7 June 2017

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Notification of changes to Super Wrap/Accelerator

We are writing to inform you of some important changes to your Super Wrap/ Accelerator account, which are detailed on the following pages.

Some of these changes have already been implemented and are available to you now. Others will occur after we update the Super Wrap/ Accelerator Product Disclosure Statement (PDS) on or around 3 July 2017.

The updated PDS and accompanying Information Guides, which will contain the full details of these changes, will be available on our website or by contacting us directly on 1800 888 223 once re-issued.

More information

For more information regarding these changes please contact Investor Services on Freecall 1800 888 223 or via email to contact@netwealth.com.au

Thank you for using Netwealth.

Yours sincerely,
Netwealth Investments Limited

Your Details

Account name
SAMPLE

Client number
SAMPLE

Account number
SAMPLE

Adviser Details

Adviser name
SAMPLE

Phone number
SAMPLE

For more information

1800 888 223

contact@netwealth.com.au

netwealth.com.au

1. Changes to superannuation regulations

Over the last 12 months the government has announced a range of changes to superannuation regulations and tax. The updated PDS and Information Guides will contain details of the changes to superannuation which take effect on 1 July 2017. A summary of the superannuation changes is set out below:

- introduction of cap on balances in retirement phase income streams that are exempt from tax on earnings, set initially at $1.6 million;
- removal of tax exemption on investment earnings for transition to retirement income streams, prior to satisfying a condition of release;
- reduction in the annual concessional (before tax) contributions cap to $25,000;
- reduction in the annual non-concessional (after tax) contributions cap to $100,000;
- introduction of catch-up concessional contributions over a 5-year period (from 1 July 2018);
- increase in income threshold for spouse superannuation tax offset to $37,000;
- reduction in the income threshold for the definition of very high income earners to $250,000;
- removal of option to treat a pension payment as a lump sum payment, for tax purposes;
- removal of anti-detriment provisions for superannuation death benefits;
- restricting the ability of individuals to make non-concessional contributions to those with total superannuation savings of less than $1.6 million; and
- removal of the requirement that an individual must earn less than 10% of their income from employment-related activities to be eligible to claim a tax deduction for personal contributions made to superannuation.

These changes could be significant for some superannuation members and if you think you may be impacted you should speak to a financial adviser before the changes take effect.

2. Update to the minimum cash requirement

As a result of the implementation of our auto sell down process for topping up your cash account, we have been able to reduce the minimum cash requirement for members who receive monthly payments from an income stream or who hold insurance in their super account. The additional amount you are required to hold in cash to provide for these benefits has been reduced from two monthly amounts to one monthly amount, as described below.

The 'minimum cash requirement', is 1% of your account balance or $500, whichever is greater, up to a maximum of $5,000. The following amounts are required to be added to the 'minimum cash requirement':

- where you are receiving monthly payments from an income stream or pension, an amount equal to one monthly payment;
- where you are receiving quarterly payments from an income stream or pension, an additional amount equal to one quarterly payment; and
- where you have insurance in place, an additional amount equal to one monthly or one quarterly insurance premium payment (as applicable).

This change has already been implemented.

3. Update to the Reinvestment Plan

As a result of requests from members and their advisers we have introduced a new distribution reinvestment option for managed funds. Under the Reinvestment Plan you now have two ways to make further investments into managed funds held in your account:

- **Distribution reinvestment:** this is a new feature, available immediately, which allows distributions received from a particular managed fund to be reinvested back into that same managed fund; and
- **Income reinvestment:** where the monthly net income from all investments and other regular contributions that are paid into your account are invested into one or more managed funds that you select.

4. Trade international securities online

We have improved our processes for trading international securities. You or your financial adviser can now trade international securities in your account by providing us with direct instruction online through your account.

5. Update to the wholesale cash administration fee

From 10 July 2017, we will set the rate of interest credited to your cash account at a rate that is no less than 0.50% p.a. less than the official cash rate. This will provide you with greater certainty as to the rate you will receive.

There is a cash account fee on funds held in your cash account. We set the cash account fee so that the rate of interest credited to your cash account (after taking out the fee) is no less than 0.50% p.a. less than the official cash rate. For example, if during a month, the official cash rate is 2.0% p.a., we set the cash account fee so that, after taking out the fee, interest is credited to your cash account at the rate of at least 1.50% p.a. The amount of this fee will therefore be dependent on our ability to negotiate rates with the banks with whom the cash is invested. Previously the fee was up to 1.25% p.a. We estimate that from 10 July 2017 this fee will be between 1.40% p.a. and 1.45% p.a. but this may change if there are changes in the official cash rate and/or the interest rate we receive. The cash account fee is an indirect fee deducted from the interest earned on pooled cash before the interest rate for your cash account is declared. This fee is not deducted from your account.