

Enhancements to your account

We have made a number of enhancements to your account which will take effect in November 2016. These enhancements have been made to offer you more control over managing your account.

Standing Instructions

We are making changes to how contributions, rollovers and income are invested and how we top up your Cash Account. Currently we maintain your Cash Account balance at 1.5 per cent of your account balance – using your ongoing investment strategy to invest or redeem as required. With these changes, we will look at each contribution or rollover and invest it as per your Deposit Instruction and, if your Cash Account needs to be topped up, we will use your Top Up instruction.

Deposit Instruction

Your Deposit Instruction tells us how you would like contributions and rollovers to be invested and will include:

- the managed investment(s) you wish to invest in for each contribution;
- the percentage of your contribution that you want to invest in each managed investment; and
- the percentage you would like allocated to your Cash Account (which must be at least one per cent, and can be increased to suit your needs).

Please note, term deposits and listed investments still cannot form part of your Deposit Instruction. To invest in these options you need to make an investment switch.

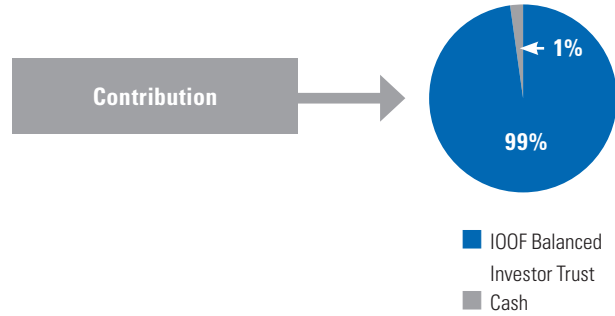
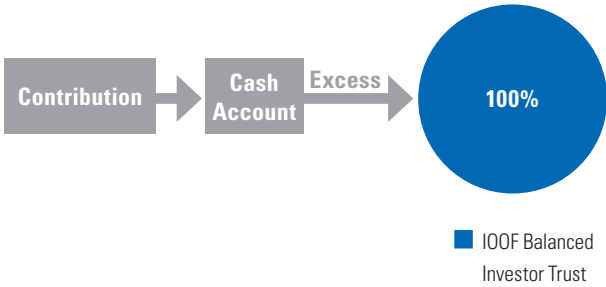


How does this impact my account?

We will convert your existing ongoing investment strategy to a Deposit Instruction. However, as we need to allocate one per cent to the Cash Account, we will take this proportionally from your existing investment strategy shown in the examples below.

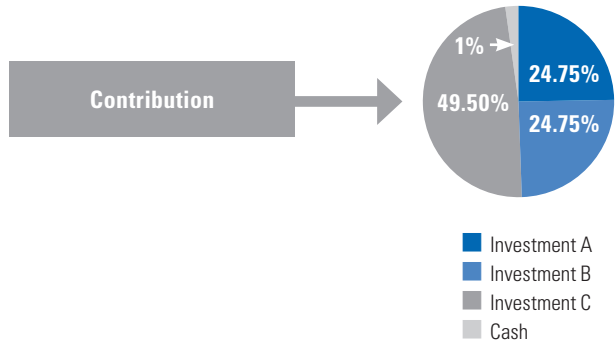
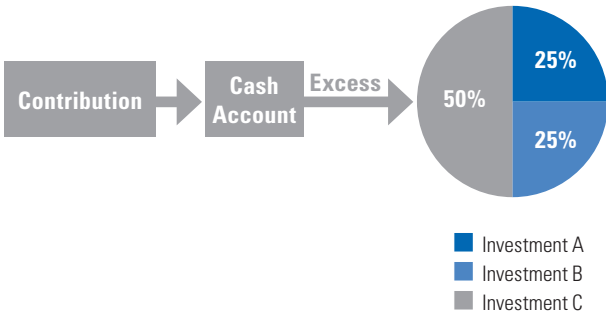
If you are a MySuper member:

Current investment strategy		New deposit instruction	
IOOF Balanced Investor Trust	100%	IOOF Balanced Investor Trust	99%
		Cash Account	1%



If you are not a MySuper member (Choice):

Current investment strategy		New deposit instruction	
Investment A	25%	Investment A	24.75%
Investment B	25%	Investment B	24.75%
Investment C	50%	Investment C	49.50%
		Cash Account	1%



If you have nominated a different ongoing Cash Account balance, this will form the Cash Account portion of your new Deposit Instruction and the investment strategy will be proportioned accordingly.

Income

Income distributions received from your investment options are automatically credited to your Cash Account. This income can be then be re-invested using one of the following methods (only one can be selected):

- Re-invest – this method allows you to automatically re-invest 100 per cent of the income distribution back into the same managed investment that made the income distribution¹; or
- Retain in your Cash Account – this method allows you to leave all income in your Cash Account to accumulate. Income will remain in your Cash Account until we receive a Switching Instruction from you.

How does this impact my account?

Your income method will be set to re-invest unless you advise us otherwise.

Cash Account preferences

Allocation to your Cash Account

We will maintain a percentage of your account balance in the Cash Account. The default minimum is one per cent, however, you can update this to be the same as the percentage allocated to the Cash Account in your Deposit Instruction. This amount is used for funding fees and expenses, taxes, pension payments and insurance premiums (where applicable).

In addition, you may nominate a dollar based cap on the amount held in your Cash Account, subject to a \$5,000 minimum.

Top up

We will review the balance of your Cash Account in the following scenarios:

- at the end of each month (following the deduction of any applicable fees and insurance premiums)
- after tax has been deducted
- after pension payments have been paid (for pension accounts only).

If the balance of your Cash Account is zero or below, we will top it up to the lower of:

- the percentage allocated to the Cash Account (one per cent or the amount nominated in your Deposit Instruction); or
- your nominated cap amount.

If we are required to top up your Cash Account, the amount required to top it up will be funded from your managed investments using one of the following methods (only one method can be selected):

- Pro-rata – redeem funds across all managed investments according to the proportion of the portfolio that they represent; or
- Redemption instruction – percentage: redeems funds from specified managed investments according to the percentage allocation nominated by you.

Where there are insufficient managed investments to enable top up of your Cash Account, we will redeem some of your other investments in order to fund fees, expenses, taxes, pension payments and insurance premiums and to provide the minimum cash requirement. We will redeem investments in the following order:

- listed investments with the highest balance;
- annuity funds with the highest balance; and then
- term deposits with the lowest balance (redeemed in full).

The normal fees, charges, penalties, and listed investment minimums will apply to these transactions. There may also be capital gains tax implications.

How does this impact my account?

If you are a MySuper member²:

We will maintain your existing investment strategy and top up your Cash Account from the IOOF Balanced Investor Trust.

If you are not a MySuper member (Choice):

We will maintain your existing investment strategy by converting it to a redemption instruction - percentage.

¹ Where we have suspended or stopped investments in a managed investment or where a managed investment is redeemed in full (except where a managed investment is no longer held due to the requirement to top up your Cash Account) income from that managed investment will be retained in your Cash Account.

² If you are one of the small number of MySuper members with other investments in addition to the IOOF Balanced Investor Trust (you can determine this by looking at your investments on page 1 of your enclosed annual benefit statement), we will maintain your existing investment strategy by converting it to a Redemption instruction - percentage.

Treatment of tax in your account

We generally deduct tax from your account at the time we need to pay it to the ATO. Accrued tax on contributions will be retained in your Cash Account and the remainder will be invested as per your Deposit Instruction.

Investment limits

In order to maintain liquidity and diversification in your account, the Trustee has set limits on the amount of your account balance which can be allocated to particular restricted investments, term deposits, annuity funds and listed investments (such as shares, exchange traded funds and listed investment companies). We have made a change to these investment limits, which are set out in the table below. These will only be assessed at the time an investment is made.

The Trustee will not monitor these limits on an ongoing basis and will generally not sell down investment options if these limits are exceeded, other than where necessary to maintain liquidity in your account or for any other reason where the Trustee determines the sale to be in your best interests or the best interests of the Fund as a whole.

Investment option	Investment limit
Restricted investments	30% of your account balance in each investment option, with not more than 70% of your account balance invested in restricted investments.
Term deposits	95% of your account balance.
Annuity funds	95% of your account balance.
Listed investments	30% of your account balance in each listed investment, with not more than 95% of your account balance invested in listed investments.

In addition, any combination of the above investment options must not exceed 95 per cent of your account balance.

Listed investment minimums

The minimum buy or sell order for listed investments has been reduced to \$2,000 (previously this limit was \$3,000). If the sell order of \$2,000 will result in you retaining less than \$2,000 in the listed investment, we reserve the right to sell your holding in full.

If you have any questions, please speak with your financial adviser, or call our Client Services Team on **1800 333 900**.

AustChoice Super is issued by IOOF Investment Management Limited ABN 53 006 695 021 AFSL 230524 as Trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818. Australian Executor Trustees Limited ABN 84 007 869 794 AFSL 240023 is the Service Operator for the AustChoice Investment Service. **Part of the IOOF group.**

This update is issued by IOOF Investment Management Ltd (IIML) ABN 53 006 695 021 AFS Licence No. 230824 as Trustee of The IOOF Portfolio Service Superannuation Fund.

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