

Product changes



Significant Event Notice

Products

- ARC Master Trust
(including ARC Corporate, ARC Personal, IT Super and TAL Staff Superannuation Plan)
- ARC Classic Super – Series 1
- ARC Classic Super – Series 2
- ARC Classic Super – Series 3

Product Changes Effective 1 October 2017

TASL

About this document

This Significant Event Notice (Notice) provides information about important changes to the products listed below, along with information about the differences between your current and future product features. The changes will apply on or about 1 October 2017 (unless indicated otherwise in this Notice).

You should read this Notice in conjunction with your product's Product Disclosure Statement (PDS) or Member Booklet, which provides you with the information you need to understand the benefits, features and services of your product. It is important that you retain this Notice for your records.

The PDS and Member Booklets can be obtained online at www.arcmt.com.au – go to the Member Resources page under your product's tab. Copies can also be obtained free of charge, on request by contacting us on 1300 209 088.

Terms defined in this Notice have the meaning given to them in this Notice or the applicable PDS or Member Booklet.

Superannuation products covered by this Notice

- ARC Master Trust (including ARC Corporate, ARC Personal, IT Super and TAL Staff Superannuation Plan)
- ARC Classic Super – Series 1
- ARC Classic Super – Series 2
- ARC Classic Super – Series 3

Why did we send you this Notice?

We review our products regularly to ensure that they continue to meet the current needs and future expectations of members. As a result of a review, we are making changes to your ARC product. It is important that you are informed about these changes.

In addition, we may make changes to the terms and conditions of your product in the future. Where required by law, we will give you prior written notice of the change. Otherwise, we will notify you of the change in either your Annual Statement or the Fund's Annual Report.

The information in this Notice is of a general nature and does not take into account your individual objectives, financial situation or needs. You should obtain financial advice tailored to your personal circumstances before acting on this information, or making any changes to your superannuation.

This Notice also contains information based on actuarial evaluations and forecasts which are based on certain methodologies and assumptions. This information has been provided in good faith but neither the Trustee nor TAL Life Limited ABN 70 050 109 450, AFSL 237848 (TAL Life) takes any responsibility or makes any representations as to the accuracy or financial outcomes based on such evaluations and assumptions.

The products covered by this Notice, as shown above, are issued by TAL Superannuation Limited as trustee of the TAL Superannuation and Insurance Fund (Fund) which is a complying superannuation fund registered by the Australian Prudential Regulation Authority (APRA).

'We', 'us' or 'our' refer to TAL Superannuation Limited as trustee of the Fund.

Issuer and Trustee

TAL Superannuation Limited
ABN 69 003 059 407, AFSL 237851,
RSE L0000642

Superannuation Fund

TAL Superannuation and Insurance Fund,
ABN 20 891 605 180, RSE R1000894

Issue date 21 August 2017

Contents

Introduction	2
About the product changes	2
<hr/>	
1 Changes to the way your superannuation is invested	3
<hr/>	
2 Change of investment manager	3
<hr/>	
3 Changes to investment options	4
3.1 Investment menu changes for ARC Master Trust, ARC Classic Super – Series 1 and ARC Classic Super – Series 2	4
3.2 Investment menu changes for ARC Classic Super – Series 3	5
<hr/>	
4 Terminal Bonus payments	6
<hr/>	
5 Changes to capital guarantees	6
<hr/>	
6 Changes to investment management fees	7
<hr/>	
7 Other important information	9
7.1 Suspension of processing	9
7.2 Investment switching	9
7.3 Transfers to another superannuation fund	9
7.4 Change to ARC Corporate adviser remuneration	9
7.5 Enquiries and complaint resolution	9

Introduction

About the product changes

On or about 1 October 2017, a number of changes will be made to your ARC superannuation product.

These include changes to:

- the way your superannuation is invested (Section 1),
- the Fund's investment provider/manager (Section 2),
- some of the investment options (Section 3 and 4),
- certain investment guarantees (Section 5), and
- the investment management fees (Section 6).

It is important that you read this Notice to understand the changes and how they will impact on you.

What's not changing

The following product features are not changing.

Insurance

If you have insurance, your insurance benefits, premiums and terms and conditions will remain the same. Please refer to your product's PDS or Member Booklet for information about the terms and conditions that apply to your insurance.

Fees (other than the investment management fees)

The investment management fees associated with each investment option offered through your product will change on or about 1 October 2017. All other fees, such as administration, family law and termination fees will not change. For more information about the fees applicable to each investment option, please refer to Section 6, your Annual Statement and your product's PDS or Member Booklet.

What you need to do

You don't need to do anything to effect the changes – they will occur automatically. However, to understand the changes to your superannuation, you should read:

- the letter included with this Notice,
- this Notice, and
- your product's PDS or Member Booklet.

Contact us

If you have any questions about the changes set out in this Notice, you can contact us by phone on **1300 209 088** or by email to **customerservice@tal.com.au**

More information – ARC website

Important information about the investment options available to you is provided online at **www.arcmt.com.au**

The ARC website also provides access to:

- forms and disclosure documents, and
- the ARC member portal through which you can manage your account online.

Further information about the ARC website is provided in your product's PDS or Member Booklet.

1 Changes to the way your superannuation is invested

We currently invest your superannuation in investment life insurance policies issued by TAL Life (the Policies). The investment options you have chosen for your superannuation are currently provided through the Policies, and are managed by investment professionals selected and administered by TAL Life who is, in turn, supervised by us as Trustee.

On or about 1 October 2017, we will cancel and redeem the Policies and will instead invest your superannuation directly through the Fund.

Reasons for investing your superannuation directly through the Fund

- to simplify the operation of the products and the services we provide to you
- to simplify and standardise investment management fees
- to simplify and standardise product features, fees and benefits
- to structurally separate the Fund's operational activities from TAL Life (although TAL Life will continue to provide administration services and optional insurance benefits to the Fund), and
- to maintain compliance and consistency with the relevant legal and regulatory requirements.

When the Policies are cancelled, there will be changes to the investment options offered through your product (see Section 3) and to investment management fees (see Section 6).

2 Change of investment manager

We have selected Mercer Investments (Australia) Limited ABN 66 008 612 397, AFSL 244385 (Mercer) as the Fund's investment manager commencing on or about 1 October 2017. Mercer was selected following a tender and due diligence evaluation of a shortlist of candidates.

We will begin to transition the management of your investment options to Mercer as soon as possible after the Policies have been cancelled on or about 1 October 2017.

About Mercer

Mercer is a global consulting leader in talent, health, retirement and investments. Mercer helps clients around the world advance the health, wealth and performance of their most vital asset – their people. Mercer's more than 20,000 employees are based in more than 40 countries and the firm operates in over 130 countries. Mercer is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), a global professional services firm offering clients advice and solutions in the areas of risk, strategy and people. With 57,000 employees worldwide and annual revenue exceeding \$13 billion, Marsh & McLennan Companies is also the parent company of:

- Marsh, a leader in insurance broking and risk management
- Guy Carpenter, a leader in providing risk and reinsurance intermediary services, and
- Oliver Wyman, a leader in management consulting.

For more information, go to www.mercer.com.au

3 Changes to investment options

3.1 Investment menu changes for ARC Master Trust, ARC Classic Super – Series 1 and ARC Classic Super – Series 2

On or about 1 October 2017, the following changes to the investment options will occur:

- the ARC Capital Assured and ARC Ethical Growth investment options will be terminated and will no longer be available for investment, and
- the ARC Assured Caution investment option will be added to the investment menu available to you.

If all or part of your account is invested in one or both of the terminating investment options, the amount invested will be transferred to the closest equivalent investment option(s) as set out in **Table 1** below on or about 1 October 2017.

Table 1

Current investment option	Investment objective ¹ and timeframe ²	SAA ³	Standard risk measure ⁴	Nearest equivalent investment option	Investment objective ¹ and timeframe ²	SAA ³	Standard risk measure ⁴
ARC Capital Assured	CPI + 0.5% 3+ years	15/85	4 - Medium	ARC Assured Caution ⁵	CPI + 0.5% 3+ years	15/85	4 - Medium
ARC Ethical Growth	CPI + 5.0% 7+ years	100/0	7 - Very high	ARC Australian Shares ⁵	CPI + 4.5% 7+ years	100/0	7 - Very high

¹ The investment objective is an investment option's expected annual investment return net of fees and taxes in comparison to the Consumer Price Index (CPI) over rolling 5-year periods.

² The investment timeframe is the suggested minimum period of time a member should consider holding an investment in a particular investment option to maximise the likelihood of a positive return.

³ The Strategic Asset Allocation (SAA) is the ratio of an investment option's growth assets to defensive assets.

⁴ The Standard Risk Measure is based on guidance from APRA to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

⁵ Investment option profiles are provided in the Member Booklet.

3.2 Investment menu changes for ARC Classic Super – Series 3

On or about 1 October 2017, the following changes to the investment options will occur:

- the Capital Assured NG, Moderate, Secure Participating, Secure 1 Non-Participating and Secure 2 Non-Participating investment options will be terminated and will no longer be available for investment
- the ARC Assured Caution and ARC Security Focus investment options will be added to the investment menu available to all members, and
- the ARC Guaranteed Cash investment option will be added to the investment menu available only to those members who were invested in the Secure Participating, Secure 1 Non-Participating and Secure 2 Non-Participating investment options as at 30 September 2017. This investment option will be closed to new contributions for all other members.

If all or part of your account is invested in one or more of these investment options, the amount invested will be transferred to the closest equivalent investment option(s) as set out in **Table 2** on or about 1 October 2017.

Table 2

Current investment option	Investment objective ¹ and timeframe ²	SAA ³	Standard risk measure ⁴	Nearest equivalent investment option	Investment objective ¹ and timeframe ² of nearest equivalent	SAA ³	Standard risk measure ⁴ of nearest equivalent
Capital Assured NG	CPI + 0.5% 3+ years	15/85	4 – Medium	ARC Assured Caution ⁵	CPI + 0.5% 3+ years	15/85	4 – Medium
Moderate	CPI + 1.0% 3+ years	25/75	6 – High	ARC Security Focus ⁵	CPI + 1.0% 3+ years	30/70	6 – High
Cash	CPI Up to 1 year	0/100	1 – Very low	ARC Cash ⁵ (no change)	CPI Up to 1 year	0/100	1 – Very low
Secure Participating	CPI 1 year	0/100	1 – Very low	ARC Guaranteed Cash ⁵	CPI Up to 1 year	0/100	1 – Very low
Secure 1 Non-Participating	CPI 1 year	0/100	1 – Very low	ARC Guaranteed Cash ⁵	CPI Up to 1 year	0/100	1 – Very low
Secure 2 Non-Participating	CPI 1 year	0/100	1 – Very low	ARC Guaranteed Cash ⁵	CPI Up to 1 year	0/100	1 – Very low

¹ The investment objective is an investment option's expected annual investment return net of fees and taxes in comparison to the CPI over rolling 5-year periods.

² The investment timeframe is the suggested minimum period of time a member should consider holding an investment in a particular investment option to maximise the likelihood of a positive return.

³ The SAA is the ratio of an investment option's growth assets to defensive assets.

⁴ The Standard Risk Measure is based on guidance from APRA to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period.

⁵ Investment option profiles are provided in the PDS or Member Booklet.

4 Terminal Bonus payments

The ARC Capital Assured, Capital Assured, Capital Assured NG and Moderate investment options (Participating Options) may share in the distribution of surplus in TAL Life's Statutory Fund Number 1.

As explained, the Participating Options will be terminated and the amounts invested will be transferred to other investment options which do not have a participation feature. Therefore, to ensure fairness, TAL Life will pay a terminal bonus to members who were invested in these options as at 31 July 2017.

This terminal bonus will be:

- a discretionary amount that will be confirmed in your 30 September 2017 Annual Member Statement or in a separate communication
- inclusive of any loyalty bonus to which you are currently entitled
- added to your balance in the Participating Option before the transfer to the investment options in **Table 2**, and
- based on the advice of TAL Life's Appointed Actuary and a review by our Consulting Actuary, and will reflect your reasonable share of the surplus within the participating fund.

5 Changes to capital guarantees

On or about 1 October 2017, the capital guarantee offered by TAL Life on some of the investment options offered through your product will no longer apply, as set out in **Table 3**.

Table 3

Secure Participating	Investment option(s)	Capital guarantee
ARC Master Trust	<ul style="list-style-type: none"> • ARC Capital Assured 	
ARC Classic Super – Series 1	<ul style="list-style-type: none"> • Capital Assured 	Will not apply. Members will be transferred to the non-guaranteed ARC Assured Caution investment option.
ARC Classic Super – Series 2	<ul style="list-style-type: none"> • Capital Assured 	
ARC Classic Super – Series 3	<ul style="list-style-type: none"> • Secure Participating • Secure 1 Non-Participating • Secure 2 Non-Participating 	Will continue to apply through the ARC Guaranteed Cash investment option.

The removal of the capital guarantees should be considered in light of the terminal bonus (Section 4).

Having considered the termination of these guarantees in the context of the terminal bonus payments in Section 4 and the other changes described in this notice, we do not believe any member will be unreasonably disadvantaged by the termination of a capital guarantee, even in a major financial market event.

6 Changes to investment management fees

The investment management fees for each investment option offered through your product will change on or about 1 October 2017. **Tables 4-6** compare the current investment management fees with those payable on or about 1 October 2017. All other fees such as the administration and termination fees will not change.

Investment Operations Fee

The investment management fees shown in **Tables 4-6** include the fee paid to Mercer and an Investment Operations Fee paid to TAL Life (0.25% pa for the ARC Property, ARC Cash and ARC Guaranteed Cash investment options and 0.55% pa for all other investment options). The Investment Operations Fee covers the cost of checking and uploading unit prices on a daily basis, the maintenance and upload of investment option disclosure, and other activities associated with the management of the investment options.

Please refer to your Member Booklet or PDS for more information about the fees applicable to each investment option.

Comparing your current and future fees

As the Fund is currently invested in the Life Insurance Policies, no Goods and Services Tax (GST) is currently payable on certain fees charged to the Fund (those fees are on-charged and deducted from your account). However, once the Policies are surrendered, GST will become payable on those fees and the Fund will be entitled to claim Reduced Input Tax Credits (RITC) in respect of the GST. Importantly, **the total amount of fees you will pay from your account after conversion will not increase.**

Generally, the Fund receives a tax deduction in respect of fees that it incurs which are on-charged to members. The benefit of this tax deduction is passed on to members by reducing the amount that is on-charged. This reduced 'Net Fee', which is the actual fee charged to members, is shown in **Table 4**. The fees charged by Mercer reduce investment returns and are not directly paid by the Fund nor members. Accordingly, these fees do not give rise to a tax deduction to the Fund.

Table 4- ARC Master Trust

Current investment option	Current Investment Management Fee ^{1,2}	Future investment option	Future Investment Management Fee ^{1,2}
ARC Capital Assured	A maximum of 15% of gross earnings (0.790% as at 30 September 2016)	ARC Assured Caution	0.790% pa
ARC Security Focus	0.856% pa	ARC Security Focus	0.810% pa
ARC Conservative Balanced	0.928% pa	ARC Conservative Balanced	0.872% pa
ARC Balanced Growth	0.957% pa	ARC Balanced Growth	0.937% pa
ARC Growth Maximiser	1.025% pa	ARC Growth Maximiser	1.025% pa
ARC Cash	0.329% pa	ARC Cash	0.320% pa
ARC Australian Fixed Interest	0.700% pa	ARC Australian Fixed Interest	0.700% pa
ARC Property	0.450% pa	ARC Property	0.450% pa
ARC Australian Shares	1.007% pa	ARC Australian Shares	0.940% pa
Ethical Growth	1.030% pa	ARC Australian Shares	0.940% pa
ARC International Shares	1.140% pa	ARC International Shares	1.140% pa

6 Changes to investment management fees *continued*

Table 5 – ARC Classic Super Series 1 and ARC Classic Super Series 2

Current investment option	Current Investment Management Fee ^{1,2}	Future investment option	Future Investment Management Fee ^{1,2}
Capital Assured	A maximum of 15% of gross earnings (0.790% as at 30 September 2016)	ARC Assured Caution	0.790% pa
Conservative	0.856% pa	ARC Security Focus	0.810% pa
Balanced	0.928% pa	ARC Conservative Balanced	0.872% pa
Growth	0.957% pa	ARC Balanced Growth	0.937% pa
High Growth	1.025% pa	ARC Growth Maximiser	1.025% pa
Cash	0.329% pa	ARC Cash	0.320% pa
Property	0.450% pa	ARC Property	0.450% pa
Australian Shares	1.007% pa	ARC Australian Shares	0.940% pa
Ethical Growth	1.030% pa	ARC Australian Shares	0.940% pa

Table 6 – ARC Classic Super Series 3

Current investment option	Current Investment Management Fee ^{1,2}	Future investment option	Future Investment Management Fee ^{1,2}
Capital Assured NG	A maximum of 15% of net investment yield (0.800% as at 30 September 2016)	ARC Assured Caution	0.790% pa
Moderate	A maximum of 15% of net investment yield (0.940% as at 30 September 2016)	ARC Security Focus	0.810% pa
Cash	0.329% pa	ARC Cash	0.320% pa
Secure Participating	A maximum of 15% of net investment yield (0.490% at 30 September 2016)	ARC Cash	0.320% pa
Secure 1 Non-Participating	0.500% pa	ARC Guaranteed Cash	0.320% pa
Secure 2 Non-Participating	A maximum of 10% of net investment yield (0.320% as at 30 September 2016)	ARC Guaranteed Cash	0.320% pa

Notes for Tables 4, 5 and 6

¹ Calculated daily on the total amount invested by the Fund in the relevant investment option and included in the calculation of relevant unit prices.

² The Investment Operations Fee is net of GST, and net of the impact of any income tax deduction that is allowable to the Fund when it incurs the fee at first instance.

7 Other important information

7.1 Suspension of processing

To ensure these changes are implemented as smoothly as possible, there will be a transaction freeze between 27 September 2017 and 13 October 2017. This means that you will not be able to contribute, withdraw or switch investments or make any other changes to your account during this time. Any request received during the transaction freeze period will be processed as soon as practicable after 13 October 2017.

7.2 Investment switching

After these changes are implemented, you can change your investment strategy by selecting from the range of investment options available. Your ARC product also allows you to select different investment strategies for your existing investment and for your ongoing contributions. To switch investment options, you need to complete a Change of Details form available from our website www.arcmt.com.au or by calling us on 1300 209 088. You can also make an investment switch online through your access to the ARC member portal. To access your ARC member portal, go to www.arcmt.com.au, click on the LOGIN link in the top right hand corner of the ARC Super homepage and follow the prompts.

Before making any changes to your investment strategy we recommend that you seek independent financial advice.

7.3 Transfers to another superannuation fund

You can do this at any time. To arrange a transfer, please call us on 1300 209 088 and we will send you a Benefit Payment Request form.

If you don't wish to have the changes described in this Notice applied to your superannuation, and would prefer to transfer it to another superannuation product before the changes take place, you will need to return the Benefit Payment Request form to us no later than 16 September 2017. Requests to transfer after this date will be effected from your new investment option(s) after 1 October 2017.

As your insurance cover (if applicable) provided by the Fund would cease from the date of your exit if you decide to transfer, we strongly recommend that you obtain your own independent financial advice before deciding to transfer your account to a new superannuation product.

7.4 Change to ARC Corporate adviser remuneration

If you are a member of the ARC Corporate plan, we are giving you more control when it comes to the remuneration you pay to your financial adviser.

When you joined the ARC Corporate plan, only your employer (at that time) was able to negotiate the adviser remuneration. Going forward, any payments currently made to your financial adviser will continue but you will be able to change or stop these payments. This can be done by completing a Change of Details form which can be obtained online at www.arcmt.com.au or by contacting us.

7.5 Enquiries and complaint resolution

If you have a question about your product changes or require further information about your ARC product, please contact us by phone on 1300 209 088 or by email to customerservice@tal.com.au

You can also write to us at:

**TAL Superannuation Limited,
GPO Box 5380 Sydney NSW 2001**

If you have a complaint, please put your complaint in writing and send it to:

**Complaints Manager,
TAL Superannuation Limited,
GPO Box 5380 Sydney NSW 2001**

If your complaint has not been resolved to your satisfaction within 90 days of lodging it with us, you may refer your complaint in writing to the Superannuation Complaints Tribunal (SCT) at:

**Superannuation Complaints Tribunal,
Locked Bag 3060 Melbourne VIC 3001**

SCT can also be contacted by phone on 1300 884 114, by email to info@sct.gov.au or online at www.sct.gov.au

HOW TAL COMPARES

2014

Money Magazine

Best Featured Income Protection Insurance

SMSF Adviser

SMSF Insurance Provider

Core Data

SMSF Insurance Provider

2015

Asia Pacific Banking and Finance Insurance Awards

Life Insurance Company of the Year

AFR Smart Investor Blue Ribbon Award

Best Featured Income Protection

Money Management Adviser Choice Risk Award

Adviser Choice Risk Disability Income Product

2016

Core Data

SMSF Insurance Provider

Money Management Adviser Choice Risk Award

Adviser Choice Risk Disability Income Product

AFA and Beddoes Institute Consumer Choice Award

Best New Customer Experience Value for Money

WHERE TAL COMES FROM

1869

New Zealand's Government Life Insurance Office is created and builds its reputation as a life insurer committed to ordinary people.

1990

Government Life is renamed TOWER and enters Australia with the purchase of Adriatic Life Insurance.

1993

TOWER purchases Friends Provident Life Assurance.

1999

TOWER purchases FAI Life, and TOWER joins the top tier of Australian insurers.

2006

TOWER purchases PrefSure Life Limited. The business is separated from TOWER New Zealand and TOWER Australia is born.

2008

TOWER Australia purchases Insuranceline.

2011

TOWER Australia becomes a wholly owned subsidiary of the Dai-ichi Life Group. It is now TAL, Australia's life insurance specialist.

WHERE TAL IS NOW



Australia's **leading life insurance specialist**



3.7 million Australians protected by TAL.



Over \$2.6 billion in in-force premiums.



Over 1,600 people employed by TAL in Australia.



Over \$25 million paid in claims every week.

TAL Life Limited

 tal.com.au

 GPO Box 5380 Sydney NSW 2001

 Customer Service – 1300 209 088
Monday to Friday 9am – 5pm AEST

Significant Event Notice

Product Changes Effective 1 October 2017