



# CustomSuper<sup>®</sup>

## Annual product update – 2018

### Contents

Welcome to your update	1
Section 1: Important changes to your product	2
Section 2: Government legislation	2
Section 3: Investment option changes	4
Section 4: Insurance changes	5
Section 4: Other important information	6

You can read your **annual report** online; go to [amp.com.au/customsuper](http://amp.com.au/customsuper).

You can also receive a free copy by calling us on 1300 653 456 Monday to Friday 8am – 7pm (Sydney time).

Issued by AMP Superannuation Limited ABN 31 008 414 104, AFSL No. 233060, the trustee of the AMP Superannuation Savings Trust (the fund) ABN 76 514 770 399.

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**The information provided in this document is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.**

Some of the information in this document is based on an interpretation of relevant laws as at 1 July 2018. No member or any other person should act on the basis of any statement in this update without first obtaining independent advice.

### Welcome to your update

At AMP we want to help you reach your financial goals, whatever they might be. Your super is one of the best ways to secure your financial future and this update will help you to better understand your super fund.

#### Keep track on the move

Get a complete picture of your finances on the go with My AMP. Manage your money and access up-to-date information on your AMP super, insurance, investments and banking online or on the app. Login or register at [amp.com.au/myamp](http://amp.com.au/myamp) today.

#### Bring your super together

Our free super search could save you time and money. Track down any funds you've lost or forgotten and consider consolidating them into a single account. It's easy to do and results are returned in as little as a minute. Go to [amp.com.au/supersearch](http://amp.com.au/supersearch) to find your super now.

#### Grow your super

You could also boost your balance by putting more money into super. Find out more about super contributions at [amp.com.au/contributions](http://amp.com.au/contributions).

#### Making sense of your super

Your super is your money. The more you understand the changes affecting your super fund and take control, the greater your chance of living the retirement you want.

We're here to help so please contact us with any questions.

**Rod Finch**

Director, Superannuation, Retirement and Investments

## Section 1: Important changes to your product

A number of important changes were made to your product during the year ending 30 June 2018. There are also some changes that will be introduced over the coming year that may affect you, and it's important you understand them.

### Annual indexation of superannuation fees

Member fees and the MySuper exit fee increase in line with the Consumer Price Index (CPI) on 1 July each year.

On 1 July 2018:

- the MySuper member fee increased to \$7.57 per month.
- the MySuper exit fee increased to \$38.35.

If you are in a Type A plan, you will pay:

- \$9.20 each month as at 1 July 2018, irrespective of your account balance.

If you are in a Type B plan, you will pay:

- Nil, if your account balance is \$10,000 or more at the end of the month.
- \$9.20 each month as at 1 July 2018, if your account balance is less than \$10,000 at the end of the month.

### Removal of the Stronger Super fee for super accounts from 1 January 2019

In 2013 the Federal Government introduced Stronger Super, a program of change designed to streamline and strengthen Australia's superannuation system. This included the introduction of a temporary levy imposed on the Trustee to help fund the changes.

To cover the cost of the levy and the costs associated with our implementation of the changes, the Super Administration fee was increased by 0.04% pa. Effective from 1 January 2019 this temporary fee will be removed from super accounts, as the costs allocated to super have been recovered.

### Annual update of fees and costs

We've updated estimates of investment fees, performance based fees and other indirect costs for each investment option as applicable based on underlying costs incurred for the last financial year. These estimates may now include costs that haven't previously been disclosed. In addition, estimates of costs that have previously been disclosed may have changed.

We also regularly review the transaction cost allowance for each investment option based on the anticipated transaction costs. Depending on the investment option(s) you hold, the transaction cost allowance may have changed.

See [amp.com.au/feesandcosts](http://amp.com.au/feesandcosts) for details about the current fees and costs that apply to each investment option.

## Section 2: Government legislation

### 2016/2017 Federal Budget measures

The 2016 and 2017 Federal Budgets contained a number of superannuation reforms with a start date of 1 July 2017 and 1 July 2018. The reforms were covered in detail in last year's annual product update and our product disclosure documents. The reforms are summarised as follows:

#### Reforms commenced 1 July 2017:

**Tax deductions for personal contributions:** Providing you meet the work test in relation to making personal contributions, you can claim a tax deduction for them. The requirement that you be primarily self-employed to claim a tax deduction was removed.

**Spouse contributions:** The eligibility for the spouse contribution tax offset, of up to \$540 each year on contributions you make to your spouse's account, was increased to where your spouse's income is up to \$37,000 per annum (up from \$10,800).

**Division 293 tax:** The adjusted taxable income threshold for when Division 293 applies (the additional 15% contributions tax on high income earners) was reduced to \$250,000 per annum.

**Low Income Super Tax Offset:** For low income earners, with adjusted taxable income up to \$37,000 per annum, a Low Income Super Tax Offset was introduced. This provided a payment to your superannuation account of an amount up to \$500 a year, based on the tax paid on your concessional contributions.

#### Reforms commenced 1 July 2018:

**Concessional contributions:** You can carry forward the portion of the concessional contributions cap that you may not have used in that year, for up to five years. In the year you make a concessional contribution which contains a carry forward unused cap portion, your total superannuation balance, on 30 June of the previous financial year, must be less than \$500,000.

## 2017/2018 Federal Budget measures

The 2017 Federal Budget also included some superannuation related measures:

### Housing Package – First Home Super Saver Scheme – commencing 1 July 2017

From 1 July 2017, you can make voluntary contributions to your superannuation account to purchase a first home. Eligible contribution types include salary sacrifice, personal tax deductible and non-concessional contributions of up to \$15,000 per year and \$30,000 in total. These contributions, along with deemed earnings, can be withdrawn for a first home deposit from 1 July 2018. Withdrawals of concessional contributions and deemed earnings will be taxed at marginal tax rates less a 30% offset. Non-concessional contribution amounts will not be taxed when withdrawn. Voluntary contributions under this scheme must be made within the existing contribution caps.

### Housing Package – Contributing the proceeds of downsizing to superannuation – commencing 1 July 2018

From 1 July 2018, if you are aged 65 and over you can make a non-concessional contribution into your superannuation of up to \$300,000 from the proceeds of selling your home. The existing voluntary contribution rules for people aged 65 and older (work test for 65-74 year old, no contributions for those aged 75 and over) and restrictions on non-concessional contributions for people with balances above \$1.6 million will not apply to contributions made under this new special downsizing cap. This measure will apply to a principal place of residence held for a minimum of 10 years. Both you and your spouse can take advantage of this measure for the same home, meaning \$600,000 per couple can be contributed to superannuation through the downsizing cap. These new contributions will be in addition to any other voluntary contributions that you can make under the existing contribution rules and concessional and non-concessional caps. Though once the contribution is made, you must have transfer balance cap space available to convert your contribution into a retirement phase pension account (where earnings are tax-exempt).

## Other government legislated changes

### Superannuation Guarantee (SG) rate – no change

As communicated in 2014, the SG rate increased from 9.25% to 9.5% from 1 July 2014. The rate will remain at this level until 30 June 2021, and will then increase by 0.5% each year until it reaches 12% from 1 July 2025.

### Super thresholds for the 2018/2019 financial year

The following super and taxation threshold amounts apply during the 2018/2019 financial year. Please refer to your relevant product disclosure statement (PDS) and fact sheets for an explanation of each of these thresholds.

Threshold	From 1 July 2018
<b>Standard concessional contributions cap</b> (per annum)	\$25,000
<b>Non-concessional contributions cap:</b>	
– Standard (per annum) <sup>(i)</sup>	\$100,000
– Bring forward (over 3 years) before age 65 <sup>(ii)</sup>	\$300,000
<b>SG maximum contribution base (per quarter)</b>	\$54,030
<b>Government co-contributions<sup>(iii)</sup> (per annum)</b>	
– Lower income threshold	\$37,697
– Higher income threshold	\$52,697
<b>Tax free part of genuine redundancy and approved early retirement scheme payments</b> (per payment)	
– Base limit	\$10,399
– Plus for each completed year of service	\$5,200
<b>Low rate cap amount (lifetime limit)</b> (previously known as post June 1983 low tax threshold) Applies to the taxable component of taxed super fund benefits for members aged 55-59	\$205,000
<b>Untaxed plan cap amount</b> Applies to the taxable component of untaxed super fund benefits	\$1,480,000
<b>Employment termination payment cap (ETP)</b> (per annum)	\$205,000
<b>Capital gains tax (CGT) cap amount</b> (lifetime limit)	\$1,480,000
<b>Transfer balance caps</b>	\$1,600,000
<b>Defined Benefit income stream cap</b>	\$100,000
<b>Maximum adjusted taxable income for the full government low income super tax offset (LISTO)</b>	\$37,000

- (i) The cap is nil for members with a total superannuation balance of over \$1.6 million (at 30 June of the year prior to making the contribution).
- (ii) Transitional rules apply for the 2017/18 and 2018/19 years.
- (iii) The maximum entitlement remains at \$500 and applies where at least \$1,000 non-concessional contributions have been made in the financial year and the person does not exceed the lower income threshold.

## Early release of superannuation benefits on compassionate grounds

The Federal Government has proposed that the assessment for the release of your benefit under compassionate grounds will be completed by the Australian Taxation Office (ATO), instead of the Department of Human Services.

### First Home Super Saver Scheme

From 1 July 2017, you can make voluntary contributions to your super account to save for your first home.

From 1 July 2018, you can apply directly to the ATO to release your voluntary contributions up to a maximum of \$15,000 from a financial year and \$30,000 in total (plus associated earnings).

To be eligible to access your superannuation to help you purchase your first home you must satisfy certain conditions including the following:

- you must be age 18 or over
- you have not previously owned property in Australia (limited exceptions apply)
- you have not previously requested for amounts to be released under the scheme, and
- you will live in the premises you are buying for at least six months of the first 12 months you own it, after it is practical to move in.

If the ATO approves the release of an amount from your superannuation, the ATO will request your super fund to pay the amount to the ATO and after withholding any tax, the ATO will pay the balance to you.

If you do not sign a contract to purchase or construct a home within 12 months of your superannuation being released you may be liable to pay additional tax. For further information about the First Home Super Saver scheme, visit [ato.gov.au](https://ato.gov.au).

### Added special arrangements to concessional caps

From 1 July 2019, you may be able to utilise unused concessional contributions cap amounts from one or more of the previous five financial years starting from 1 July 2018 to allow you to make contributions above the standard cap. To be eligible, your total superannuation balance at 30 June of the previous financial year must be less than \$500,000.

### Added special arrangements to non-concessional caps

If you are under age 65 on 1 July of the financial year, you may be able to bring forward up to two years of contributions allowing you to contribute up to \$300,000 over a period of up to three years. Your total superannuation balance must be less than \$1.6 million (indexed) at 30 June of the previous financial year. There are restrictions on the ability to trigger bring forward rules from 1 July 2017 for certain people with large total superannuation balances (more than \$1.4 million as at 30 June 2017). Transitional rules apply where a person has triggered a bring forward prior to 1 July 2017 but has not contributed the whole of the \$540,000 bring forward amount by 30 June 2017.

## Downsizer contributions

If you are age 65 or over and satisfy eligibility requirements, you may be able to make a downsizer contribution to super of up to \$300,000 from the proceeds of selling a home owned by you or your spouse for at least 10 years.

You are able to make a downsizer contribution even if you are not working. You can also still make a downsizer contribution if your total super balance is greater than \$1.6 million.

The contribution will not count towards your contributions caps. Your downsizer contribution will, however, be included in your total super balance when it is re-calculated at the end of the financial year and it will count towards your transfer balance cap (\$1.6 million for 2018/19).

You can only make a downsizer contribution for the sale of one home. Downsizer contributions are not tax deductible and will be taken into account for determining eligibility for the Age Pension.

More information can be found at [ato.gov.au](https://ato.gov.au).

## Changes to enquiries and complaints

From 1 November 2018, the Australian Financial Complaints Authority (AFCA) will replace the three existing external dispute resolution schemes that deal with complaints from consumers in the financial system.

AFCA replaces the Financial Ombudsman Service (FOS), the Credit and Investments Ombudsman (CIO) and Superannuation Complaints Tribunal (SCT) so that consumers have access to a single EDR scheme.

## More information on Super reforms

For more information and up to date details on government superannuation reforms go to <https://treasury.gov.au/superannuation-reforms/>

## Section 3: Investment option changes

### AMP MySuper and Standard Risk Measure (SRM) Changes

#### 2017

On 1 December 2017, the CPI+ objectives for the AMP Generic and Tailored MySuper offerings changed for two age cohorts. This change was driven by a change in the market outlook by the investment manager and reassessing the ability of achieving the stated objective, given the market outlook.

Option name	Former objective (post tax) 2017	New objective (post tax)
AMP MySuper Lifecycle 1950s	CPI+ 2.5%	CPI+ 2%
AMP MySuper Capital Stable	CPI+ 2%	CPI +1.5%

The SRMs were changed for various investment options, of which there was an increase for one option. This was:

- The MySuper Lifecycle Capital Stable option increased from Risk Band 3 to 4

## 2018

In 2018, the CPI+ objectives for the AMP Generic and Tailored MySuper offerings have been changed. The changes to objectives are scheduled to be implemented from 30 September 2018. These changes were once again driven by a change in the market outlook by the investment manager, leading to reassessment of the ability to achieving the stated objectives.

Option name	Former objective 2018	Proposed objective
AMP MySuper Lifecycle 1970s	CPI+ 4.5%	CPI+ 4%
AMP MySuper Lifecycle 1960s	CPI+ 3%	CPI+ 2.5%
AMP MySuper Lifecycle 1950s	CPI+ 2%	CPI 1.5%
AMP MySuper Balanced	CPI+ 3.5%	CPI+ 3%

The SRMs changed for various options, of which there was an increase for 16 options. These increases were:

- The AMP Conservative option increased from Risk Band 2 to 3
- The AMP Moderate Growth option increased from Risk Band 2 to 3
- All Australian Fixed Interest options increased from Risk Band 3 to 3-4 (5 options)
- All Australian and Global Property options increased from Risk Band 3 to 3-4 (9 options).

## Name changes

Over the course of the year, a few investment options changed their name. These changes are summarised in the table below:

Former name	Current name
BT Australian Share Fund	Pendal Australian Share Equity Fund
BlackRock Scientific Hedged International Share Fund	BlackRock Scientific Hedged International Alpha Tilts Fund
BlackRock Scientific International Share Fund	BlackRock Scientific International Alpha Tilts Fund
Legg Mason Real Income Fund	Legg Mason Martin Currie Real Income Fund
Yarra Australian Equities Fund	Yarra Capital Management Australian Equities Fund

## New options

Over the course of the year, the following new options were added:

- Ausbil 130/30 Focus Fund

## Terminated and soft closed investment options

Please note that the following investment options have been terminated:

- Macquarie High Conviction
- AMP Capital Australian Equity Concentrated
- AMP Capital Australian Equity Opportunities

All impacted members have been notified, including confirmation of alternative investment arrangements. Correspondingly, members in the Macquarie High Conviction and AMP Capital Australian Equity Concentrated fund were transferred to the DNR Australian Equity High Conviction fund while members of the AMP Capital Australian Equity Opportunities fund were transferred to the Ausbil 130/30 Focus fund.

Please note, the following investment options have been soft closed<sup>1</sup>:

- Macquarie Australian Small Companies
- Macquarie Wholesale Australian Equities
- AMP Capital Equity Fund
- AMP Capital Enhanced Index Share Fund

## Other changes

Some options compare their performance against a benchmark, such as the 'MSCI World ex Australia Index.' From May 2018, changes were made to the Environmental Social and Governance policy so that AMP Capital, as investment manager, would longer invest in tobacco or munitions related companies. As a result, the benchmarks for comparing performance of options changed to reflect this, eg 'MSCI World ex Australia ex Tobacco Index.'

## Section 4: Insurance changes

### Changes to insurance

During the year, a number of changes have been made to the insurance terms and conditions. These terms and conditions changes only apply to insurance cover that members hold through their CustomSuper account, where that insurance cover is provided by AMP Life.

- 1. Insurance cover while working overseas**  
From 30 September 2017., new and existing members who are insured by AMP Life and who are also working overseas on secondment with their employer will continue to be covered for a period of up to five years while on secondment. Previously cover ceased after a member had been overseas for three years.
- 2. Rehabilitation obligations for members on TSC Claims.**  
From 30 September 2018, AMP Life may suspend TSC payments for any member who is totally disabled or partially disabled if they fail to undertake treatment or rehabilitation which could, in the opinion of AMP Life, reasonable be expected to assist their ability to return to their usual occupation.

1 Soft closed is where the existing members in this investment option can continue to invest, including transacting in this investment option, however the investment option is not open to new members.

## Insurance eligibility – members entitled to income support benefits

From 13 March 2007, any employee who was provided with insurance cover upon joining a CustomSuper® employer plan was NOT eligible for that cover if, at the time they were initially provided with the cover, they:

1. were in receipt of, or
2. were eligible to claim

income support benefits from any source including, but not limited to workers compensation benefits, statutory transport accident benefits and disability income benefits.

If you are in receipt of these benefits or if you have any questions in relation to this matter, please contact us or your financial adviser.

Members who joined from 30 September 2017 should refer to the new 'At Work' definition below –

**At Work** means:

- a. in respect of an Employee, in the service of the Participating Employer,
  - i. was performing all his or her normal and usual duties of paid employment without restriction or they would have been capable of doing so, had the relevant day not been a public holiday or weekend day or the person was not on employer approved leave due to injury or illness of that person; and
  - ii. was not receiving or claiming and/or entitled to claim income support benefits from any source, including but not limited to, workers compensation benefits, statutory transport accident benefits and disability income benefits.
- b. In respect of a Family Member,
- c.
  - i. was performing all his or her normal and usual duties of paid employment without restriction or they would have been capable of doing so, had the relevant day not been a public holiday or weekend day or the person was not on employer approved leave due to injury or illness of that person; and
  - ii. was not receiving or claiming and/or entitled to claim income support benefits from any source, including but not limited to workers support benefits, statutory transport accident benefits and disability income benefits.

A person who does not meet this definition is correspondingly described as being not At Work.

## Section 4: Other important information

### The impact of insurance premiums on your account

There are various types of insurance cover that you may be able to access through your superannuation account including Death, Total and Permanent Disability and Temporary Disability (also referred to as Temporary Salary Continuance cover).

While there are many advantages to holding insurance cover through a superannuation account, such as access to lower group premium rates and some tax advantages, the premiums for the insurance cover are deducted from each member's

superannuation account. The level of insurance cover and the premiums you pay can impact on the level of your superannuation over time. You should ensure that your level of cover is appropriate to your circumstances, particularly in relation to your salary and/or superannuation balance, and that the cost of your insurance is not eroding your superannuation balance.

Please consult your financial adviser for advice if you have any concerns about whether the level and cost of your insurance cover is appropriate for your needs. Alternatively, if you wish to change your insurance cover you can contact us directly by using the contact details outlined in this product update.

### Intra-fund consolidation

Intra-fund consolidation aims to reduce the number of superannuation accounts that members hold within the same fund, helping reduce the multiple sets of fees members pay. In line with legislative requirements, the trustee will identify if members hold multiple superannuation accounts within a superannuation fund, and merge these multiple accounts if the trustee reasonably believes that it is in the member's best interest to do so. The trustee will review members' accounts on an annual basis and, where applicable, accounts will be consolidated unless the member opts out. There will be no cost to members for consolidating their accounts through intra-fund consolidation.

### Are you still eligible to be covered by your superannuation insurance?

Did you know that your personal circumstances, or changes to your circumstances, may mean that you are no longer covered by your superannuation insurance, or the amount of your insurance may be less than you expect – even though you have continued to pay your insurance premiums?

For example, if one of the following circumstances applies to you, you may not be covered (or the amount of your cover may have changed):

- You have had a change (reduction) in your working hours
- You have changed your working circumstances (e.g. you have changed from permanent to casual work)
- You have permanently retired from the workforce
- You have commenced active service in the defence forces of any country
- You hold a visa and your visa has expired
- You have been working overseas for a period of greater than 12 months
- You have been on employer approved leave for a period exceeding 12 months
- You are in receipt of or eligible to claim income support benefits

If, on the day your cover commenced, you were not at work or were suffering from an injury or illness which prevented you from being capable of performing all of the normal duties and responsibilities of your job, you may not be eligible for cover. Certain restrictions and exclusions may also apply to your cover, which either limits the amount of cover that you are entitled to, or the events for which you are covered.

**It is important to advise us of any changes in your personal or working circumstances.**

## Contact us

**phone** 1300 653 456 Monday to Friday 8am – 7pm (Sydney time)  
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