

Product changes



Significant Event Notice

Personal Superannuation Products

- Personal Superannuation Plan Series 1
- Personal Superannuation Plan Series 2
- Private Superannuation Plan
- Superannuation Rollover Master Plan Series 1
- Superannuation Rollover Master Plan Series 2

Product Changes Effective 1 December 2017

TASL

About this document

This Significant Event Notice (Notice) provides information about important changes to your Personal Superannuation Product that will occur when it is converted to the ARC Classic Super – Series 4 product (ARC Classic) on or about 1 December 2017. It is important that you retain this Notice for your records.

You should read this Notice in conjunction with the ARC Classic Member Booklet (Member Booklet), which provides information about the benefits, features and services of ARC Classic. The Member Booklet can be obtained online at www.arcmt.com.au or free of charge by contacting us on 1300 209 088.

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, we are converting your Personal Superannuation Product to ARC Classic. It is important that you are informed about these changes.

In addition, we may make changes to the terms and conditions of ARC Classic in the future. Where required by law, we will give you prior written notice of the changes. 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, including your investment options or insurance cover.

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 we nor TAL Life Limited (ABN 70 050 109 450, AFSL 237848 (TAL Life)) take any responsibility nor makes any representations as to the accuracy or financial outcomes based on such evaluations and assumptions.

Superannuation Fund and Trustee

The Personal Superannuation Products and ARC Classic are issued from the TAL Superannuation and Insurance Fund (Fund), which is a complying superannuation fund registered by the Australian Prudential Regulation Authority (APRA). The Trustee of the Fund is TAL Superannuation Limited (Trustee).

After the conversion of your product to ARC Classic, you will remain a member of the Fund, and the circumstances in which your account balance and any insurance benefits are payable (generally, retirement, disablement or death) will not change.

As ARC Classic is issued from the TMF Division of the Fund, the conversion will mean that your product will no longer be administered in the TOWER Superannuation or the TOWER Employer Sponsored Superannuation Division but rather the TMF Division of the Fund.

The Trustee (and any company related to the Trustee) does not guarantee the performance of the Fund or the repayment of capital, with the exception of the assumption of liability by TAL Life associated with investments in the Guaranteed Cash and Capital Protected investment options, and the provision of the Age 65 Guarantee (where applicable).

TAL Life Limited is the appointed administrator and insurer of the Fund. It is also the current, but not future, investment provider of the Fund.

'We', 'us', 'our' or 'the Trustee' 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 23 October 2017

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Introduction

About the changes

On or about 1 December 2017, the following Personal Superannuation Products will be converted to the ARC Classic product:

- Personal Superannuation Plan Series 1 (PSP1)
- Personal Superannuation Plan Series 2 (PSP2)
- Private Superannuation Plan (PS)
- Superannuation Rollover Master Plan Series 1 (SRMP1), and
- Superannuation Rollover Master Plan Series 2 (SRMP2).

The conversion will lead to some important changes to your superannuation that are described in detail in this Notice. It is important that you retain this Notice for future reference. Other than the changes set out in this Notice, all your other membership details stay the same.

The changes may include:

- changes to the way your superannuation is invested and the investment manager (**Sections 1 to 3**)
- fee changes (**Section 4**)
- reduced and simplified Early Exit Payment (**Section 5**)
- retirement bonus (**Section 6**), and
- insurance (**Section 7**).

Confirmation of the changes to your superannuation as a result of the conversion will be provided in your Welcome Pack, which you will receive after the conversion.

What you need to do

You do not need to take any action to implement the conversion, as the changes will automatically be applied to your superannuation. In the meantime, it is important that you read this Notice in conjunction with the accompanying letter and the ARC Classic Member Booklet (Member Booklet). The Member Booklet provides information about the benefits, features and services of ARC Classic and can be obtained online or by contacting us.

If you have any questions about the conversion, please contact us by phone on **1300 209 088** or by email to **customerservice@tal.com.au**

If you would like paper copies of any of the online information, including your ARC Classic account details (from mid-December) and the Member Booklet, please contact us and we will provide copies free of charge.

1 Changes to the way your superannuation is invested

We currently invest your superannuation in investment life insurance policies issued by TAL Life (Policies). The investment option(s) 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 December 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 changes.

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 4).

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 option(s) to Mercer in November 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 About the investment changes

3.1 What do the investment changes mean for you?

The investment changes are listed below. For more information about investing through ARC Classic, including a profile of each investment option, please refer to the Member Booklet.

Key investment changes

- On conversion, we will transfer your account balance into the nearest equivalent ARC Classic investment option(s), shown in Table 1 below.
- Additional investment options are available to former Personal Superannuation Plan Series 1 and Superannuation Rollover Master Plan Series 1 members.
- There are special arrangements for the Capital Protected, Performance and Cash investment options on conversion to ARC Classic (see Table 2 on the following page).
- The investment management style for some investment options will change.
- The fees for the investment options will change.

3.2 ARC Classic investment options

Table 1 shows the investment options available in your current Personal Superannuation product and the nearest equivalent ARC Classic investment options that will be available following the conversion of your Personal Superannuation Product to ARC Classic.

The current investment timeframes and risk and return profiles for the ARC Classic investment options are similar to the timeframes and profiles for the nearest equivalent Personal Superannuation investment options.

Additional investment options now available

Members invested in the Personal Superannuation Plan Series 1 and Superannuation Rollover Master Plan Series 1 will have access to four additional investment options:

- ARC Security Focus
- ARC Conservative Balanced
- ARC Australian Shares, and
- ARC Guaranteed Cash.

More information about ARC Classic's investment options is provided in the Member Booklet.

Table 1

Current investment option	Investment objective ¹ / timeframe ²	SAA ³	Standard risk measure ⁴	Nearest equivalent ARC Classic investment option	Investment objective ¹ and timeframe ² of nearest equivalent	SAA ³	Standard risk measure ⁴ of nearest equivalent
Capital Protected	CPI + 1.0% 3+ years	30/70	6 – High	ARC Capital Protected	CPI + 1.0% 3+ years	30/70	4 – Medium
Diversified	CPI + 2.0% 4+ years	50/50	6 – High	ARC Conservative Balanced	CPI + 2.0% 4+ years	50/50	5 – Medium to high
Performance	CPI + 3.0% 5+ years	70/30	6 – High	ARC Balanced Growth	CPI + 3.0% 5+ years	70/30	6 – High
Australian Shares	CPI + 4.5% 7+ years	100/0	7 – Very high	ARC Australian Shares	CPI + 4.5% 7+ years	100/0	6 – High
Cash	CPI Up to 1 year	0/100	1 – Very low	ARC Guaranteed Cash	CPI Up to 1 year	0/100	1 – Very low

Notes for Table 1

¹ The investment objective is an investment option's expected annual investment return net of fees and taxes over 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.

Changing your investment options

After your Personal Superannuation Product is converted to ARC Classic, you can change your investment strategy by selecting from the expanded range of investment options available. ARC Classic also allows you to select different investment strategies for your existing investment and for your ongoing contributions.

To make any changes to your investment strategy, you will need to complete and return a 'Change of Details' form. This form can be obtained online or by contacting us.

We recommend that you seek independent financial advice before making any changes to your investment strategy.

3.3 Special arrangements for Capital Protected, Performance and Cash investment options

Table 2 shows the special arrangements for the Capital Protected, Performance and Cash investment options on conversion to ARC Classic. If your superannuation is invested in one or more of these investment options, the amounts will be transferred to special investment options on conversion.

The special arrangements relate to guarantees and/or administration fee reductions that apply to the investment options in your Personal Superannuation Product which will continue for amounts invested in these special investment options.

If you are invested in one of the options listed in **Table 2**, your future contributions will continue to be invested in that option. With the exception of ARC Guaranteed Cash, you cannot choose or increase the future percentage allocation to these options from 1 December 2017.

Table 2

Personal Superannuation Product	Current investment option	ARC Classic investment option	Special condition(s)
PSP1, PSP2, PS	Capital Protected	ARC Capital Protected	<ul style="list-style-type: none"> Guarantee
	Cash	ARC Guaranteed Cash	<ul style="list-style-type: none"> Guarantee
SRMP1	Capital Protected	ARC Capital Protected S1	<ul style="list-style-type: none"> Guarantee Lower administration fee, as shown in Section 4.3
	Performance	ARC Balanced Growth S1	<ul style="list-style-type: none"> Lower administration fee, as shown in Section 4.3
SRMP2	Capital Protected	ARC Capital Protected	<ul style="list-style-type: none"> Guarantee
	Cash	ARC Guaranteed Cash S2	<ul style="list-style-type: none"> Guarantee Lower administration fee, as shown in Section 4.3

3.4 Changes to the investment management style

In the Personal Superannuation Products, the investment options are generally managed with a combination of 'passive' and 'active' investment management styles (see below), usually 70% active and 30% passive.

We have decided that all investment options in the Fund will be actively managed, where appropriate. This decision is based on the rationale that a skilled active investment manager should generally be able to outperform the market over the long term.

The ARC Classic investment options employ a 100% active investment management style.

4 Fee changes

4.1 Overview

Different fees and charges apply for ARC Classic than for the Personal Superannuation Products. The differences include:

- removal of the 3% pa Administration Fee for members who have reduced or suspended regular contributions
- reduction of Administration Fees by 0.55% pa
- introduction of an Investment Operations Fee of 0.55% pa for all options except for ARC Cash, which is 0.25% pa, and
- changes to the investment management fees.

Most members will receive an overall reduction in fees as a result of these changes.

The Investment Operations Fee covers the cost of checking and uploading of unit prices on a daily basis, the maintenance and upload of investment option disclosure, and other operational activities associated with the management of the investment options.

Table 3 sets out a comparison of all the fees and charges, including the Exit Fee (Early Exit Payment) discussed in Section 5, to help you understand these changes. Please refer to the Member Booklet for further information about ARC Classic's fees and charges.

The fees and costs for ARC Classic may change from time to time. However, before the introduction of any additional fee(s) or before any increases (other than CPI increases) to the fees and charges occur, we will provide you with 30 days' notice. This is the notice period required under legislation and may be less than the notice period that applied under the Personal Superannuation Products.

Table 3

Fee when your money moves in or out of the Fund	Personal Superannuation Plan	Private Superannuation Plan	Superannuation Rollover Master Plan	ARC Classic Super Series 4
Establishment Fee The fee to open your account.	Nil	Nil	Nil	Nil
Contribution Fee The fee on each amount contributed to your account.	Nil	Nil	SRMP1 <ul style="list-style-type: none"> • 5% for amounts up to \$40,000 • 4% for \$40,000 and above SRMP2 <ul style="list-style-type: none"> • Nil 	Up to 4% on each contribution deducted from your account on receipt of each contribution (regular or casual) or rollover. On conversion, the Contribution Fee for all members will be set to 0% on each contribution.

4.2 Why are the fees changing?

The fees are changing because your Personal Superannuation Product is being converted to ARC Classic, which has different fees and charges. Our decision was based on ARC Classic providing members with overall better value for money and a more modern superannuation product.

4.3 Fee comparison

Comparing your current product fees and the ARC Classic fees

As the Fund is currently invested in 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 a Reduced Input Tax Credit (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 3. For example, ARC Classic's gross administration fee is 1.94% pa but the net fee you are charged is 1.65% pa because the benefit of the Fund's tax deduction (ie 0.29% pa) is passed on to members. 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.

Fee when your money moves in or out of the Fund	Personal Superannuation Plan	Private Superannuation Plan	Superannuation Rollover Master Plan	ARC Classic Super Series 4
Exit Fee The fee on each amount you take out of your account.	An Exit Fee is payable on the 'Regular contribution account balance' if: 1. the Target Account Balance (TAB) or 2. the Qualifying Regular Contribution (QRC) is not met and member is under age 60. An Exit Fee is payable on the 'Single contribution account balance' if a withdrawal is made within 5 years of each contribution.	An Exit Fee is payable on the 'Regular contribution account balance' if: 1. the Target Account Balance (TAB) or 2. the Qualifying Regular Contribution (QRC) is not met and member is under age 60. An Exit Fee is payable on the 'Single contribution account balance' if a withdrawal is made within 5 years of each contribution.	SRMP1 Nil SRMP2 An Exit Fee is payable if a withdrawal is made within 5 years of each contribution.	Nil However, an Early Exit Payment based on any Exit Fee within your Personal Superannuation product as at 30 November 2017 will apply on conversion to ARC Classic. See Section 5 for details.
Termination Fee The fee to close your account.	Nil	Nil	Nil	Nil

Management Costs:

Type of Fee or Costs	Personal Superannuation Plan	Private Superannuation Plan	Superannuation Rollover Master Plan	ARC Classic
Administration Fee The fees and costs for managing your account.	Variable Fee: <ul style="list-style-type: none"> 2.2% pa or 3% pa where regular contributions have been reduced or discontinued. – Included in the calculation of unit prices. 	Variable Fee: <ul style="list-style-type: none"> 2.2% pa or 3% pa where regular contributions have been reduced or discontinued. – Included in the calculation of unit prices. 	Variable Fee: <ul style="list-style-type: none"> SRMP1 – 1.3% pa SRMP2 – 2.2% pa except for the Cash investment option where the fee is 1.1% pa. – Included in the calculation of unit prices. 	Variable Fee: <ul style="list-style-type: none"> 0.55% pa for ARC Guaranteed Cash S2 (for members transferring from SRMP 2 who hold the Cash option). 0.75% pa for the ARC Capital Protected S1 and ARC Balanced Growth S1 investment options (for members transferring from SRMP 1). 1.65% pa for all other investment options. – Included in the calculation of unit prices.¹
Investment Management Fee The amount charged for managing your investment.	Performance 0.39% pa Capital Protected 0.26% pa Australian Shares 0.39% pa Diversified 0.32% pa Cash 0.05% pa	Performance 0.39% pa Capital Protected 0.26% pa Australian Shares 0.39% pa Diversified 0.32% pa Cash 0.05% pa	Performance 0.39% pa Capital Protected 0.26% pa Australian Shares 0.39% pa Diversified 0.32% pa Cash 0.05% pa	ARC Balanced Growth 0.937% pa. ARC Security Focus, ARC Capital Protected, and ARC Capital Protected S1 0.81% pa. ARC Australian Shares 0.94% pa. ARC Conservative Balanced 0.872% pa. ARC Guaranteed Cash and ARC Guaranteed Cash S2 0.32% pa. – Includes an Investment Operations Fee ² of 0.25% pa for ARC Guaranteed Cash and ARC Guaranteed Cash S2 investment options, and 0.55% pa for all other investment options. – Included in the calculation of unit prices. ¹

4 Fee changes continued

Service Fees:

Type of Fee or Costs	Personal Superannuation Plan	Private Superannuation Plan	Superannuation Rollover Master Plan	ARC Classic
Switching Fee The fee for changing your investment options.	Nil	Nil	Nil	Nil
Family Law Fee This is payable when information is requested, or when a flag, split or court order is implemented.	\$148 Indexed to the CPI each year	\$148 Indexed to the CPI each year	\$148 Indexed to the CPI each year	\$76.82 Indexed to the CPI each year
	Applies only on a request for information, payable by the person requesting information at the time of the request.			<ul style="list-style-type: none"> Requests for information - payable by the person requesting information at the time of the request. Generally, flag, splitting or court order implementation fees are split equally between the parties.

Notes for Table 3

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.

4.4 Fee example

Table 4 compares the ongoing fees that currently apply to the Personal Superannuation Product and which will apply to ARC Classic. ARC Classic can also include an Adviser Service Fee of up to 1% pa for service and advice provided by your financial adviser. This fee is set at 0% pa on conversion to ARC Classic.

The example does not include the Personal Superannuation Exit Fee or the ARC Classic Early Exit Payment.

The information in Table 4 assumes:

- the member had \$10,000 invested in the Capital Protected investment option in their Personal Superannuation Product
- this amount will be transferred to the ARC Capital Protected investment option on conversion, and
- the member made regular contributions of \$1,000 during the year.

Table 4

Type of Fee	Personal Superannuation Plan and Private Super Plan	Superannuation Rollover Master Plan 1	Superannuation Rollover Master Plan 2	ARC Classic
Contribution Fee	\$0	\$50	\$0	From \$0 to \$40
Plus Management costs (includes Administration Fee, Investment Management Fee and Investment Operations Fee)	From \$246 to \$326	\$156	\$246	<ul style="list-style-type: none"> \$156 for members in the former Superannuation Rollover Master Plan 1. \$246 for all other members.
Equals Cost of Fund	From \$246 to \$326 What it costs you will depend on the investment option(s) you choose and your account balance.	\$206 What it costs you will depend on the investment option(s) you choose and your account balance.	\$246 What it costs you will depend on the investment option(s) you choose and your account balance.	<ul style="list-style-type: none"> From \$156 to \$196 for members in the former Superannuation Rollover Master Plan 1. From \$246 to \$286 for all other members. <p>What it costs you will depend on the investment option(s) you choose, your account balance and the Contribution Fee you negotiate with your financial adviser.</p>

5 Reduced and simplified Early Exit Payment

5.1 Exit Fees on full or partial withdrawals

The terms of the Personal Superannuation Products may include an Exit Fee on full or partial withdrawal before the relevant target is met. **Table 5** provides information on the targets of your Personal Superannuation Product.

An important benefit of the conversion of your Personal Superannuation Product to ARC Classic is that on conversion, any Exit Fee in your Personal Superannuation Product will be replaced with a reduced and simplified Early Exit Payment in ARC Classic, which will generally mean higher or equivalent withdrawal values.

Table 5

Target	Product	
	PSP1 PSP2 PS	SRMP1 SRMP2
Regular Account Balance – Exit Fees apply if the Target Account Balance is not met	✓	✗
Regular Account Balance – Exit Fees apply unless the Qualifying Regular Contribution target is met and member has reached 60 years of age	✓	✗
Single Contributions – Exit Fees apply for a maximum of 5 years for each contribution	✓	✓

5.2 Why an Exit Fee?

The Personal Superannuation Products are long-term products. They were designed for people to contribute and remain invested over the long-term. This means that expenses and profits are allocated equitably across members, on the assumption that they make regular contributions and meet the target relevant to their Personal Superannuation Product, namely:

- their TAB, or
- their QRC target and reach 60 years of age
- in the case of single contributions, invest these for at least 5 years.

However, where a member withdraws before meeting one of these targets, their account balance is reduced fairly through an Exit Fee, so that the remaining members, who continue to hold their Personal Superannuation Product, are not unfairly disadvantaged.

5.3 Benefits of a reduced and simplified Early Exit Payment

The Trustee has reduced the Exit Fees payable in the Personal Superannuation Products. This will mean:

1. generally higher withdrawal values
2. members who have met their TAB and are not subject to an Exit Fee in their Personal Superannuation Product will not be subject to an Early Exit Payment in ARC Classic
3. all Exit Fees on Single Contributions will be waived on conversion and will not be subject to an Early Exit Payment in ARC Classic
4. the Exit Fees on Regular Contributions will be set as a fixed dollar amount on conversion and become an Early Exit Payment in ARC Classic
5. the Early Exit Payment will reduce at an even rate on a daily basis progressively to zero on the member's Early Exit Payment End Date, namely their:
 - 65th birthday, or
 - 60th birthday, if they had met their QRC target on the conversion date
6. members who have reached their 60th birthday on conversion date and who have met the QRC target will not be subject to an Early Exit Payment in ARC Classic, and
7. no Early Exit Payments will accrue on new contributions to ARC Classic.

5.4 How the ARC Classic Early Exit Payment will be calculated

TAL Life will calculate the dollar amount of the Exit Fee for your Personal Superannuation Product as if you had withdrawn on 30 November 2017. This calculation will be based on the rules of your Personal Superannuation Product. Exit Fees applying to Single Contributions will be waived and will not be included in the calculation.

This Exit Fee will become a fixed dollar amount and will be your Early Exit Payment in ARC Classic on 1 December 2017.

Your 30 September 2017 Member Statement will include the amount of any Exit Fee that will apply to your ARC Classic account as an Early Exit Payment.

5.5 Categorisation

The Early Exit Payment is not a fee payable for a service provided by TAL Life. Rather, it is a payment that we have agreed to make to TAL Life in exchange for TAL Life increasing the value of the Policies supporting the Personal Superannuation Products on or about 1 December 2017. This increase means that on or about 1 December 2017 TAL Life will transfer your full account balance to us rather than the lower surrender value of your Policy (ie the account balance less any Exit Fee payable on that date). As discussed above, an Early Exit Payment will be made to TAL Life if you make a withdrawal before your Early Exit Payment End Date.

6 Retirement Bonus

6.1 Transfer of entitlements

This section relates to the following Personal Superannuation Products:

- Personal Superannuation Plan, and
- Private Superannuation Plan

In December 1998, when the QRC target was introduced, a Retirement Bonus was also introduced. This Bonus was payable to members who withdrew after their 60th birthday if they had achieved their QRC target.

The Retirement Bonus is calculated as 2% the total net regular retirement contributions received from 19 December 1998 up to the member's 59th birthday. For this purpose, net regular retirement contributions are regular contributions less insurance premiums, contributions tax and partial withdrawals. This bonus does not apply to rollovers or transfers into the member's Policy, or single (rather than regular) contributions.

While ARC Classic does not provide a Retirement Bonus, which means that no Retirement Bonus will accrue on contributions made after conversion, special transitional arrangements have been established to transfer your current Retirement Bonus entitlement to your ARC Classic account as a Loyalty Bonus.

The Loyalty Bonus would be paid on your Eligibility Date within ARC Classic (see below for details).

6.2 How the Loyalty Bonus will be calculated and paid

- TAL Life will calculate and set a member's Loyalty Bonus as a fixed dollar amount based on a member's projected net regular contributions at their 59th birthday.
- For members currently making regular contributions, the calculations will assume that these regular contributions will continue to age 59.
- For members who have ceased regular contributions, these calculations will assume that no further regular contributions will be paid.
- For members aged 59 and over, future contributions are not included in the calculation.
- Any partial withdrawals from ARC Classic before the Eligibility Date will reduce the member's Loyalty Bonus.
- A member's Eligibility Date, when their Loyalty Bonus is payable, will be the date at which their projected net regular contributions would meet the QRC target, or their 60th birthday if this is later
- We will let you know the amount of any Loyalty Bonus and the Eligibility Date in your Welcome Pack.
- When paid, any Loyalty Bonus will purchase additional units in your investment option(s) according to your investment strategy at the time of payment, and will appear in your Member Statement immediately following the payment.

7 Insurance

Existing insurance benefits and premiums will be transferred on conversion to ARC Classic.

The existing premiums you pay may include insurance premium remuneration payable to your adviser. Where this applies, upon conversion to ARC Classic, this remuneration will cease and this will be reflected in lower premiums being payable.

The level of cover and premiums will be reviewed annually on 30 September rather than on the individual anniversary date of your original Policy.

The terms and conditions of your insurance of your original Policy will be maintained unless you apply for new insurance cover. If you have Death only cover and wish to apply for Total and Permanent Disablement (TPD) cover once in ARC Classic, all your insurance will be under ARC Classic's terms and conditions including premiums.

The Premium Freeze benefit is not available in ARC Classic but affected members can request an adjustment to their sum insured each year to prevent any premium increases.

If you don't have insurance, you can apply for insurance under ARC Classic's terms and conditions (including premiums). Please refer to the ARC Classic Member Booklet for more information.

8 What's not changing?

The following features will be maintained in ARC Classic if they are applicable to your original Personal Superannuation Product:

- investment guarantees
- insurance, and
- death benefit nominations.

8.1 Investment Guarantees

Capital Protected investment option

The unit price for this investment option may fall and rise with market movements. However, TAL Life guarantees that the value of Capital Protected units when redeemed will not be less than the amount at which the units were purchased less amounts subsequently deducted to cover tax on contributions and the cost of insured benefits (if any).

Cash investment option

TAL Life guarantees that the unit price for this investment option will not be reduced, except for deductions to cover tax on contributions and the cost of insured benefits (if any).

Age 65 Guarantee

Where a member withdraws their benefit in the period 30 days before or 30 days after their 65th birthday, TAL Life guarantees that the withdrawal value will not be less than the Net Contributions received from the member plus any Net Interest earned. This guarantee only applies to the Personal Superannuation Plan and the Private Superannuation Plan.

For the purposes of this guarantee, Net Contributions means the member's total contributions received prior to age 65 for members who commenced their Personal Superannuation product before 1 January 1995, or prior to age 60 for members who commenced their Personal Superannuation product after this date, less

- tax due on contributions
- cost of insured benefits
- switching and exit fees, and
- partial withdrawals.

Net Interest is calculated using the CPI less tax on investment income and, in the case of members who commenced their Personal Superannuation product after 1 January 1995, less the administration fee. Net Interest is calculated daily on the value of the member's Net Contributions on that day.

8.2 Insurance terms and conditions

The terms and conditions of your insurance of your original policy will generally be maintained. Please refer to Section 7 for more information.

8.3 Death benefit nominations

Any Death Benefit Nomination you have made will carry across to ARC Classic. We recommend that you regularly review this nomination to ensure that it is still appropriate to your current situation. You can update your nomination at any time. To do this, you will need to complete and return a beneficiary nomination form. The form can be obtained online at www.arcmt.com.au or by contacting us.

9 Other important information

9.1 New membership number

You will receive a new membership number, which will be shown in your 2017 Member Statement. You will receive your statement as soon as possible after the conversion. You can also obtain your new membership number by contacting us from 18 December 2017.

9.2 Tax deductions for personal contributions

If you have made or will make personal contributions to your account between 1 July 2017 and 30 November 2017 and you wish to claim a tax deduction for these contributions, please contact us and we will then send you the appropriate documents to make this claim. The completed claim form must be received by us by 23 November 2017.

9.3 Suspension of processing

To ensure these changes are implemented as smoothly as possible, there will be a transaction freeze between 27 November to 22 December 2017. This means you won't be able to add to, withdraw from or make any changes to your account during transaction freeze period. Any request received during the transaction freeze period will be processed after 22 December 2017.

10 Contributing to ARC Classic – payment options

ARC Classic offers the following payment options:

- Direct debit, and
- BPAY
- Cheque

10.1 Direct Debit

Existing direct debit arrangements

We will transfer any direct debit arrangement you currently have in your existing product to ARC Classic. You can change the direct debit date from early 2018.

Any direct debit deductions due in December 2017 will be processed in early January 2018 due to the transaction freeze. Refer to Section 9.3 for more information.

New direct debit arrangements

You can arrange regular contributions by direct debit to your ARC Classic account from your nominated financial institution, with the flexibility of monthly, quarterly, half-yearly or yearly payments deducted on either the 1st, 8th, 15th or 22nd of the month.

If your employer is contributing for you, you should inform them of these changes.

You can set up a direct debit arrangement or change your payment date by completing a Direct Debit Request form. This form can be obtained online or by contacting us.

10.2 BPAY®

You can pay contributions by BPAY, via your financial institution's telephone or internet banking facilities at any time. When using BPAY you will need the following information:

- **Biller Code 293357**
(for Superannuation Guarantee or Award contributions)
- **Biller Code 116947**
(for Salary Sacrifice contributions)
- **Biller Code 116954**
(for Personal contributions)

Your Customer Reference Number (We will provide this with your Welcome Pack. Until then you can continue to use your existing Personal Superannuation Customer Reference number to make contributions.)

Once you've completed your payment, your financial institution will issue you with a receipt number confirming your BPAY payment.

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11 Transferring your superannuation to a different fund

If you don't wish to have your Personal Superannuation Product converted to ARC Classic, and would prefer to transfer your account to another superannuation product before the conversion, you will need to complete and return a Benefit Payment Request form. This form can be obtained by contacting us on 1300 209 088. You will need to return this form to us no later than 16 November 2017. Requests to transfer after this date will be effected from your new ARC Classic account after the conversion has been finalised.

Please note that an Exit Fee, if applicable, will apply to any full or partial withdrawal on or before 16 November 2017.

As your insurance cover within your product would cease from the date of your exit, we strongly recommend that you should obtain your own independent financial advice before deciding to transfer your account to a new superannuation product.

12 Enquiries and complaint resolution

If you have a question about the conversion or require further information about your product, please contact us 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 (Tribunal) at Locked Bag 3060 Melbourne VIC 3001. The Tribunal can also be contacted by phone on 1300 884 114 by email to info@sct.gov.au and 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

 www.tal.com.au

 GPO Box 5380 Sydney NSW 2001

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

Significant Event Notice
Product Changes Effective 1 December 2017