

# BT Lifetime Super – Employer Plan

## Significant Event Notice

June 2016

Prepare for the best.



### Summary of change

An information pack titled 'Changes to your super are coming' was sent to BT Lifetime Super – Employer Plan members with an Accrued Default Amount. This pack explained the impending transfer of their super to the BT MySuper Lifestage investment option for their decade of birth in the same account. They were advised that this would occur in October 2016 unless they contacted us to confirm they wanted their super to remain invested in the current option(s).

### Impact of the change

Members with were provided with information about the transfer to MySuper as follows:

- > the member's Accrued Default Amount;
- > an overview of the BT MySuper Lifestage investment options in BT Lifetime Super – Employer Plan;
- > changes to investments, investment strategy, fees and, where applicable, insurance premium;
- > one-off costs associated with moving their super; and
- > the methods by which the member can opt out of the transfer to MySuper.

### Attachments

All members were provided with the attached *Moving to MySuper* booklet.

#### For more information



[bt.com.au](http://bt.com.au)



132 135



[customer.relations@btfinancialgroup.com](mailto:customer.relations@btfinancialgroup.com)

# Moving to MySuper

Prepare for the best.



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**Melinda Howes**  
General Manager, Superannuation  
BT Financial Group

Saving for retirement is an important part of your financial wellbeing. And the better you feel your financial situation to be, research has found, the better your physical and mental wellbeing<sup>1</sup>.

It makes sense. The fewer worries you have about your financial future, the better you feel emotionally, the more soundly you sleep and the fewer strains you experience in your personal relationships.

At BT Financial Group, we embrace this idea, and aim to make you feel better by helping you prepare for your best financial future.

So, when the government introduced its MySuper initiative, we chose our Lifestage investment options as our MySuper option for members who haven't chosen how they'd like their super invested. These options provide a well-diversified investment portfolio – designed and managed according to your age.

In October, members who haven't chosen how to invest their super in BT Lifetime Super – Employer Plan will have their super moved to a BT MySuper Lifestage investment option in their account.

Your super is part of this move, though you have a choice.

You can let us know that you'd like your super to stay invested as it is, or you can leave it to us and it will automatically move to MySuper.

No matter which option you choose, you can have peace of mind that your super is managed by experts. Our reputation is built on our expertise in superannuation, investment, insurance and advice and nearly 50 years of experience.

With us, you can prepare for your best financial future – and feel good about it now.

A stylized, handwritten signature in white ink, appearing to read 'Melinda Howes', positioned over the background image of cyclists.



<sup>1</sup> 2015 BT Australian Financial Health Index Report

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# What's in this booklet?

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This booklet is designed to help you understand the planned changes to your super. We'll show you where your super is now and tell you about the BT MySuper Lifestage investment option (MySuper).

We'll explain why we must move your super under the government's MySuper initiative. And we'll look more closely at what happens after the move, the MySuper investment strategy, fees and other things to consider.

Whether your super stays in your current investment option(s) or moves to a BT MySuper Lifestage investment option, it's up to you. Either way, you have the benefit of BT Financial Group's long history in superannuation and wealth management and our team of super experts.

Read on to find out how the move will affect your super to help you decide on the best option for you.

## Things to consider

When comparing investments, it's important to think about:

- > your **investment strategy**
- > fees and costs
- > **investment performance**
- > your own **risk profile**
- > your financial goals.

Speak to your financial adviser or call us if you need help.

### A guide to 'What's this?'

We know super can be confusing, and some of the language used isn't what you hear every day. So, we've defined some words to help you as you read through this booklet. When you see **a word or phrase highlighted in pink**, then you'll find a definition nearby in a 'What's this?' box.

#### What's this?

**Investment strategy:** the way investments are managed and what they're designed to achieve.

**Investment performance:** the earnings or returns on an investment.

Note: Past performance is not a reliable indicator of future performance.

**Risk:** is the possibility of losing money when you invest. Your **risk profile** takes into account how much risk

you're comfortable with, as well as how much financial risk you can afford to take and how much risk you would need to take to try to reach your goals.

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# What part of your super is affected?

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When your BT Lifetime Super – Employer Plan account was opened, your super was invested in a **preselected investment option(s)** because you didn't make an investment choice. This is the part of your super that the government requires us to move to MySuper.

In your letter, we've set out your preselected investment option(s) where your super is currently invested.

You'll find details of the investment strategy for this option(s), and more information on fees at [bt.com.au/mysupermember](http://bt.com.au/mysupermember). There you'll also find details of how your current investment option(s) is performing.

If you choose to stay invested as you are now and you tell us, everything will stay the same.

## What's this?

**Investment option:** within a super account there is a menu of options where your super can be invested. These investment options can allow you to invest your super in shares, property, fixed interest and cash, for

instance. Some examples of investment options in BT Lifetime Super – Employer Plan are BT Australian Shares, BT Balanced Returns, BT International Share and BT MySuper Lifestage.

A **preselected** investment option is where an investment option is chosen by your employer or us for members who don't select their own.



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# Why are we planning to move your super to MySuper?

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The government introduced the MySuper initiative to provide a simple, low cost option for members who don't make an **investment choice**. Super funds like ours now offer MySuper as the preselected option for these members.

Since 1 January 2014, any contributions you or your employer have made to your super have been invested in MySuper. It's now time to bring your super together.

Under the requirements, we must move your super from your current investment option(s) to a MySuper product. We have chosen BT MySuper Lifestage investment option and this move is planned for October 2016. If you let us know by 9 October 2016 that you don't want this to happen, your money will stay invested as it is.

Visit [bt.com.au/mysupermember](http://bt.com.au/mysupermember) from 5 September 2016 to find out the exact date of the move.

**Note:** The estimated amount to be moved to MySuper is calculated at a specific date. Refer to your letter for the amount and the date we made the estimation. The amount may change by the date of the move because of investment performance, fees, taxes and any withdrawals.

## What happens with the move to MySuper? – a snapshot

### What changes?

- > Moving to MySuper brings changes to your investment strategy and fees, and, if it applies, your insurance premium. Your letter outlines the specific changes under 'Your super details'.
- > If you already have super in MySuper, the amount that moves will be added to this.

There's more information under the 'What do you need to know?' and 'What's the MySuper investment strategy?' sections of this booklet and in the BT Lifetime Super – Employer Plan Product Disclosure Statement and Additional Information Booklets, which you'll find along with other useful information at [bt.com.au/mysupermember](http://bt.com.au/mysupermember).

### What stays the same?

- > You'll keep the same account.
- > Your insurance coverage will stay the same.
- > Details like your account number and your nominated beneficiaries, if you have them, won't change.
- > Your super contributions will continue to be paid into MySuper.

## What's this?

**Investment choice:** choosing from the investment option menu in your BT Super account and then letting us know how you'd like your money invested.

**Contributions:** money you or your employer pays into your super account.

# What do you need to know?

Your letter shows how your super is currently invested, and the particular BT MySuper Lifestage investment option that we plan to move your super to, which is based on your decade of birth. This section provides more detail on the information in your letter.

Your letter shows the comparison between an estimate of your fees on your current investment option(s) and your BT MySuper Lifestage investment option, as well as one-off costs associated with the move. If there's a change to your insurance premium, this is also included.

Below we explain the details of what's in the 'Your super details' table in your letter and provide extra information.

## Standard Risk Measure for investment options

In your letter, you'll find a Standard Risk Measure for each investment option.

The Standard Risk Measure is based on an estimate of the number of negative annual returns that may be experienced over any 20 year period (shown in the table opposite).

It is based on industry guidance that allows members to compare investment options. The Standard Risk Measure allows you to compare the level of risk of the investment options within BT Super as well as other investment options available through other super funds.

When comparing the level of risk, it's important to take into consideration the investment option's investment objective, investment strategy and the **strategic asset allocation**.

The Standard Risk Measure is not a complete assessment of all forms of investment risk, for example, it does not take into account the size of a negative return or the potential for a positive return to be less than the return you require to meet your investment objectives. It doesn't take into account the impact of administration fees and tax on the likelihood of a negative return.

Make sure you're comfortable with the risks and potential losses associated with the investment option(s) you choose to invest in.

For information on the methodology used in the calculation of the Standard Risk Measure, please go to [bt.com.au/help/standard-risk-measure.asp](https://bt.com.au/help/standard-risk-measure.asp).

### Standard Risk Measure

Risk band	Risk label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

### What's this?

**Strategic asset allocation:** the decision to target specific proportions of different types of asset classes (such as property, cash and shares) in an investment option.

## Fees and costs

The estimated fees and costs in your letter include the Administration fee, Investment fee, Performance fee estimate, Regulatory Change Expense Recovery, Adviser Service Fee (if applicable), and Plan Service Fee (if applicable), less any rebate(s) that may apply to your account.

The fees and costs quoted include Good and Services Tax and are net of any applicable Reduced Input Tax Credits. The benefit of tax deductions, if any, will be passed on to members in the form of a reduced fee or cost.

The estimated total dollar figures for the fees and costs are based on the amount (at a specific date stated in your letter) to be moved to a BT MySuper Lifestage investment option. They allow you to compare the estimated fees payable on the current investment option(s) and MySuper.

By the time of the move:

- > the actual amount to be moved may change due to investment performance, fees, taxes, and any withdrawals, which may mean the fees differ from the estimates provided
- > the actual fees and costs you pay may change due to changes in your circumstances (eg you cease employment with your employer or your insurance cover changes), or there is change in performance fees
- > if you're part of an employer plan, fees may change due to you or your employer's circumstances
- > the dollar-based Administration fee (and insurance premium, if applicable) may increase each year at 1 July in line with the Consumer Price Index (CPI).

You should read all the information about fees and other costs, so you understand their impact on your investment. You can find further information including an explanation of the types of fees in the BT Lifetime Super – Employer Plan Product Disclosure Statement, Additional Information Booklet Part 1 – General and the Additional Information Booklet Part 2 – Investment. These documents are available free of charge at [bt.com.au/mysupermember](http://bt.com.au/mysupermember) or by calling BT Customer Relations on 132 135.

## One-off costs for the move to MySuper

The following costs are estimates that will only apply once on the amount moved to MySuper as shown in your letter:

- 1. Buy-sell spread** – You will incur a transaction cost to move your super from your current investment option(s) to MySuper, known as the 'buy-sell spread', which is calculated on the amount moved. This is to recover costs in relation to the sale and purchase of assets as part of the transfer to MySuper.
- 2. Additional Regulatory Change Expense Recovery** – This is to recover some of the cost associated with the legislative requirement to move your super to MySuper. The estimated cost will be based on the amount moved to MySuper. It is in addition to the current Regulatory Change Expense Recovery that already applies to all member accounts. If your total cost for Regulatory Change Expenses exceeds \$1000, you will receive a rebate from us.

If you decide to tell us you want to stay in your current investment option(s), then neither of these one-off costs will apply to you.

## Insurance

If you have insurance in your BT Lifetime Super – Employer Plan account, your insurance cover and the type of insurance won't change if your super moves to MySuper. You can find details of your insurance, including amount and type of cover and terms and conditions, in your latest annual statement.

For some members, insurance premiums will decrease. If this applies to you, it will be shown in your letter. You may have several types of insurance cover, but we will only show the details of your insurance where the premium will change.

## Employer paid fees and insurance premiums

If you have an arrangement where your employer pays some of your super fees and/or insurance premium, you should take this into account when considering how the move to MySuper will affect you.



# What's the MySuper investment strategy?

The investment strategy is the way investments are managed and what they are designed to achieve.

If we move your super to a BT MySuper Lifestage investment option, your investment strategy will change. Whatever your stage in life, whether you've just begun to save for retirement or you've already left the workforce, your BT MySuper Lifestage investment option can give you a **well-diversified portfolio** – designed and managed for your age.

There is a different BT MySuper Lifestage investment option for each decade designed to suit members born within that period whose investment needs and **approach to risk** over time is typical of investors around the same age.

The investment strategy for MySuper takes a 'lifecycle' approach that aims to achieve an appropriate level of **risk and return** for members in the relevant age group by automatically adjusting the **mix of assets** throughout their life.

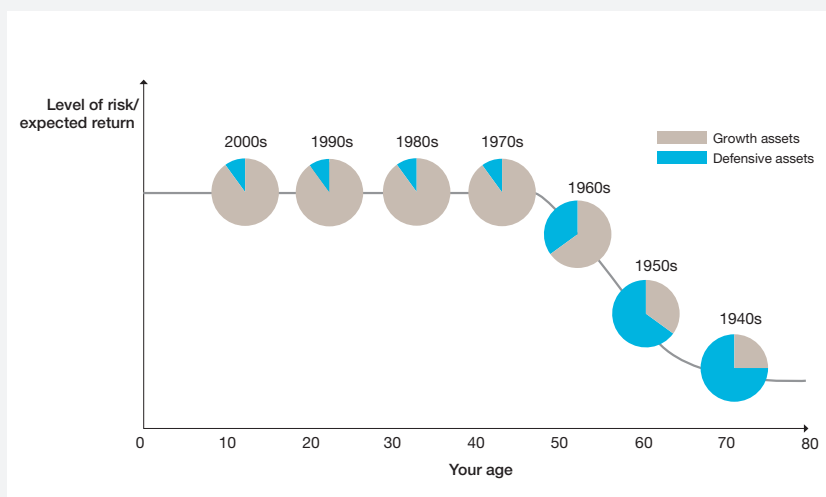
For younger members (when you have more time to withstand ups and downs in your investment),

the MySuper Lifestage investment option will be more **growth-oriented** to target a higher return. Over time, it will gradually shift to a more **conservative asset mix** by reducing the **allocation of growth assets**, such as shares and property, and increasing the allocation of **defensive assets**, such as fixed interest and cash.

While MySuper is designed to suit most members in an age group, you should consider your own situation when choosing your investment options.

## What's the investment approach?

The BT MySuper Lifestage investment option has an objective to provide an **investment return** above **inflation**. To determine these objectives we have used the CPI, which is a generally accepted measure of inflation. The specific investment return objective changes over time and so does the level of risk.



The following table shows the investment return objective (after fees and taxes) for each BT MySuper Lifestage investment option at 1 July 2016.

For details of actual investment performance for the BT MySuper Lifestage investment options, visit [bt.com.au/mysupermember](http://bt.com.au/mysupermember).

The investment return that you may experience over your lifetime will depend on when you join the investment option and how long you remain invested.

BT MySuper Lifestage investment option	Description	Investment Return Objective (over a 10 year period) net of fees and taxes	Minimum suggested investment timeframe
1940s	You have probably retired. The focus is on maintaining the real value of your investment. If you were born before 1940 you may invest in this Investment Option.	CPI + 1.1% p.a.	4 years
1950s	Retirement is approaching. The focus is on protecting the value of your investment while still seeking some growth.	CPI + 1.3% p.a.	4 years
1960s	Retirement is getting closer. The focus is on achieving a balance between the potential for growth and the level of risk.	CPI + 2.1% p.a.	5 years
1970s	Your savings are continuing. Growth remains the main focus.	CPI + 3.3% p.a.	7 years
1980s	You're saving and have many years until retirement to withstand rises and falls in the value of your investment. The focus is on maximising growth.	CPI + 3.3% p.a.	7 years
1990s	You're in the early stages of your working life. The focus is on maximising growth.	CPI + 3.3% p.a.	7 years
2000s	Your savings have just commenced. The focus is on maximising growth.	CPI + 3.3% p.a.	7 years

## What's this?

**Well-diversified portfolio:** a selection of investments that are spread across a range, including property, cash, shares and fixed income.

**Approach to risk:** how you or your adviser select your investments to align with your risk profile.

**Risk and return:** looking at the risk of a possible financial loss associated with an investment, compared to the possible earnings from that investment.

**Mix of assets:** a collection of different types of investments.

**Growth-oriented investments:** investments that have a higher potential risk of financial loss, but are intended to achieve higher earnings.

**Conservative asset mix:** a collection of investments that are designed to protect what you already have invested, and that generally offer a lower return.

**Allocation of growth assets:** the proportion of your investments that are intended to achieve higher earnings while carrying higher risk.

**Defensive assets:** investments that are intended to protect what you already have invested, and that carry lower risk and are likely to achieve lower earnings.

**Investment return:** the earnings on an investment.

**Inflation:** is the general increase in the cost of goods and services over a period of time.

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# Are there other impacts of the move?

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Moving members' balances to MySuper will mean a delay in processing financial transactions for anyone invested in the affected options. This is expected from around 11 to 24 October 2016.

During this period we'll still accept contributions, rollovers, switching of investments or withdrawals. The effective date of the transaction will be the day the request was received. However, you won't see it reflected in your account until we have finished the move of all account balances to MySuper.

Any non-financial transactions, such as address changes, can continue as usual.

The exact date of the move to MySuper, and the start and end dates of the expected delay in processing financial transactions will be made available from 5 September 2016 at [bt.com.au/mysupermember](http://bt.com.au/mysupermember).

If you have an urgent or hardship claim during the delay period, please contact Customer Relations on 132 135 between 8.00am and 6.30pm (Sydney time) Monday to Friday.



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# What are your options?

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## If you want your super to stay invested as it is

If after reviewing all the information, you have decided you'd like your super to stay invested as it is, we need to hear from you. Complete and return the enclosed form in the reply paid envelope or email it to [InvestmentDirection@btfinancialgroup.com](mailto:InvestmentDirection@btfinancialgroup.com) by 9 October 2016. Or you can call us on 132 135.

**Note:** You may already have super in MySuper, and any future contributions you make will also be invested in MySuper. If you would like to change either of these you can:

- > log into BT Online
- > visit [bt.com.au](http://bt.com.au) and download a switch request form, or
- > call us.

## If you're happy for your super to move to MySuper

If you decide you'd like us to go ahead and move your super to MySuper, there's nothing for you to do. We'll move your super in October as planned.

## What happens after the move to MySuper?

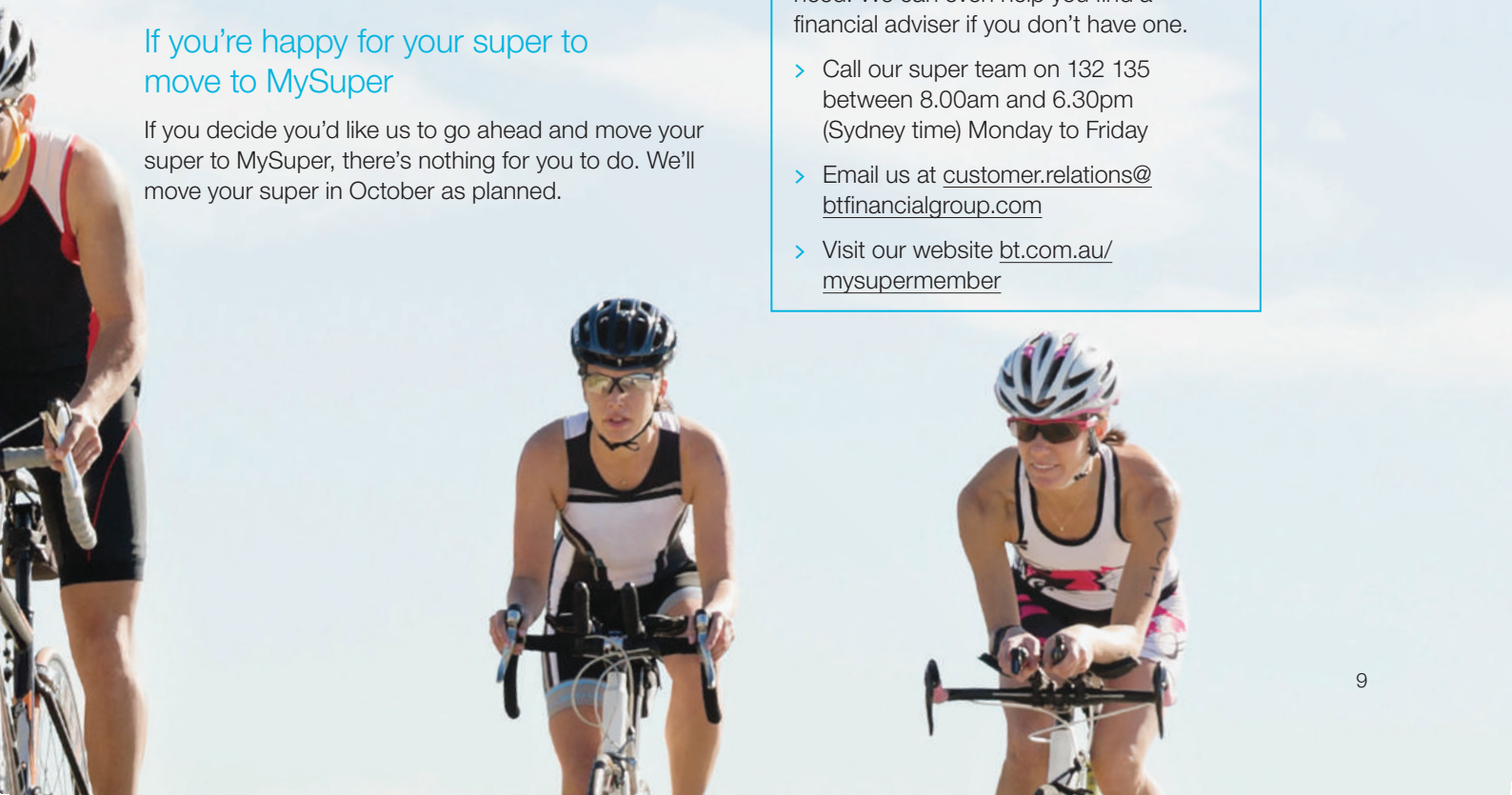
Once your super has been moved to the BT MySuper Lifestage investment option, you'll receive a letter confirming the change, including the amount that was transferred.

### Where can you go for help?

If you have questions about any information in this pack and how it relates to you, speak to your financial adviser or call our team of super specialists.

Our team can help you in many ways. No matter how simple or complicated the question, we can offer the assistance you need. We can even help you find a financial adviser if you don't have one.

- > Call our super team on 132 135 between 8.00am and 6.30pm (Sydney time) Monday to Friday
- > Email us at [customer.relations@btfinancialgroup.com](mailto:customer.relations@btfinancialgroup.com)
- > Visit our website [bt.com.au/mysupermember](http://bt.com.au/mysupermember)



## For more information



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