

StatePlus Retirement Fund

Important Changes

We are required to tell you about these important developments in the Personal Retirement Plan, Allocated Pension Fund, Term Allocated Pension, Tailored Super Plan and Flexible Income Plan.

Return objectives update

On 10 November 2018 the return objective changed for the following funds:

- Capital Stable Fund
- Moderate Fund
- Balanced Fund

The return objectives for all other investment options remain unchanged.

Change to return objectives

Tailored Super Plan & Flexible Income Plan	Prior return objective	New return objective
Capital Stable	CPI + 2.0% gross of tax ¹ and net of investment fees over rolling three year periods.	CPI + 1.75% gross of tax ¹ and net of investment fees and other costs over rolling three year periods.
Moderate	CPI + 3.0% gross of tax ¹ and net of investment fees over rolling four year periods.	CPI + 2.5% gross of tax ¹ and net of investment fees and other costs over rolling four year periods.
Balanced	CPI + 3.75% gross of tax ¹ and net of investment fees over rolling five year periods.	CPI + 3.50% gross of tax ¹ and net of investment fees and other costs over rolling five year periods.

1. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.

Personal Retirement Plan, Term Allocated Pension & Allocated Pension	Prior return objective	New return objective
Capital Stable	CPI + 1.25% gross of tax ¹ and net of investment fees over rolling three year periods.	CPI + 1.00% gross of tax ¹ and net of investment fees and other costs over rolling three year periods.
Moderate	CPI + 2.25% gross of tax ¹ and net of investment fees over rolling four year periods.	CPI + 1.75% gross of tax ¹ and net of investment fees and other costs over rolling four year periods.
Balanced	CPI + 3.0% gross of tax ¹ and net of investment fees over rolling five year periods.	CPI + 2.75% gross of tax ¹ and net of investment fees and other costs over rolling five year periods.

1. Gross of tax means prior to tax being taken out and with the value of franking credits added back in.

Strategic Asset Allocation (SAA)

The following changes have been made in relation to the strategic asset allocation across the StatePlus Retirement Fund:

- The “Defensive” sector has changed its label to “Income”.
- The High Yield Fixed Interest asset class has been renamed Credit Income and has been allocated to the Income sector rather than Growth. There has also been an increase in allocation to Credit Income for the following investment options:
 - Capital Stable
 - Moderate
 - Balanced
 - Growth

This has resulted in some small changes in the Growth/Income ratio for some investment options. The table below shows the variation from the previous SAAs for Credit Income, International Fixed Interest and Australian Fixed Interest asset classes, and the current and previous Target SAAs for Income assets and Growth assets, for the Capital Stable, Moderate, Balanced and Growth investment options. There are no changes to the SAA for other asset classes other than those outlined in the table below.

Fund	Credit Income	International Fixed Interest	Australian Fixed Interest	Income (Target SAA)		Growth (Target SAA)	
				New	Previous	New	Previous
Capital Stable	+2%	-	-2%	75%	75%	25%	25%
Moderate	+3%	-3%	-	62%	60%	38%	40%
Balanced	+4%	-4%	-	43%	40%	57%	60%
Growth	+2%	-2%	-	20%	15%	80%	85%

Updated variable fees

Fees and costs payable will change from year to year and cannot be precisely calculated in advance. The changes to fees and costs of each investment option for the 12 months to 30 June 2018 shown in the tables below are based on information available and (if applicable) estimates of the fees and costs incurred, as at the date of issue of the PDS. In future, the actual amount you pay will depend on the actual fees, costs and taxes incurred by the trustee in managing the investment option.

Tailored Super Plan & Flexible Income Plan

Investment option	Investment Fee %			Indirect cost ratio %	Total investment fees and indirect costs %	Total investment fees and indirect costs expressed as \$ per \$50,000
	Management fees % p.a.	Performance related fees %	Government costs & levies %			
Cash Fund	0.39%	N/A	0.01%	0.00%	0.40%	\$200
Fixed Interest Fund	0.50%	N/A	0.01%	0.05%	0.56%	\$280
Capital Stable Fund	0.57%	0.06%	0.01%	0.09%	0.73%	\$365
Moderate Fund	0.61%	0.06%	0.01%	0.12%	0.80%	\$400
Balanced Fund	0.70%	0.05%	0.01%	0.15%	0.91%	\$455
Growth Fund	0.77%	0.04%	0.01%	0.16%	0.98%	\$490
Australian Equities Fund	0.77%	N/A	0.01%	0.16%	0.94%	\$470
International Equities Fund	0.77%	N/A	0.01%	0.07%	0.85%	\$425
Fixed Term Fund	0.50%	N/A	0.03%	0.00%	0.53%	\$265

Personal Retirement Plan, Term Allocated Pension & Allocated Pension Fund

Investment option	Investment Fee %			Indirect cost ratio %	Total investment fees and indirect costs %	Total investment fees and indirect costs expressed as \$ per \$50,000
	Management fees % p.a.	Performance related fees %	Government costs & levies %			
Cash Fund	0.99%	N/A	0.01%	0.00%	1.00%	\$500
Fixed Interest Fund	1.15%	N/A	0.01%	0.05%	1.21%	\$605
Capital Stable Fund	1.30%	0.06%	0.01%	0.09%	1.46%	\$730
Moderate Fund	1.35%	0.06%	0.01%	0.13%	1.55%	\$775
Balanced Fund	1.40%	0.05%	0.01%	0.15%	1.61%	\$805
Growth Fund	1.50%	0.04%	0.01%	0.16%	1.71%	\$855
Growth Plus Fund	1.50%	0.03%	0.01%	0.17%	1.71%	\$855
Australian Equities Fund	1.50%	N/A	0.01%	0.17%	1.68%	\$840
International Equities Fund	1.50%	N/A	0.01%	0.08%	1.59%	\$795
Fixed Term Fund	1.15%	N/A	0.03%	0.00%	1.18%	\$590

The implicit and explicit transaction costs for the 12 months to 30 June 2018 are provided in the tables below along with the total transactional and operational costs.

Tailored Super Plan & Flexible Income Plan

Investment Option	(A) Transactional & operational costs %	(B) Explicit transactional & operational costs %	(C = A – B) Implicit transactional & operational costs %
Cash Fund	0.00%	0.00%	0.00%
Fixed Interest Fund	0.05%	0.05%	0.00%
Capital Stable Fund	0.08%	0.08%	0.00%
Moderate Fund	0.12%	0.12%	0.00%
Balanced Fund	0.15%	0.15%	0.00%
Growth Fund	0.17%	0.16%	0.01%
Australian Equities Fund	0.16%	0.16%	0.00%
International Equities Fund	0.08%	0.08%	0.00%
Fixed Term Fund	0.00%	0.00%	0.00%

Personal Retirement Plan, Term Allocated Pension & Allocated Pension Fund

Investment Option	(A) Transactional & operational costs %	(B) Explicit transactional & operational costs %	(C = A – B) Implicit transactional & operational costs %
Cash Fund	0.00%	0.00%	0.00%
Fixed Interest Fund	0.05%	0.05%	0.00%
Capital Stable Fund	0.08%	0.08%	0.00%
Moderate Fund	0.12%	0.12%	0.00%
Balanced Fund	0.15%	0.15%	0.00%
Growth Fund	0.17%	0.16%	0.01%
Growth Plus Fund	0.17%	0.16%	0.01%
Australian Equities Fund	0.16%	0.16%	0.00%
International Equities Fund	0.08%	0.08%	0.00%
Fixed Term Fund	0.00%	0.00%	0.00%

Borrowing costs

As a result of enhanced fee disclosure requirements we have added borrowing costs to the “Other costs & charges” section of the Investment & Fee Booklets.

Borrowing costs include costs such as:

- loan establishment fees
- ongoing interest payments in relation to borrowings

Borrowing costs are generally deducted from the assets attributable to the Fund at the time they are incurred and are an additional cost. The borrowing costs for the financial year ended 30 June 2018 are as follows.

Tailored Super Plan & Flexible Income Plan

Investment Option	Borrowing costs %
Cash Fund	0.00%
Fixed Interest Fund	0.00%
Capital Stable Fund	0.03%
Moderate Fund	0.03%
Balanced Fund	0.01%
Growth Fund	0.01%
Australian Equities Fund	0.00%
International Equities Fund	0.00%
Fixed Term Fund	0.00%

Personal Retirement Plan, Term Allocated Pension & Allocated Pension Fund

Investment Option	Borrowing costs %
Cash Fund	0.00%
Fixed Interest Fund	0.00%
Capital Stable Fund	0.03%
Moderate Fund	0.03%
Balanced Fund	0.02%
Growth Fund	0.01%
Growth Plus Fund	0.00%
Australian Equities Fund	0.00%
International Equities Fund	0.00%
Fixed Term Fund	0.00%

Change to standard risk measure

The Standard Risk Measure (SRM) is based on industry guidance and shows an investment option's risk band and label and allows you to compare options that are expected to deliver a similar number of negative annual returns over any 20-year period.

The SRM changed for some of our investment options following the latest annual review. The changes took effect from 10 November 2018.

The SRM is not a complete assessment of all forms of risk, for example it does not take into account the size of a potential negative return.

Despite the Fixed Interest Fund now being assessed as having a Standard Risk Measure of '6 – High', when we assess the expected risk of this Fund more holistically, the Fund is only expected to have a moderate level of risk.

Investment Option	Capital Stable	Moderate	Balanced	Growth	Australian Equities	Fixed Interest
Prior SRM	2: Low	3: Low to medium	4: Medium	5: Medium to high	6: High	2: Low
New SRM	3: Low to medium	4: Medium	5: Medium to high	6: High	7: Very high	6: High

Complaints handling

From 1 November 2018, a new body called the Australian Financial Complaints Authority (AFCA) became responsible for managing financial complaints, including superannuation complaints. AFCA replaced the Financial Ombudsman Service (FOS) and the Superannuation Complaints Tribunal (SCT).

AFCA's dispute resolution service will be free and binding. The SCT will not be transferring existing complaints to AFCA, and complaints that are withdrawn from the SCT cannot be lodged with AFCA. The SCT will continue to operate till 2020.

AFCA is already managing the FOS, and any existing disputes and matters with FOS will continue to be dealt with under the FOS Terms of Reference until they are resolved.

You may lodge a complaint with AFCA at:

Telephone 1800 931 678 (free call)
Email info@afca.org.au
Fax +61 3 9613 6399
Mail Australia Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001

Please note that before AFCA can investigate your complaint, they generally require you to have first provided us with the opportunity to address the complaint (i.e. you must first use our internal dispute procedures).

There are also new complaints contact details for **StatePlus**:

Telephone 1800 620 305
Business days
8:15am to 8:15pm
Eastern Standard Time
Email complaints@stateplus.com.au
Mail Complaints Manager - StatePlus
GPO Box 5336
Sydney NSW 2001

Fixed Term Fund changes

There have been some minor changes to business rules for Fixed Term Fund investments:

- Early closures within 2 months of the maturity date are no longer possible.
- You can only make one Fixed Term Fund investment per account each month

The information in this notice is general information only and doesn't take into account your financial situation or needs. You may wish to consult your financial planner to obtain financial advice, and you should read the applicable product disclosure statement for the Personal Retirement Plan, Allocated Pension Fund, Term Allocated Pension Fund, Tailored Super Plan and Flexible Investment Plan (the 'Products'), before making any decisions concerning the Products.

A paper or electronic copy of the product disclosure statement for any of the Products, their Booklets and any updated information concerning any of the Products (including this notice) may be obtained without charge by calling 1800 620 305.