

## → Important Changes to SuperWrap

This notification provides information on some changes that have been made to SuperWrap and relates to the following plans:

- SuperWrap Personal Super Plan,
  - SuperWrap Pension Plan, and
  - SuperWrap Term Allocated Pension Plan
- (collectively, **the Plan**).

Please review these changes and, if necessary, discuss them with your financial adviser to determine any impact for you.

The important changes highlighted in this notification include:

- Introduction of Wrap Capital Protection
- Updated disclosure – ‘Fees and other costs’
- Updates to other information

### **1\_Introduction of Wrap Capital Protection<sup>1</sup>**

The following information relates to the Wrap Capital Protection solution available for eligible managed funds on the SuperWrap investment menu. You can obtain Wrap Capital Protection in relation to eligible managed funds by investing in the BT Capital Protection Fund issued by BT Funds Management Limited ABN 63 002 916 458, AFSL 233724 (**BTFM**) which will be available on SuperWrap following the issue of the BT Capital Protection Fund PDS. This information must be read by those investors or prospective investors considering utilising Wrap Capital Protection.

Wrap Capital Protection is an innovative new solution that aims to provide protection for the value of your investments, giving you greater confidence to invest for growth in managed funds. It is designed to provide you with a known minimum outcome at the end of your chosen term. For example, if you invest \$10,000 and protect it for six years, you will receive at least \$10,000 at the end of the six year term (provided that you reinvest all distributions and do not make any withdrawals). If your investment grows in value during the term you may receive more than \$10,000.

For more information about Wrap Capital Protection, please speak to your adviser and refer to the information contained in the supplementary product disclosure statement dated 12 November 2012 which can be obtained from [www.investorwrap.com.au](http://www.investorwrap.com.au).

#### **How to apply for Wrap Capital Protection**

Before deciding whether to apply for Wrap Capital Protection, you should discuss with your adviser whether Wrap Capital Protection is available to, or suitable for, you. You must also read the supplementary product disclosure statement dated 12 November 2012, the BT Capital Protection Fund PDS and any other relevant disclosure document(s). These documents contain more detail in relation to Wrap Capital Protection, how it operates, what your rights are and the risks of investing in it. You have a right to receive the latest version of these documents free of charge from [www.investorwrap.com.au](http://www.investorwrap.com.au) or on request from your adviser or us.

Your adviser can place your instructions to apply for Wrap Capital Protection to BT Portfolio Services (the **Administrator**) online. By obtaining Wrap Capital Protection, you provide the Administrator with an irrevocable standing instruction to deal with your investments in the relevant eligible managed fund (and any interest held by us relating to those investments) and your units in the BT Capital Protection Fund in accordance with the terms of the BT Capital Protection Fund (as set out in the BT Capital Protection Fund PDS and constitution).

<sup>1</sup> This product may not be available to all investors.

You can choose to apply Wrap Capital Protection to an eligible managed fund you already hold in your SuperWrap account (if all units in that fund are settled). Alternatively, you can apply for Wrap Capital Protection and purchase units in the relevant eligible managed fund at the same time. You must protect all of your holdings in that fund, meaning you cannot elect to protect only a portion of your investment in any one managed fund. You will also need to decide on the protection term for your investment (approximately 5-10 years).

Once you obtain Wrap Capital Protection your investment will be made up of your investments in your chosen eligible managed fund and any corresponding units in the BT Capital Protection Fund. The combination of these interests is referred to as a 'Protection Portfolio'. You will also hold a 'Protection Interest', which is a non-unitised interest in the BT Capital Protection Fund.

For further detailed information relating to Wrap Capital Protection and disclosure relating to:

- transacting in managed funds that form part of a Protection Portfolio,
- how to invest in and withdraw from a Protection Portfolio,
- rebalancing during the protection term,
- switching managed funds within a Protection Portfolio,
- how distributions are treated with Wrap Capital Protection,
- drawdowns in relation to a managed fund that is subject to Wrap Capital Protection,
- regular investment plans,
- preferred portfolios,
- how to cancel your Wrap Capital Protection,
- moving to the Pension Plan within SuperWrap,
- what will happen on your death,
- additional risks associated with investing in the BT Capital Protection Fund, and
- the role of Deutsche Bank AG (ABN 13 064 165 162 AFSL 238153),

please refer to the SuperWrap supplementary product disclosure statement dated 12 November 2012 in conjunction with the current SuperWrap product disclosure statement and the BT Capital Protection Fund PDS which can be obtained free of charge from [www.investorwrap.com.au](http://www.investorwrap.com.au) or on request from your adviser or us. You will be required to acknowledge that you have received, read and understood all information contained in the relevant disclosure documents before applying for Wrap Capital Protection.

## 2\_Updated disclosure – ‘Fees and other costs’

### (a) Adviser fees and costs

The adviser fees disclosure has been amended to clarify that you may agree adviser fees with your adviser that are higher than the ‘typical’ amount indicated, however, the Trustee may reject the higher amount. The existing disclosure is replaced with the following information:

Type of fee or cost	Amount	How and when paid
<b>Contribution fee<sup>1</sup></b>	Typically, the Contribution fee should be between 0–4.66% <sup>2</sup> of each investment you make into your account. You can negotiate a higher amount with your adviser; however the Trustee has the right to reject this amount.	You may agree to pay a dollar or percentage Contribution fee in respect of initial investments you make into SuperWrap. You may also agree to pay a separate percentage Contribution fee for subsequent investments and deposits made under a Regular Contribution Plan.  The Contribution fees must be specified on your Application Form either as a dollar or percentage amount, and are payable to your adviser in relation to financial product advice you have received from your adviser in relation to your SuperWrap account. Contribution fees will be deducted from the balance in your Cash Account at the time of each investment. If a percentage Contribution fee is selected for your initial investment, this percentage will be deducted from all contributions (excluding asset transfers and contributions under a Regular Contribution Plan) received within three months of the establishment of your account, unless the Administrator is otherwise instructed.
<b>Ongoing advice fee</b>	Typically, the Ongoing advice fee should be between 0–1.86% <sup>3</sup> pa of the balance of your account. You can negotiate a higher amount with your adviser; however the Trustee has the right to reject this amount.	You may agree to pay a dollar or percentage Ongoing advice fee for ongoing advice (and related services) your adviser provides in relation to your SuperWrap account.  This fee must be specified on your Application Form as either a dollar or a percentage amount. If a percentage Ongoing advice fee is specified on your Application Form, this fee will be calculated on the average of your opening and closing account balance (excluding nil balances) for each month and will be deducted from your Cash Account on a monthly basis.
<b>One-off advice fee</b>	Typically, the One-off advice fee should be up to \$4,000 pa (GST inclusive). You can negotiate a higher amount with your adviser; however the Trustee has the right to reject this amount.	You may agree to pay a dollar amount One-off advice fee to your adviser when your adviser provides you with advice or other services in relation to your SuperWrap account.  The One-off advice fee only applies if you and your adviser have agreed to this fee being deducted from your Cash Account under the One-off advice fee form.  The One-off advice fee may be charged multiple times a year up to an aggregate amount of \$4,000 pa (GST inclusive). Once that amount is reached, the Trustee has the right to reject any further requests to charge a One-off advice fee in the relevant year.  The fee will be deducted from your Cash Account at the time the request is processed by the Administrator.
<b>Managed fund transaction fee</b>	Typically, the Managed fund transaction fee should be between 0–4.66% <sup>4</sup> of each investment you make into selected managed funds. You can negotiate a higher amount with your adviser; however the Trustee has the right to reject this amount.	You may agree to pay a dollar or percentage Managed fund transaction fee to your adviser for placing managed fund transactions on your behalf. This fee must be specified on your Managed Fund Transaction Form.  The Managed fund transaction fee will be deducted from your Cash Account at the time of investment into selected managed funds.

**Subject to the Trustee’s discretion, you have the right to negotiate and agree adviser fees with your adviser that are higher than any maximum amounts specified in the Application Forms for the Plan.**

<sup>1</sup> The Contribution fee may also be referred to as a ‘deposit fee’ or ‘initial establishment fee’ for reporting purposes.

<sup>2</sup> This amount is inclusive of GST and net of reduced input tax credits (‘RITC’). The GST inclusive amount (not

taking into account RITCs) is 0-5%.

The amounts specified on your Application Form for Contribution fees will be taken to be GST inclusive.

<sup>3</sup> This amount is inclusive of GST and net of RITC. The GST inclusive amount (not taking into account RITCs) is

0-2%. The amounts specified on your Application Form for Ongoing advice fees will be taken to be GST inclusive.

<sup>4</sup> This amount is inclusive of GST and RITC. The GST inclusive amount (not taking into account RITCs) is 0-5%.

**(b) Update to the maximum fees and costs allowed under the Trust Deed**

The following fees have been removed from the maximum fees table in the PDS as the previously disclosed maximums do not apply to these fees on a proper interpretation of the Trust Deed:

<b>Contribution fee</b>	5% of each investment made into your account
<b>Ongoing advice fee</b>	2.00% pa
<b>One-off advice fee</b>	\$4,000 pa

**(c) Update to clarify the description of fee allocation and platform payments in the PDS**

The fee allocation and platform payments disclosure has been amended to clarify which fees and payments may be allocated by the Trustee or the Administrator to third parties. The existing disclosure is replaced with the following information:

The Trustee may pay up to 100% of the fees and costs deducted from your account to the Administrator or Distributor.

The Administrator may also pay to your adviser, your adviser's dealer group and/or the Distributor, up to 100% of the fees/other payments it receives (including 'Product access payments and fund manager payments' referred to below) and/or a transition bonus of up to 0.2% of your initial investment. The Administrator pays these amounts out of its own funds and they are not an additional cost to you.

The payments in this section may relate to services provided to the Administrator or may be paid as a commission.

More specific details will be outlined in the statement of advice that is provided to you by your adviser.

**(d) Update to clarify the description of expense recoveries in the PDS**

The expense recoveries disclosure has been amended to update and set out the expenses that the Trustee is entitled to be reimbursed for. The existing disclosure is replaced with the following information:

The Trustee is entitled to be reimbursed for expenses incurred that relate specifically to your SuperWrap account (including, for instance, any Ongoing advice fee or One-off advice fee that you may agree to pay to your adviser). These expenses are deducted from your Cash Account as disclosed in the current PDS.

The Trustee is also entitled to be reimbursed for expenses incurred in the administration of SuperWrap generally, including the payment of statutory charges, licensing fees, audit fees and the cost of printing and mailing reports. These expenses may be passed on to all investors in SuperWrap and deducted from your Cash Account. Except where otherwise disclosed, the Trustee does not currently reimburse itself for these expenses.

The Trustee is liable to pay levies to APRA for each regulated super fund of which it is the trustee. Levies payable for Retirement Wrap are allocated among the plans in the fund, including SuperWrap. The Trustee reimburses itself for the levy out of a tax reserve account it maintains within the Plan.

### (e) Disclosure methodology for charging the Cash Account fee

The 'Fees and costs table' in the PDS has been amended to include a description of the method of calculation on which the amount of the Cash Account fee is based. The disclosure relating to how and when the Cash Account fee is paid has also been updated. The existing disclosure is replaced with the following information:

Type of fee or cost	Amount	How and when paid
<b>Cash Account fee</b> The fee you pay the Administrator for the administration of your Cash Account	The Cash Account fee is the difference between: (a) the interest rate earned by the Administrator on the underlying bank accounts it maintains at Westpac in which the cash that constitutes your Cash Account is deposited, and (b) the interest rate the Administrator declares for your Cash Account and which is payable to you. The rate of interest declared by the Administrator will not be lower than the average of the interest rates of the four major Australian banks for Cash Management Accounts with balances of \$10,000. <sup>1</sup> The Cash Account fee accrues daily.	The Cash Account fee is charged before interest is credited to your Cash Account at the end of each quarter. The Cash Account fee is paid out of the cash the Administrator deposits in the underlying bank accounts it maintains at Westpac and is not separately deducted from your account balance.

### (f) New disclosure on Wrap Capital Protection fees and costs

The following disclosure relates to the fees and costs of Wrap Capital Protection (refer to section 1 for more information on Wrap Capital Protection).

#### Wrap Capital Protection fees and costs

There will be a protection issuer fee and protection acquisition cost payable if you obtain Wrap Capital Protection for your investments in eligible managed funds. Your adviser will provide you with the BT Capital Protection Fund PDS, which provides more detail about the specific fees and costs that apply.

Unlike other managed funds, the fees and costs for the BT Capital Protection Fund are not deducted from the value of the managed fund before the unit price is calculated. Rather, the protection issuer fee and protection acquisition cost in relation to the BT Capital Protection Fund are deducted directly from your Cash Account.

If you apply Wrap Capital Protection through SuperWrap to an eligible managed fund investment, the investment costs you pay include the combined investment costs of Wrap Capital Protection and the managed fund investment. The investment cost of the BT Capital Protection Fund is expressed as a percentage of the value of each Protection Portfolio, which is the sum of the value of your investment in the eligible managed fund to which Wrap Capital Protection is applied, and the value of the corresponding units in the BT Capital Protection Fund.

### 3\_Updates to other information

The following changes have been made in relation to superannuation matters:

- eligibility for low income superannuation contributions
- changes to contributions caps
- new rules for excess concessional contributions
- increase to the low rate cap
- extending to 2012/13 the 25% reduction in the minimum pension requirements
- not accepting directed termination payments after 30 June 2012.

The Government has also proposed to make changes to the tax on concessional contributions of higher income earners as well as changes to the eligibility for Government co-contributions.

<sup>1</sup> You can contact your adviser or a SuperWrap Consultant to find out the current interest rate declared by the Administrator.

The PDS has been updated as follows in relation to these changes:

**(a) Changes to Government co-contributions and Low income superannuation contributions (LISC)**

The Government co-contributions disclosure has been amended by replacing the existing disclosure with the following information:

If you are eligible, the Government may make contributions into your account. These types of contributions include the Government co-contribution and the low income superannuation contribution. Further details on the Government co-contribution and low income superannuation contribution are provided below.

**Government co-contributions**

To be eligible for the Government co-contribution you must earn 10% or more of your total income from carrying on a business, eligible employment, or both. In addition:

- your total income must be under the co-contributions upper threshold,
- you must not be a temporary resident at any time during the income year in which the contribution is made, and
- you must be under 71 years of age at the end of that income year.

The Government has announced that it intends to reduce the maximum Government co-contribution and the matching rate effective from 1 July 2012. These proposed changes are not yet law.

The difference the proposed changes make to the co-contribution scheme is illustrated in the table below:

	2011/2012	Proposed 2012/2013
Maximum income for full co-contribution	\$31,920	\$31,920
Maximum co-contribution	\$1,000	\$500
Maximum income for partial co-contribution	\$61,920	\$46,920
Maximum matching rate	\$1 for each \$1 contributed	50 cents for each \$1 contributed

Full information regarding eligibility for the Government co-contribution can be found at [www.ato.gov.au](http://www.ato.gov.au).

**Low income superannuation contribution (LISC)**

From 2012/13, you will generally be eligible for a LISC if your adjustable taxable income does not exceed \$37,000 and at least 10% of your income is sourced from employment or business sources. The amount of LISC payable will be calculated as 15% of the total concessional contributions made by or on behalf of you for the financial year, up to a maximum of \$500.

If you are eligible for the LISC the ATO will automatically make the payment into your super account.



## (b) Changes to contributions caps

The contributions cap disclosure has been amended by replacing the existing disclosure with the following information:

<b>Concessional contributions cap</b>	
→ Employer contributions (including salary sacrifice).	→ The cap is \$25,000 per member for the 2012/13 and 2013/14 financial years, and will be indexed to Average Weekly Ordinary Time Earnings (AWOTE) in \$5,000 amounts in subsequent years. <sup>1</sup>
→ After tax contributions for which you claim a personal tax deduction.	→ Concessional contributions in excess of the relevant cap will be subject to additional tax (refer to 'Understanding Taxation' in this section).
<b>Non-concessional contributions cap</b>	
→ After tax contributions for which no tax deduction is claimed (including spouse contributions).	→ The cap is \$150,000 per member for the 2012/13 financial year. This will not be separately indexed in subsequent years, but will be fixed at six times the concessional contributions cap (currently \$25,000).
→ Amounts transferred from overseas super funds (excluding the taxable amount of such transfers).	→ People under age 65 may be able to 'bring forward' future entitlements to two years' worth of non-concessional contributions, allowing up to \$450,000 over a three year period to be contributed without an additional tax liability. There is no indexation during the three year period.
→ Amounts in excess of the CGT cap (see below).	→ Non-concessional contributions in excess of the relevant cap will be subject to additional tax refer to 'Understanding Taxation' in this section).
→ Amounts of concessional contributions in excess of the concessional contributions cap.	
<b>Capital Gains Tax ('CGT') cap</b>	
→ Contributions made from certain amounts arising from the disposal of qualifying small business assets, provided that a tax deduction is not claimed for the contribution. <sup>2</sup>	→ A lifetime cap of \$1,255,000 (indexed) is available, provided that this is a personal contribution for which no deduction is claimed.

Please note that directed termination payments cannot be accepted after 30 June 2012.

## (c) Changes to tax on concessional contributions

The disclosure relating to tax on concessional contributions has been amended and now includes the following information:

As part of the May 2012 Federal Budget, the Government announced changes, which if passed, will impose an additional 15% tax on concessional contributions for individuals with income greater than \$300,000. The definition of 'income' for this measure includes concessional contributions. This measure is intended to take effect from 1 July 2012. These proposed changes may have an impact on the amount of tax you pay therefore we suggest that you obtain professional advice in respect of your own particular circumstances.

## (d) New rules for excess concessional contributions

New disclosure relating to excess concessional contributions has been introduced to include the following information:

From 1 July 2011, if you breach your concessional contributions cap by up to \$10,000 you may be given the option of a refund of the excess concessional contributions from your super fund and have these assessed at your marginal tax rate. This option will only be available for the first time that you breach your concessional cap from 2011/12 and applies for contributions made in the 2011/12 financial year onwards.

## (e) Increasing low rate cap

The low rate cap is \$175,000 for 2012/13. This amount will be indexed to AWOTE in \$5,000 amounts in subsequent years.

<sup>1</sup> The concessional contribution cap will not be indexed for the 2012/13 or 2013/14 financial years.

<sup>2</sup> The rules about which amounts qualify are complex. You should consult a qualified professional adviser to establish your eligibility.



**(f) 25% reduction in the minimum pension requirements extended to 2012/13**

The Government has extended relief from the minimum pension payment requirements to the 2012/13 financial year. This means your minimum pension payment specified by Government regulations will be reduced by 25% for the year ended 30 June 2013. For example if your minimum payment requirement for the 2012/13 financial year was \$10,000 you will be able to choose to take a payment of only \$7,500 for the financial year.

**(g) Directed terminated payments cannot be accepted after 30 June 2012**

The 'funding your pension' disclosure has been amended and now includes the following information:

	<b>Pension</b>	<b>Non-commutable Pension</b>
<b>Funding your pension</b>	<p>You can purchase a pension with:</p> <ul style="list-style-type: none"> <li>→ unrestricted non-preserved money from the Personal Super Plan</li> <li>→ rollovers of superannuation benefits classed as unrestricted non-preserved</li> <li>→ personal contributions, including contributions made from the sale of certain small business assets and certain payments for personal injury, to which you have immediate access using a condition of release</li> </ul>	<p>You can purchase a non commutable pension with any:</p> <ul style="list-style-type: none"> <li>→ money from the Personal Super Plan</li> <li>→ rollovers of superannuation benefits</li> <li>→ personal contributions, including contributions made from the sale of certain small business assets and certain payments for personal injury provided you have reached your preservation age.</li> </ul> <p><b>Important note:</b> All amounts used to purchase a non-commutable pension in SuperWrap will be preserved (regardless of the preservation status of the amounts used to purchase the non-commutable pension) until you meet a full condition of release.</p>

Please note that directed termination payments cannot be accepted after 30 June 2012.

For more details on the above changes please refer to the information contained in the supplementary product disclosure statements dated 18 October 2012 and 12 November 2012 which can be obtained free of charge from [www.investorwrap.com.au](http://www.investorwrap.com.au) or on request from your adviser or us.