report online at [aia.com.au/srf-annual-report](http://aia.com.au/srf-annual-report) and will be available by 30 September 2021.

### Your Future Your Super

The Governments Your Future, Your Super package – announced in the 2020-21 Budget, is a comprehensive package of reforms designed to make sure the superannuation system delivers better outcomes for members. Below is a summary of some of the key changes that were legislated by the *Treasury Laws Amendment (Your Future, Your Super) Act 2021*.

#### Single default account

From 1 November 2021 employers will be required to pay super into the individual's existing account if they have one, unless another fund is selected. Employers will be able to obtain information about existing accounts from the ATO.

#### Annual benchmarking of superannuation products

From 1 July 2021, APRA will be required to conduct annual performance tests on MySuper products and from 1 July 2022 for other products specified by the regulations. Trustees who fail an annual performance test must notify product holders of the failed test result. Trustees who fail the annual performance test two years in a row, will be prohibited from accepting new members into the underperforming products unless the prohibition is lifted by APRA.

The Act facilitates the establishment of a 'YourSuper Comparison Tool' to provide consumers with information about the performance of superannuation products including rankings, based performance metrics such as fees and investment returns. APRA will be provided with a resolution planning prudential standard making power to facilitate the resolution of RSEs, registrable superannuation entities or connected entities, in order to protect the best interests of members.

#### Best financial interests duty

From 1 July 2021, superannuation trustees will have a new obligation to act in the best financial interest of members. The onus will be on the trustee to prove that it is acting in the best financial interests of members. To support this change, record keeping requirements will be prescribed and trustees must keep records to demonstrate compliance with the best financial interests duty.

#### More flexible superannuation

The *Treasury Laws Amendment (More Flexible Superannuation) Act 2021* makes amendments to the Income Tax Assessment Act 1997 relating to non-concessional contributions, re-contribution of COVID-19 early release amounts and excess concessional contribution caps.

The changes enable individuals under 67 to make up to three years of non-concessional superannuation contributions under the bring-forward rule. This means individuals aged 65 and 66 who were not previously able to access the bring forward non-concessional contributions cap due to their age, may now do so. This change will apply to all non-concessional contributions made on or after 1 July 2020.

The changes also allow individuals who received a COVID-19 early release of super amount, the ability to re-contribute up to the same amount they received without the contributions counting towards their non-concessional cap. The contributions must not exceed the total amount of super accessed under the COVID-19 early release,

can be made between 1 July 2021 and 30 June 2030 and cannot be claimed as a personal super deduction.

Additionally, from 1 July 2021 individuals who exceed their excess concessional contributions cap will no longer be required to pay the excess contributions charge. Individuals that exceed their contributions cap will still be issued with a determination and taxed at their marginal tax rate on any excess contributions, with a 15 per cent offset to account for the contributions tax already paid by their superfund.

### Temporary extension of reduction in superannuation minimum drawdown rates

Last year as part of the Federal Government's Economic Response Package, the superannuation minimum superannuation drawdown rates were reduced by 50 per cent for the 2019-20 and 2020-21 financial years.

The Government has announced it will extend this reduction to the 2021-22 income year, as the significant losses in financial markets due to COVID are still having a negative effect on the superannuation balances of many retirees.

### Proposed legislative changes

These changes are yet to be legislated and may change prior to becoming law.

*Proposed commencement date: 1 July 2021*

### Transfer of superannuation to the KiwiSaver Scheme

The Government has announced it will provide \$11 million over four years from 2021-22 (and \$1 million per year ongoing) to the Australian Taxation Office (ATO) to administer the transfer of unclaimed superannuation money directly to KiwiSaver accounts (the New Zealand equivalent of Australian superannuation funds).

*Proposed commencement date: 1 July 2022*

### Removing the \$450 per month threshold for superannuation guarantee eligibility

The Government has proposed removing the existing \$450 per month minimum salary or wages threshold that resulted in low income employees not receiving any superannuation guarantee support. Under the proposed changes all workers, regardless of how much they earn, will be entitled to receive employer super payments.

### Higher withdrawal limit for the First Home Super Saver Scheme (FHSSS)

The Government has proposed an increase in the maximum withdrawal from the FHSSS from \$30,000 to \$50,000.

This scheme allows people to make voluntary contributions to superannuation to save for their first home. The current caps on these contributions are \$15,000 a year and \$30,000 in total.

**Please note:** The information in this fact sheet is general information only and does not take into account your individual objectives, financial situation or needs. You should consider the information and its appropriateness, having regard to your own objectives, financial situation and needs, before making any decisions. You should seek professional financial advice tailored to your personal circumstances from an authorised financial adviser.

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Under the proposed changes, voluntary contributions into a super fund will be allowed by a post-tax contribution or through salary sacrificing, up to a maximum of \$50,000 in total. For couples, both individuals will be able to utilise their caps up to a maximum of \$100,000.

This scheme relates to voluntary contributions only. First home buyers cannot withdraw any part of their compulsory superannuation – that is, super contributions made on their behalf by their employer.

### Abolishing the work test for those aged between 67 and 74 years

The current work test requires a person to be employed for at least 40 hours in a consecutive 30-day period, during the financial year, before either concessional or non-concessional super contributions can be accepted.

Under the proposed changes, the existing work test will be abolished on 1 July 2022, however the work test will continue to apply where an application to make personal deductible contributions is made.

Existing contribution cap arrangements continue to apply.

### New age threshold for downsizers

The Government has proposed changes to the eligibility criteria for downsizer contributions. Under the proposed changes, eligibility for downsizer contributions will be lowered from age 65 to 60, allowing individuals from 60 years of age to contribute up to \$300,000 (\$600,000 for couples) to their super following the sale of their home. Downsizer contribution has to be made within 90 days of the sale of the property.

It's important to note that proceeds from the sale of the home that are transferred to super accounts will be included in the asset test for the Age Pension.

The principal place of residence remains exempt from the asset test.

### Investment performance

Details of investment options, and their performance, are available online at [aia.com.au/productperformance](https://aia.com.au/productperformance)

The Annual Performance Report for the financial year ending 30 June 2021 will be available online by 31 August 2021. For a printed version please call us.

### More information?

For more information about your account and how to make the most of your super go to [aia.com.au/super](https://aia.com.au/super)