

Important information about your super



Changes to superannuation from 1 July 2021

We summarise the key changes to super that you need to know.

- The **superannuation guarantee** (SG) increased from 9.5% to 10% and is scheduled to increase 0.5% each year until it reaches 12%.
- The annual cap for **before-tax (concessional) contributions** increased from \$25,000 to \$27,500. If eligible, you may be able to carry forward and use any unused cap amounts up to five years. This cap includes the 10% SG from your employer.
- The cap on **after-tax (non-concessional) contributions** is now \$110,000 (across all your super funds) per year if you have a total super balance of less than \$1.7 million as at 30 June of the previous financial year. If you're under 67 on 1 July, you can bring forward up to two years of future contributions, which is equivalent to a cap of up to \$330,000 over three years. The full three-year bring forward cap only applies if your total super balance was less than \$1.48 million.
- The general **transfer balance cap** (TBC) is a lifetime limit on the total amount of superannuation that can be transferred into retirement phase income streams. Previously the TBC was set at \$1.6 million. If you're starting a new pension on or after 1 July 2021, you'll have a personal TBC of \$1.7 million. Everyone has their own personal TBC, visit ato.gov.au to find out what cap applies to you.
- The **work test** threshold has been raised from age 65 to 67. This means from 1 July 2020, if you're under 67, you can make after-tax contributions without having to meet the work test.
- The temporary 50% **reduction to minimum pension payments** has been extended to 30 June 2022 for members with a Retirement Income Stream account (RIS) or a Transition to Retirement Income Stream account (TRIS).



For more information visit [aware.com.au/factsheets](https://www.aware.com.au/factsheets)

Federal Budget 2021



The Government proposed a number of changes to superannuation in this year's Federal Budget, including:

- removal of the \$450 super threshold
- measures to help first home buyers save more for their first home
- lowering the age of eligibility for downsizer contributions.

The Your Future, Your Super measures to reduce multiple fees and address underperforming super funds were legislated in June this year.



For more information visit [aware.com.au/blog/federal-budget-2021](https://www.aware.com.au/blog/federal-budget-2021)

Update on your products and investments

Your investment fees

Investment fees can be broadly split into three categories:

- 1 Management fees and costs**, which include fees paid to investment managers to manage money, costs of the Aware Super Investment team, the management/trustee fee, and other expenses associated with managing the fund's investments such as custody fees.
- 2 Performance-related costs**, which are performance fees paid to investment managers.
- 3 Transaction costs**. These fees and costs are paid from the assets of the investment option and underlying investment portfolios before unit prices and investment returns are calculated.

Investment fees vary from year to year and cannot be precisely calculated in advance. The amounts shown under the heading 2021 in Tables 1 and 2 are the fees and costs calculated for the 12 months to 30 June 2021. In future, the amount you pay will depend on the option(s) you choose, and the fees and costs incurred by the trustee in managing that option. Investment fees for most investment options for the 2020-21 year were different from that of the previous year.

Here's a summary of the changes.

- The investment fees for the single asset class investment options were generally lower than, or in line with, the previous year.
- The management fees and costs, and transaction costs of the diversified investment options were generally lower than, or in line with, the previous year. The increased size and scale of our fund helped to reduce these costs despite a volatile year in investment markets.
- Performance-related costs increased for the diversified investment options and, in some cases, increased significantly.
- Where total investment fees for the diversified investment options were higher, this was mostly due to an increase in performance-related costs.

Tables 1 and 2 show the total investment fees broken down into these categories.

Performance-related costs

While Aware Super does not charge performance fees, we have performance fee arrangements with certain investment managers. Under these arrangements, performance fees are paid if the manager delivers performance above an agreed level. As these fees are dependent on the performance of the underlying managers, they can vary from year to year.

However, most of these performance fees are accrued and only paid on the realisation of an investment, so it's possible not all these costs will end up getting paid.

The strong returns in FY2020-21 resulted in an increase in performance-related costs, particularly for options with higher allocations to unlisted asset classes such as private equity, property and infrastructure and real assets. More than half of the performance-related costs in the High Growth, Growth and Balanced Growth options were driven by the private equity asset class, which returned over 35% for the year to 30 June 2021 for these options.

Performance fee arrangements are common for these asset classes and it would be difficult to access certain investment opportunities without having performance fee arrangements in place with our investment managers. Performance fees can be used to align the investment outcomes of our members with the interests of our investment managers, by giving them an incentive to deliver strong performance. In other words, they get paid more when performance is high.

While we try to keep our fees and costs as low as possible, we believe investments in these asset classes are important as they help to diversify risk and enhance returns for our members over the long term (even after taking into account the total fees paid).

Table 1: Accumulation and Transition to Retirement Income Stream – estimated investment fees (% per year)

Investment option	Management fees and costs % pa		Performance-related costs % pa		Transaction costs % pa		Total investment fees % pa	
	2020	2021	2020	2021	2020	2021	2020	2021 ¹
High Growth ²	0.47%	0.43%	0.21%	0.58%	0.09%	0.08%	0.77%	1.09%
Growth ²	0.44%	0.40%	0.21%	0.49%	0.09%	0.07%	0.74%	0.96%
Diversified Socially Responsible Investment	0.38%	0.37%	0.07%	0.10%	0.06%	0.06%	0.51%	0.53%
Balanced Growth ²	0.40%	0.36%	0.15%	0.44%	0.07%	0.07%	0.62%	0.87%
Conservative Growth	0.33%	0.21%	0.09%	0.09%	0.04%	0.04%	0.46%	0.34%
Australian Equities	0.07%	0.05%	0.00%	0.00%	0.00%	0.01%	0.07%	0.06%
Australian Equities Socially Responsible Investment	0.20%	0.20%	0.00%	0.00%	0.05%	0.04%	0.25%	0.24%
International Equities	0.08%	0.06%	0.00%	0.00%	0.03%	0.01%	0.11%	0.07%
Property	0.48%	0.35%	0.24%	0.34%	0.15%	0.14%	0.87%	0.83%
Australian Fixed Interest	0.08%	0.06%	0.00%	0.00%	0.00%	0.00%	0.08%	0.06%
International Fixed Interest	0.27%	0.27%	0.00%	0.00%	0.00%	0.00%	0.27%	0.27%
Cash	0.03%	0.03%	0.00%	0.00%	0.00%	0.00%	0.03%	0.03%
Defined Benefits	0.34%	0.32%	0.16%	0.52%	0.06%	0.06%	0.56%	0.90%

¹ An estimate of implicit transaction costs, borrowing costs and property operating costs are not included in these amounts and are shown in the PDS dated 1 November 2021 which will be available on our website aware.com.au from 1 November 2021.

² The fees shown are the same for MySuper Lifecycle and Choice members.

Table 2: Retirement Income Stream – estimated investment fees (% per year)

Investment option	Management fees and costs % pa		Performance-related costs % pa		Transaction costs % pa		Total investment fees % pa ²	
	2020 ¹	2021	2020 ¹	2021	2020 ¹	2021	2020 ¹	2021 ²
High Growth	0.61%	0.53%	0.22%	0.38%	0.09%	0.08%	0.92%	0.99%
Growth	0.56%	0.49%	0.22%	0.34%	0.09%	0.07%	0.87%	0.90%
Diversified Socially Responsible Investment	0.52%	0.42%	0.07%	0.09%	0.06%	0.06%	0.65%	0.57%
Balanced Growth	0.52%	0.44%	0.15%	0.30%	0.07%	0.07%	0.74%	0.81%
Conservative Growth	0.44%	0.32%	0.09%	0.09%	0.04%	0.04%	0.57%	0.45%
Australian Equities	0.13%	0.11%	0.00%	0.00%	0.00%	0.01%	0.13%	0.12%
Australian Equities Socially Responsible Investment	0.29%	0.29%	0.00%	0.00%	0.05%	0.04%	0.34%	0.33%
International Equities	0.15%	0.12%	0.00%	0.00%	0.03%	0.01%	0.18%	0.13%
Property	0.54%	0.41%	0.25%	0.34%	0.16%	0.14%	0.95%	0.89%
Australian Fixed Interest	0.14%	0.12%	0.00%	0.00%	0.00%	0.00%	0.14%	0.12%
International Fixed Interest	0.37%	0.36%	0.00%	0.00%	0.00%	0.00%	0.37%	0.36%
Cash	0.02%	0.03%	0.00%	0.00%	0.00%	0.00%	0.02%	0.03%

¹ The 2020 investment fees in the table reflect the estimated fees and costs for each investment option for the 12 months to 30 June 2020, apart from the Management fee which was introduced on 1 April 2020 and forms part of "Management fees and costs".

² An estimate of implicit transaction costs, borrowing costs and property operating costs are not included in these amounts and are shown in the PDS dated 1 November 2021 which will be available on our website aware.com.au from 1 November 2021.

Important changes to your investment options



As part of our investment approach, we undertake a yearly review of our investment options to make sure they are appropriate for market conditions and the investment outlook. As part of our review this year, there are some changes to the investment objectives and asset allocations of your investment options. These will come into effect on 30 September 2021 and apply to the following products:

- Accumulation*
- Retirement Income Stream
- Transition to Retirement Income Stream

* Personal Super, Employer-sponsored Super, Ambulance Officers' Super and Police Blue Ribbon Super.

Changes to the return objectives

Every investment option has an investment objective, which is the desired investment outcome for the option, reflecting the current investment environment and investment mix.

The investment objectives below will change on 30 September 2021. There are no objective changes to our other investment options.

	Current objective	Objective from 30 September 2021
Cash	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.	To meet or exceed the return of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
International fixed income	To track the return of the Bloomberg Barclays Global Aggregate Float-Adjusted Index (100% hedged) in Australian dollars, before taking into account fees, costs and tax.	To track the return of the Bloomberg Barclays Global Aggregate Float-Adjusted ex-CNY Index (100% hedged) in Australian dollars, before taking into account fees, costs and tax.
Property	To outperform a combined index, namely the FTSE EPRA/NAREIT Developed Rental Index Net Dividends Reinvested (100% hedged) in Australian dollars and CPI + 5% p.a. over rolling 5-year periods, before tax and after taking into account fees and costs.	To outperform a weighted index – namely 65% to the FTSE EPRA/NAREIT Developed Rental Index Net Dividends Reinvested (100% hedged) in Australian dollars and 35% to CPI + 5% p.a. – over rolling 5-year periods, before tax and after taking into account fees and costs.



Changes to the asset allocations

We have changed the name 'income' assets to 'defensive' assets to align with terminology commonly being used across the industry.

Historically we have classified our asset classes as having either growth or defensive (income) characteristics only. From 30 September 2021 we'll update our classifications to reflect that some asset classes, such as property, and infrastructure and real assets, can have both growth and defensive characteristics.

As a result of this reclassification, the overall growth and defensive target allocation for the High Growth option has changed, as shown in the table below. Note that even though the growth target allocation has fallen, we have modestly increased our equities exposure.

High Growth option

	Current		From 30 September 2021	
	Target	Range	Target	Range
Growth	92%	72%-100%	88%	68%-100%
Defensive	8%	0%-28%	12%	0%-32%

There are no other changes to the investment option growth and defensive target asset allocations.

Strategic asset allocations (SAA)

Our *members' first* investment approach aims to help you save more for your retirement.

We have made some changes to the Accumulation and Transition to Retirement Income Stream Balanced and Conservative Growth investment options to help you meet your goals. These options will now have a growth focus in all of the underlying asset classes to help you maximise your super savings during your accumulation years. The High Growth and Growth options already have a growth focus in all of their underlying asset classes.

Diversified options – Accumulation and Transition to Retirement Income Stream
















We have modestly increased our listed equities exposure, with a corresponding decrease in the liquid alternatives and cash/fixed income asset classes, as illustrated in the table below. The + or – numbers within brackets in the SAA columns in the table below represent the change from the previous SAA for each option.

	High Growth*		Growth*		Balanced Growth*		Conservative Growth		Diversified SRI	
Strategic asset allocations – from 30 September 2021										
	SAA	Range	SAA	Range	SAA	Range	SAA	Range	SAA	Range
Australian equities	25% (+1.5%)	15%-36%	21.5% (+2.5%)	11%-32%	15% (+1%)	5%-25%	6% (+1%)	0%-16%	21.5% (+1.5%)	11%-32%
International equities	42% (+1%)	32%-52%	35% (+4%)	25%-45%	24.5% (+2.5%)	14%-35%	10% (+2%)	0%-20%	35.5% (+2.5%)	25%-46%
Private equity	8%	0%-28%	6%	0%-26%	5%	0%-25%	0%	0%-20%	6%	0%-26%
Infrastructure and real assets	9%	0%-29%	9%	0%-29%	8%	0%-28%	6%	0%-26%	9%	0%-29%
Property	7%	0%-27%	7%	0%-27%	8%	0%-28%	6%	0%-26%	7%	0%-27%
Liquid alternatives (Growth)	1% (-2%)	0%-21%	1% (-2%)	0% - 21%	1% (+1%)	0%-21%	0%	0%-10%	0%	0%-10%
Liquid alternatives (Defensive)	0%	–	0%	–	0% (-4%)	0%-20%	0%	0%-20%	0%	0%-20%
Credit income	3%	0%-23%	5%	0%-25%	7% (-3%)	0% – 27%	4%	0%-24%	5%	0%-25%
Fixed income	0%	0%-10%	10%	0%-25%	17%	0%-35%	20% (-5%)	0%-45%	10%	0%-25%
Cash	4.5% (-0.5%)	1%-15%	5.5% (-4.5%)	1% – 45%	14.5% (+2.5%)	1%-60%	48% (+2%)	1%-85%	6% (-4%)	1%-45%
Currency exposure	27% (-2%)	0%-52%	22%	0%-45%	16%	0%-35%	6%	0%-20%	22% (-2%)	0%-46%

* The High Growth, Growth and Balanced Growth options are part of our MySuper Lifecycle approach.

Diversified options – Retirement Income Stream

We have modestly increased our equities exposure, including an increase in private equity, with a corresponding decrease in our liquid alternatives, credit income and cash/fixed income exposures where appropriate for each option, as illustrated in the table below. The + or – numbers within brackets in the SAA columns in the table below represent the change from the previous SAA for each option.

	High Growth		Growth		Balanced Growth		Conservative Growth		Diversified SRI	
Strategic asset allocations – from 30 September 2021										
										
	SAA	Range	SAA	Range	SAA	Range	SAA	Range	SAA	Range
 Australian equities	29%	19%-39%	24.5% (+1.5%)	14%-35%	16.5% (+0.5%)	6%-27%	7% (+1%)	0%-17%	17% (+1%)	7%-27%
 International equities	38.5% (-1.5%)	18%-49%	32% (+2%)	22%-42%	21.5% (-1%)	11%-32%	9% (+2%)	0%-19%	23% (+0.5%)	13%-33%
 Private equity	8% (+4%)	0%-28%	6% (+3%)	0%-26%	5% (+2.5%)	0%-25%	0%	0%- 20%	5% (+2.5%)	0%-25%
 Infrastructure and real assets	9%	0%-29%	9%	0%-29%	8%	0%-28%	6%	0%-26%	8%	0%-28%
 Property	7%	0%-27%	7%	0%-27%	8%	0%-28%	6%	0%-26%	8%	0%-28%
 Liquid alternatives (Growth)	1% (-2%)	0%-21%	1% (-2%)	0%-21%	0%	0%-10%	0%	0%-10%	0%	0%-10%
 Liquid alternatives (Defensive)	0%	–	0%	–	4%	0%-24%	0%	0%-20%	0%	0%-20%
 Credit income	3%	0%-23%	5%	0%-25%	7%	0%-27%	4%	0%-24%	7% (-3%)	0%-27%
 Fixed income	0%	0%-10%	10%	0%-25%	17%	0%-35%	20% (-5%)	0%-45%	17% (-2%)	0%-35%
 Cash	4.5% (-0.5%)	1%-15%	5.5% (-4.5%)	1%-45%	13% (+1%)	1%-60%	48% (+2%)	1%-85%	15% (+1%)	1%-60%
Currency exposure	25% (-3%)	0%-49%	20% (-1%)	0%-42%	14% (-2%)	0%-32%	6% (+1%)	0%-19%	14% (-2%)	0%-33%

Single Asset Class options – Accumulation, Transition to Retirement Income Stream and Retirement Income Stream

We have included a range for Cash in each of these options to indicate there may be a small allocation to cash at any time, in order to efficiently manage the portfolio. We've also included the listed and unlisted property weightings for the Property option, following member feedback.

	Australian Equities				Australian Equities Socially Responsible Investment (SRI)			
	Current		From 30 September 2021		Current		From 30 September 2021	
	SAA	Range	SAA	Range	SAA	Range	SAA	Range
Australian equities	100%	n/a	100%	95%-100%	100%	n/a	100%	95%-100%
Cash	n/a		0%	0%-5%	n/a		0%	0%-5%

International Equities

	Current		From 30 September 2021	
	SAA	Range	SAA	Range
Australian equities	100%	n/a	100%	95%-100%
Cash	n/a		0%	0%-5%
Currency exposure	100%	n/a	100%	95%-100%

	Australian Fixed Interest				International Fixed Interest			
	Current		From 30 September 2021		Current		From 30 September 2021	
	SAA	Range	SAA	Range	SAA	Range	SAA	Range
Australian Fixed Income*	100%	80%-100%	100%	80%-100%	n/a		n/a	
International Fixed Income**	n/a	0%-20%	0%	0%-20%	100%	n/a	100%	95%-100%
Cash	n/a		0%	0%-5%	n/a		0%	0%-5%
Currency exposure	0%	0%-5%	0%	0%-5%	0%	0%-5%	0%	0%-5%

* A sub-strategic asset allocation of Fixed income.

Property

	Current		From 30 September 2021	
	SAA	Range	SAA	Range
Property	100%	n/a	n/a	
Listed property*	n/a		65%	0%-100%
Unlisted property*	n/a		35%	0%-100%
Cash	n/a		0%	0%-5%
Currency exposure	0%	0%-5%	0%	0%-5%

* A sub-strategic asset allocation of Property.

MySuper Lifecycle investment approach

The High Growth, Growth and Balanced Growth options are part of our MySuper Lifecycle investment approach. As such, the changes described in the section 'Strategic asset allocations' affect some of the MySuper Lifecycle stages as the underlying options are changing.

The High Growth option's growth and defensive target allocation is also changing. This means some of the MySuper Lifecycle approach stages will also change, as shown in the table below.

Stage		Current	From 30 September 2021
		Target	Target
Grow 55	Growth	92%	88%
	Defensive	8%	12%
Manage 56	Growth	89%	85%
	Defensive	11%	15%
Manage 57	Growth	85%	83%
	Defensive	15%	17%
Manage 58	Growth	82%	80%
	Defensive	18%	20%

The Standard Risk Measure (SRM) and estimated number of negative annual returns over any 20-year period have changed for 'Manage 64', one of the MySuper Lifecycle stages, as a result of changes to the strategic asset allocations in the underlying options.

The SRM is based on industry guidance and shows an investment option's risk band and label. This allows you to compare options that are expected to deliver a similar number of negative annual returns over any 20-year period.

Standard Risk Measure (SRM)			Estimated Number of Negative Annual Returns over any 20-Year Period	
Stage	Current	From 30 September 2021	Current	From 30 September 2021
Manage 64	4: Medium	5: Medium to high	2 to less than 3	3 to less than 4

The updated MySuper Lifecycle investment profiles, including the effective positioning, target asset allocations and standard risk measures from the underlying options, are available at [aware.com.au/lifecycle](https://www.aware.com.au/lifecycle).

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