

BBI Group Pty Limited
Superannuation Fund



General Advice Warning

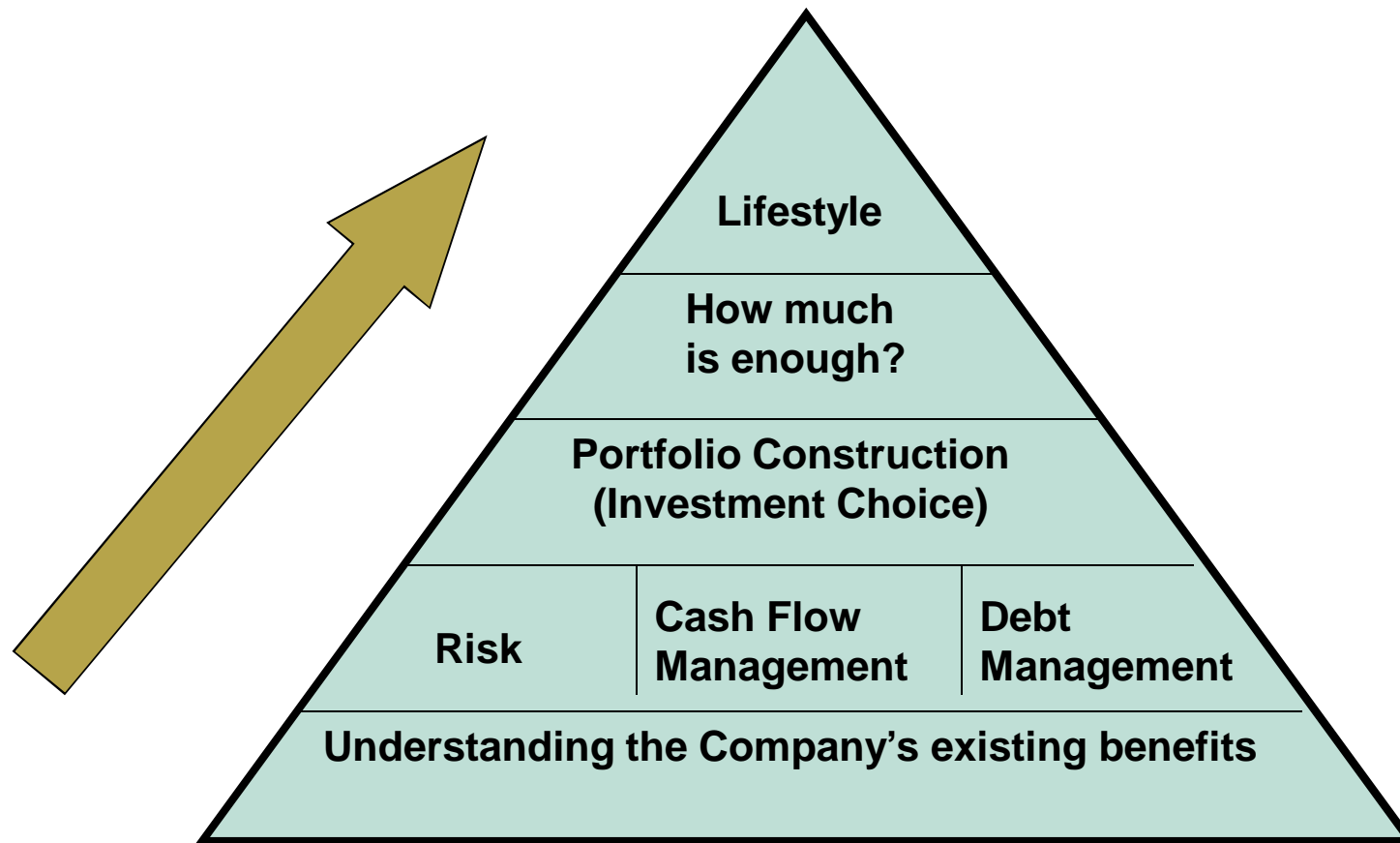
This information was prepared by Horizon Wealth Management. It is of a general nature and does not take into account your personal investment objectives, financial situation or particular needs.

You should assess whether this general advice is appropriate to your individual objectives, financial situation and needs. You can make this assessment yourself or seek the help of a professional financial advisor or taxation professional.

Agenda

1. Implications and ramifications of the upcoming changes within **FirstChoice and the costs associated with each option**
2. Performance of the Default Fund/s
3. Proposed changes to Superannuation in 2016/17

Educational seminars for members



Attributes of BBI's Superannuation Fund

- Fund Size - \$940,482
- Average balance - \$76,620
- Number of Investors – 8 (5 current and 3 ex employees)
- Default Portfolio – MySuper Lifestages
- Fees are 0.93% pa
- Insurance Design (Death and TPD) – \$685,000 for Execs, and \$400,000 for Staff
- Salary Continuance – 30 days to 2 years – AAL - \$8,000 pm
- Plan linked to Lynas from a Fee and AAL perspective

Death and TPD

- Benefit design is
 - \$685,000 for Execs
 - \$400,000 for Staff
- It should be noted that you have freedom to elect any level of cover greater than the amounts noted above, **subject to underwriting.**
- This benefit ensures that one of the most important risks ie risk to assets, is appropriately mitigated
- **The employer pays the premiums for this cover**

Salary Continuance - Features

- **The Company pays the premiums on behalf of employees**
- Payout equals 75% of base salary plus super of 9%
- Benefit period to 2 years
- AAL is \$96,000 per annum or \$8,000 pm
- Waiting period is 30 days

- This benefit ensures that one of the most important risks ie risk to income, is appropriately mitigated

- **It should be noted that there is exposure for the period from 2 years to age 65**

Salary Continuance - Example

- Member earning a base salary of \$80,000 pa

Payout would equate to 75% of \$80,000 = \$60,000 pa plus 9% super ie \$7,200 pa

Total - \$67,200 pa or \$5,600 pm for 2 years (84% of \$80,000 pa).

- Member earning a base salary of \$150,000 pa

Payout would equate to 75% of \$150,000 = \$112,500 pa plus 9% super ie \$13,500 pa

Total - \$126,000 pa or \$10,500 pm for 2 years (84% of \$150,000 pa).

Member will only have automatic cover up to \$8,000 pm or \$96,000 pa unless they are medically underwritten

Costs of existing default funds pre MySuper versus MySuper/Choice post 11 June 2013

	Pre 11 June 2013	Post 11 June 2013	
	FirstChoice Moderate	Life Stage (New Default)	SELECT (new menu) FirstChoice Moderate
Total retail MER	1.91%	1.00%	1.17%
Less rebates	0.47%	0.07%	0.03%
Total (net of rebates)	1.44%	0.93%	1.14%



Implications and ramifications of the upcoming changes within
FirstChoice

Where did the ADA changes come from?



- Accrued Default Amounts (ADAs) were part of the government's Stronger Super reforms back in 2013



- If you contributed into a super fund before June 2013 and didn't instruct the fund on how you want your money invested, this balance (which would have gone into the FirstChoice default investment option) is referred to as an ADA.

Key things to know about ADAs



ADA account balances must be transferred to a MySuper product no later than 30 June 2017



MySuper products were designed to be simple, cost-effective and not charge commission



The MySuper option in FirstChoice Employer Super is the FirstChoice Lifestage range of investments

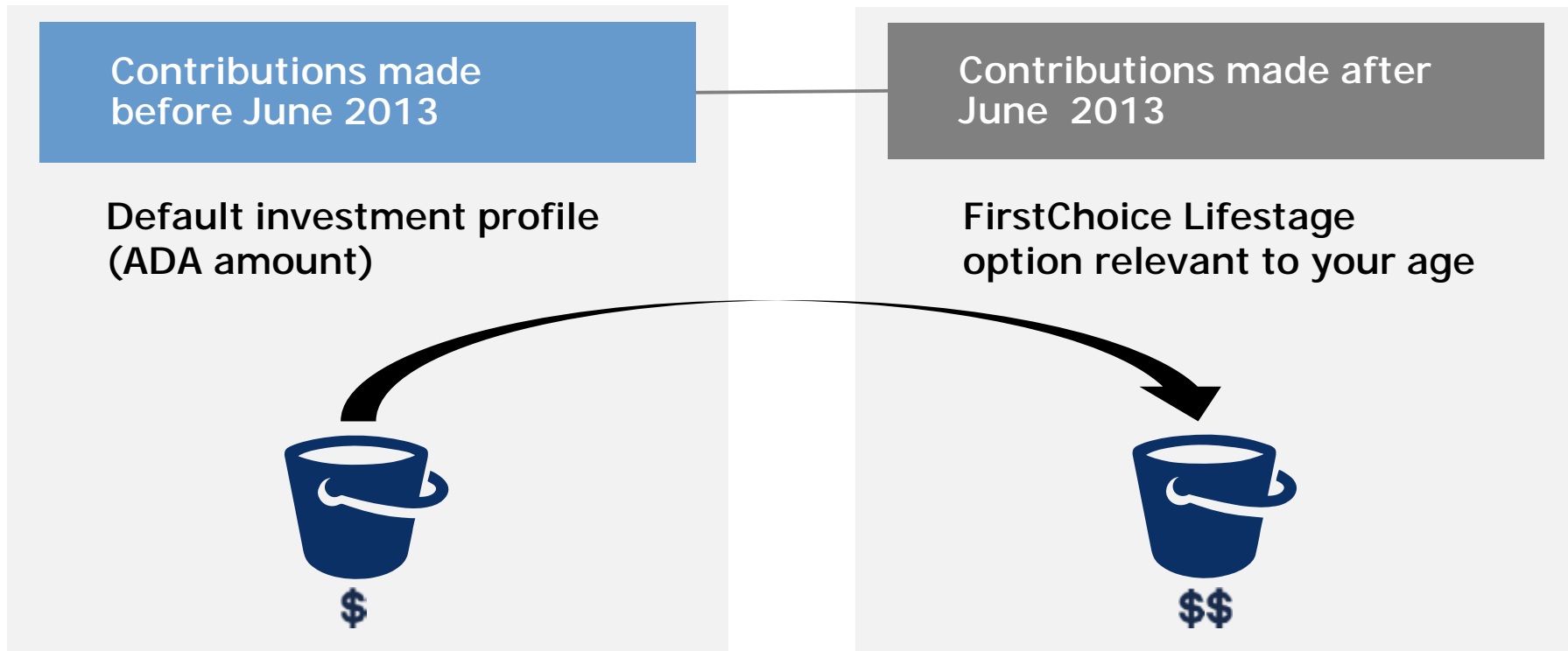


If you want your ADA balance to be transferred to Lifestage, you don't need to do anything.

But if you want your balance to stay where it is, you need to confirm your investment direction before 1 November 2016

What will happen to ADA account balances?

Most members with ADA balances have had their employer contributions directed to the Lifestage option since June 2013.



If you do nothing your ADA balances will be transferred to the Lifestage option in November 2016

Will this transfer change insurance cover?

If your ADA balance is transferred to the FirstChoice Lifestage option, there will be **no impact** to your current type or level of insurance cover



FirstChoice
Lifestage option

No change to insurance
cover or the terms that
apply to this cover

Premiums may change



You would have received
a letter in late July with
more detail on how this
transfer impacts you

Things you need to consider

1

Your investment strategy

2

Insurance premiums

3

Ongoing fees & costs

4

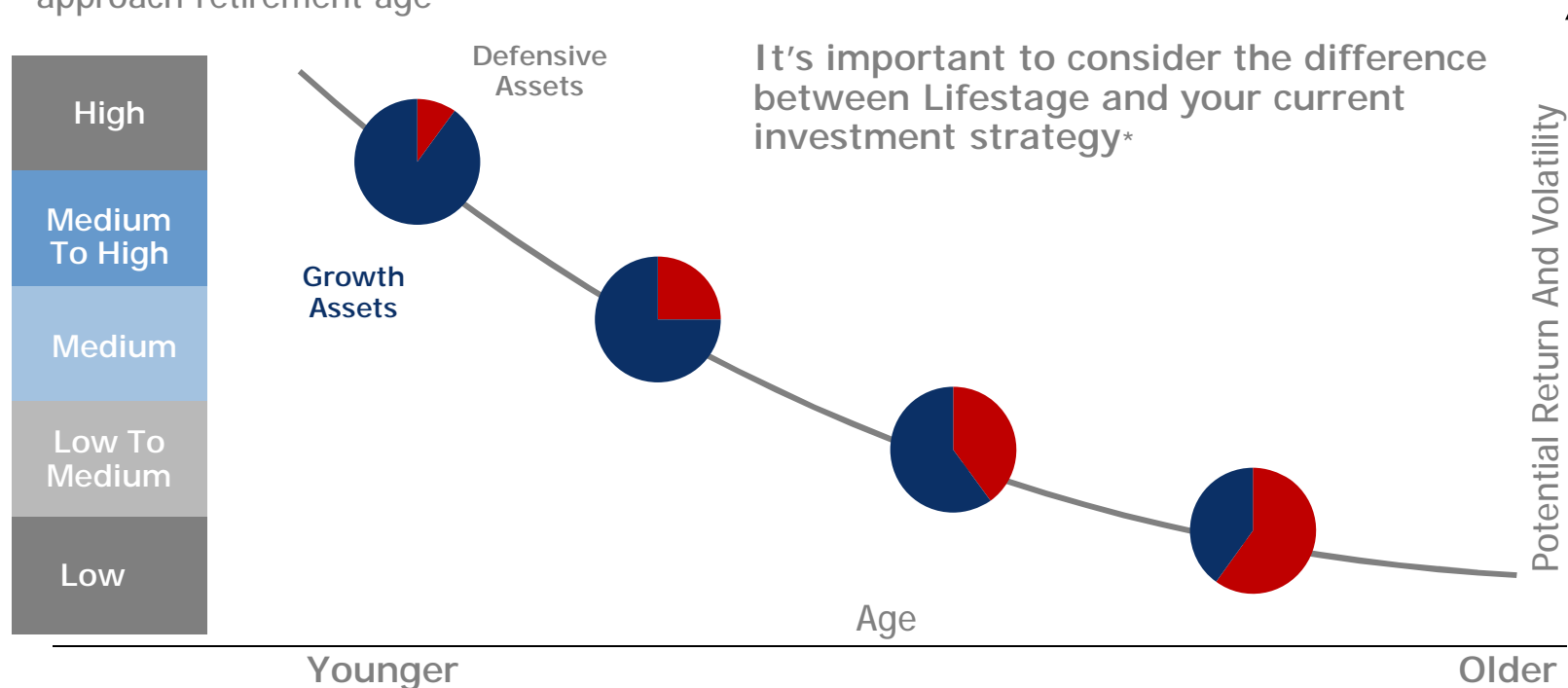
Transaction cost
Buy/sell spread



Note: Most members will pay lower ongoing fees, costs and insurance premiums as a result of the transfer to FirstChoice Lifestage and will be out of investment markets for a day

What is Lifestage investing?

Your super is invested in a diversified portfolio of assets that move to a lower risk profile as you approach retirement age



Growth Assets

Growth assets generally provide stronger returns over the long term but may involve more risk and may fluctuate in value over periods of time. These assets include shares, property and infrastructure securities.

Defensive Assets


Defensive assets generally carry a lower level of risk and are less volatile over periods of time. These assets include fixed interest and cash to provide greater security.

* Your current investment strategy's asset mix/ risk profile won't automatically adjust as you age.

How to opt out of the transfer

If you want your investments to stay where they are, you can opt out by completing the form to confirm your investment direction:

**I WANT TO KEEP THE INVESTMENTS
I HAVE IN FIRSTCHOICE EMPLOYER SUPER**

480001


Use this form to direct us to continue investing your account balance in the investment option(s) currently set up on your account and to opt out of the transfer to the Lifestage option.

1 MEMBER DETAILS

Account number <Account number>

Title

Mr Mrs Miss Ms Other

Full given name(s)

<First Name>

Surname

<Surname>

Contact number

2 MEMBER INVESTMENT DIRECTION

I direct the trustee to continue to invest my account balance in the investment option(s) currently set up on my account, I do not wish my current investments to be switched to the Lifestage option.

Signature

Date signed

Please send the completed form by <deadline date> to:
Colonial First State
Reply Paid 27, Sydney NSW 2001



You were mailed a copy of this form in July



Or call 1300 654 666 by 1 November

Note: If you do nothing your ADA account balance will be transferred to the FirstChoice Lifestage option in November



What are the key dates?

You will receive regular updates about the ADA transfer process



From 20 Jul
90 day
notice of
transfer
letter sent



From 1 Aug
ADA call-
outs to
members



From 14 Sept
90 day notice
of transfer
follow up
email

From 19 Sept
90 day notice
of transfer follow
up letter sent



Until 1 Nov
**Last day to
confirm
investment
direction**



From 10 Nov
Switch to
FirstChoice
Lifestage
investment
option

Points to consider

- **Asset allocation – most members to move from 60/40 (FirstChoice Moderate) to 90/10 (Growth/Defensive) with Lifestages**
- **Costs**
- **Future Performance?**
- **What is best for me?**

FirstChoice Lifestage options

Designed for people born within this five year age band	Option name
1945 and 1949	FirstChoice Lifestage 1945–49
1950 and 1954	FirstChoice Lifestage 1950–54
1955 and 1959	FirstChoice Lifestage 1955–59
1960 and 1964	FirstChoice Lifestage 1960–64
1965 and 1969	FirstChoice Lifestage 1965–69
1970 and 1974	FirstChoice Lifestage 1970–74
1975 and 1979	FirstChoice Lifestage 1975–79
1980 and 1984	FirstChoice Lifestage 1980–84
1985 and 1989	FirstChoice Lifestage 1985–89
1990 and 1994	FirstChoice Lifestage 1990–94
1995 and 1999	FirstChoice Lifestage 1995–99

FirstChoice Lifestage asset allocation and managers

Asset Class	1945-1949	1950-1954	1955-1959	1960-1964	1965-1969	1970-1974	1975-1979	1980-1984	1985-1989	1990-1994	1995-1999
FirstChoice Cash	30.00%	30.00%	25.00%	8.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
CFS Index Australian Bond	10.00%	10.00%	9.60%	7.40%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
SSgA Index Global Bond	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
FirstChoice Fixed Interest	15.00%	15.00%	14.40%	9.30%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
SSgA Index Global Property Securities	3.00%	3.00%	3.10%	4.40%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
SSgA Index Global Infrastructure Securities	4.00%	4.00%	4.10%	5.30%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Realindex Australian Share	13.50%	13.50%	16.00%	25.60%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%	32.00%
Realindex Australian Small Companies	1.50%	1.50%	2.00%	3.70%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Realindex Global Share	0.00%	0.00%	1.80%	7.80%	10.00%	11.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Realindex Global Share Hedged	8.00%	8.00%	9.30%	13.50%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Realindex Emerging Markets	0.00%	0.00%	0.50%	3.30%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Acadian Defensive Equities	8.00%	8.00%	7.20%	4.70%	4.00%	3.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Wellington Real Total Return	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Total	100.0%	100.0%	75.00%	100.00%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Defensive assets	57.00%	57.00%	51.00%	26.70%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Growth assets	43.00%	43.00%	49.00%	73.30%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%	92.00%

Note: Asset allocations as at May 2016 but may change over time.



Performances of the Default Funds

Performances – Sept 2016

FirstChoice Employer Super: Performance

September 2016

Options	3 months	1 year	2 years pa*	3 years pa*	5 years pa*	7 years pa*	Since inception*	Inception date
Mysuper Product								
FirstChoice Lifestage (1945-1949)	2.04%	6.79%	5.17%	5.62%	-	-	6.16%	11-Jun-13
FirstChoice Lifestage (1950-1954)	2.05%	6.70%	5.07%	5.51%	-	-	6.04%	11-Jun-13
FirstChoice Lifestage (1955-1959)	2.37%	7.30%	5.40%	6.15%	-	-	7.06%	11-Jun-13
FirstChoice Lifestage (1960-1964)	3.74%	9.55%	6.21%	7.20%	-	-	8.50%	11-Jun-13
FirstChoice Lifestage (1965-1969)	4.57%	11.02%	6.65%	7.62%	-	-	9.01%	11-Jun-13
FirstChoice Lifestage (1970-1974)	4.60%	10.96%	6.57%	7.56%	-	-	8.97%	11-Jun-13
FirstChoice Lifestage (1975-1979)	4.69%	10.82%	6.45%	7.48%	-	-	8.86%	11-Jun-13
FirstChoice Lifestage (1980-1984)	4.69%	10.84%	6.45%	7.49%	-	-	8.88%	11-Jun-13
FirstChoice Lifestage (1985-1989)	4.69%	10.84%	6.45%	7.51%	-	-	8.90%	11-Jun-13
FirstChoice Lifestage (1990-1994)	4.68%	10.83%	6.44%	7.51%	-	-	8.90%	11-Jun-13
FirstChoice Lifestage (1995-1999)	4.71%	10.90%	6.47%	7.57%	-	-	8.97%	11-Jun-13
FirstChoice Lifestage (2000-2004)	5.02%	-	-	-	-	-	7.16%	15-Jun-16

Employer Super Investment Options (Closed To New Investo

Multi-Manager Multi-Sector

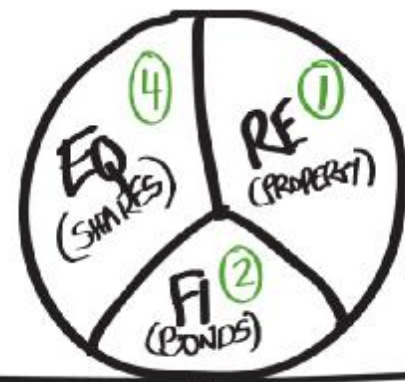
FirstChoice Defensive (Closed to New Investors)	0.73%	3.10%	3.17%	3.57%	4.37%	4.41%	4.20%	13-Jan-03
FirstChoice Moderate (Closed to New Investors)	2.23%	5.62%	4.85%	5.87%	8.29%	6.02%	5.12%	5-Sep-02
FirstChoice Conservative (Closed to New Investors)	1.22%	3.90%	3.64%	4.23%	5.59%	4.81%	4.53%	6-Jan-03
FirstChoice Balanced (Closed to New Investors)	2.59%	6.15%	5.12%	6.22%	8.78%	6.12%	7.32%	3-Jun-09
FirstChoice Growth (Closed to New Investors)	2.99%	6.73%	5.45%	6.56%	9.66%	6.41%	5.28%	1-Oct-02
FirstChoice High Growth (Closed to New Investors)	4.25%	8.61%	5.89%	7.37%	11.45%	7.31%	5.63%	11-Dec-02

Investing vs Speculating

"XYZ" ADVICE



INVESTING

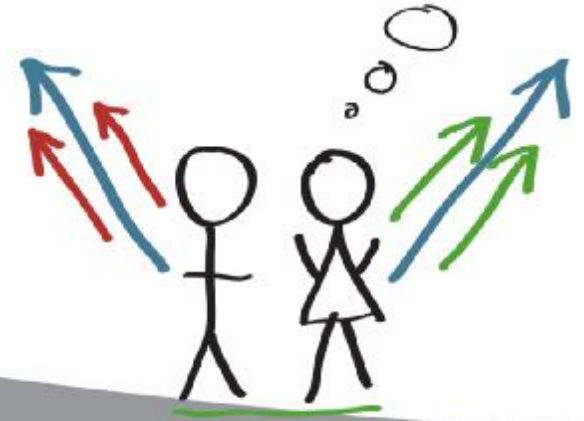


SPECULATING

FORECASTING
↑ TRADING
↓ DIVERSIFICATION
↑ COSTS

NO FORECASTING
↓ TRADING
↑ DIVERSIFICATION
↓ COSTS

WHERE DO RETURNS COME FROM?

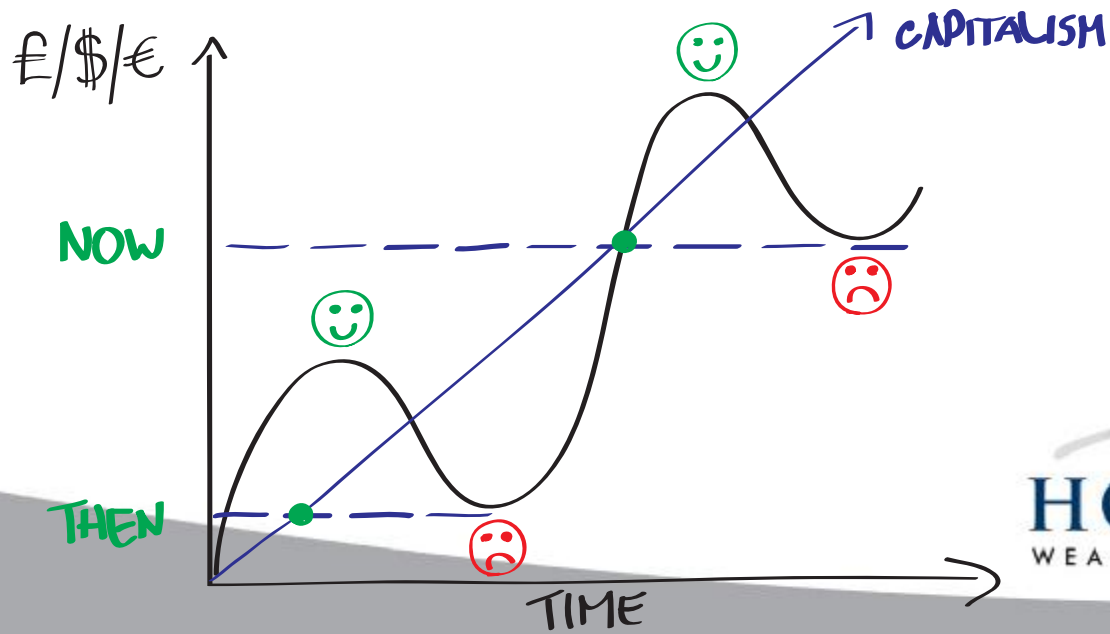
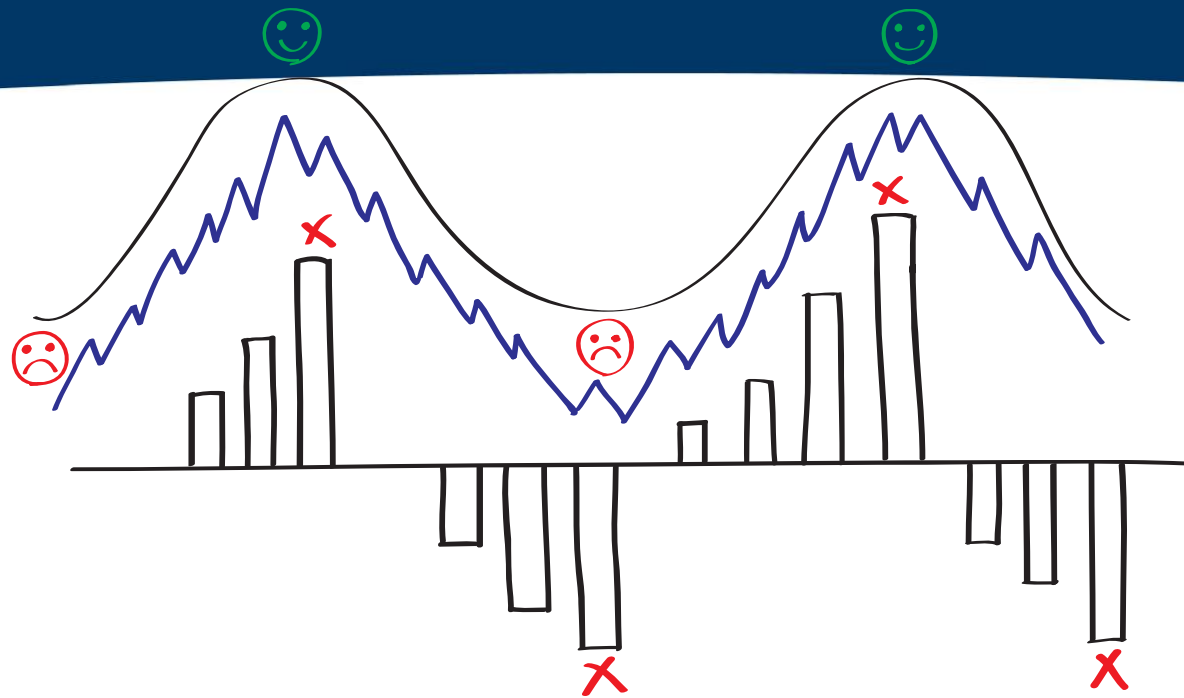


✓ or X



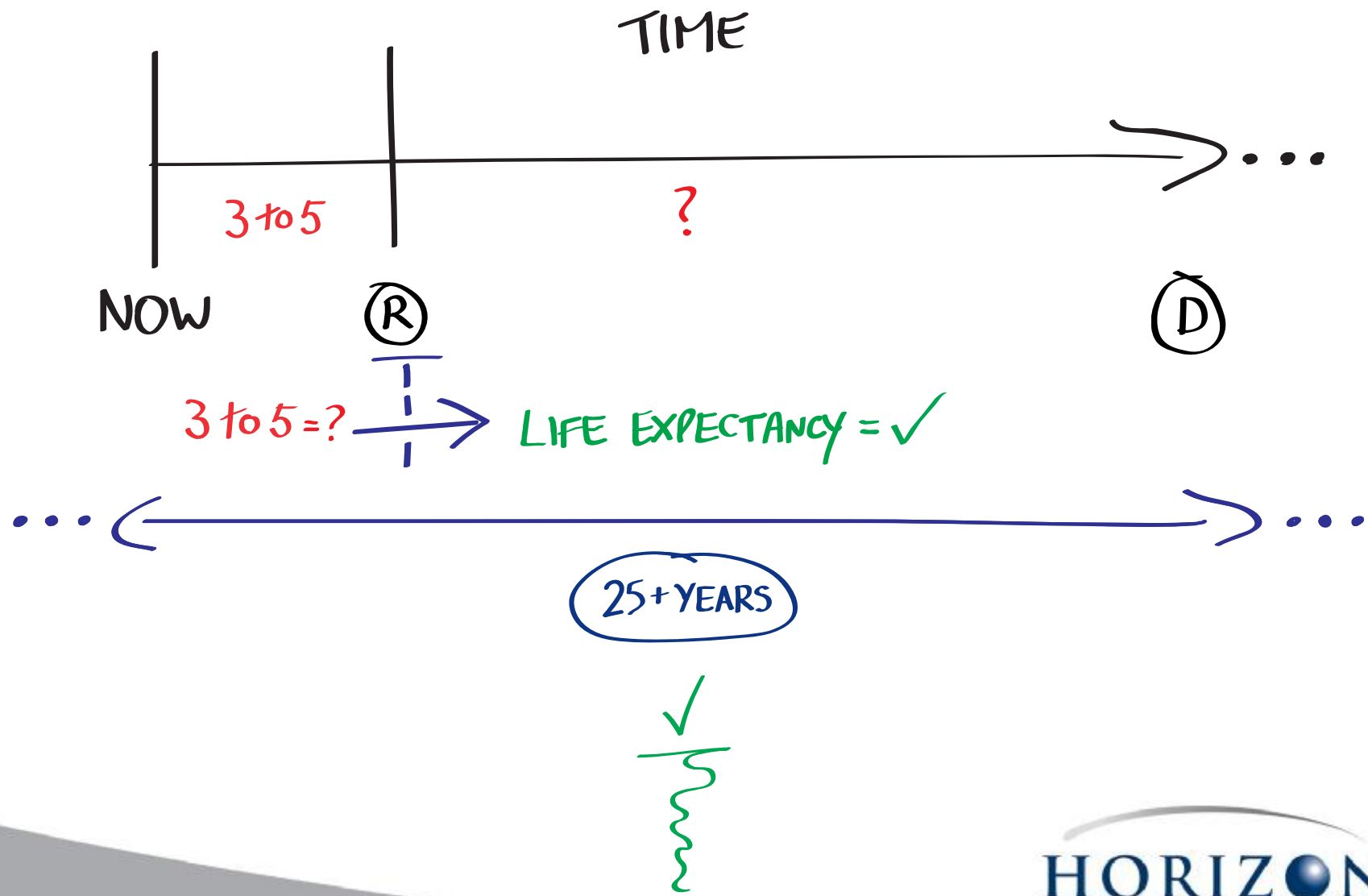


Understanding the Emotions of Investing



A Lifetime of Investing





Proposed changes to Superannuation in 2016/17

- Concessional contributions to reduce to \$25,000 pa for all people – 1 July 2017
- NCC contributions – \$540,000 to 30 June 2017.
 - Thereafter \$100,000 pa or \$300,000 every 3 years
- Reduction to Div 293 tax threshold – additional 15% tax on contributions – from \$300,000 to \$250,000 - 1 July 2017

Proposed changes to Superannuation in 2016/17






- Removal of the maximum earnings test to qualify for a personal super contribution – 1 July 2017
 - Ideal for people who are partially self employed and partially wage earners
 - Ideal for all people to fully utilise the concessional contributions cap

Proposed changes to Superannuation in 2016/17

- Introduction of a \$1.6m superannuation transfer balance cap – 1 July 2017
 - Maximum amount that an individual can transfer into pension phase
 - Remainder must be moved back into accumulation phase
- Changes to taxation of TTR – 1 July 2017 (this date may change)
 - Earnings on fund assets supporting a TTR will attract tax at 15% - currently 0%
- Removal of anti-detriment provision – 1 July 2017

Other matters to consider

Who can I nominate as a beneficiary of a Super account?

-  **Spouse** Including de facto, but not same sex partner*
-  **Child** Any age, including step children and adopted children
-  **Financial dependent** A child or an individual who is financially dependant on you at the time of your death
-  **Interdependent relationship** A person with who you are in an interdependent relationship
-  **Estate** Your benefit will be paid to your Legal Personal Representative for the benefit of your estate

* Superannuation law does not treat a same sex partner as a 'spouse'. So, a same sex partner must be actually in an interdependent relationship with you or is financially dependent on you at the date of your death

Retained Benefits

If you leave BBI you will be able to benefit by

- Remaining in the BBI Plan
- Accessing Group insurance rates
- Qualifying for all management cost rebates
- Accessing FirstBenefits, FirstNet and other features and services.

Existing employees also benefit through the increase in the management cost rebate as the fund size continues to grow (no further loss of funds due to staff turnover) and through the linkage to Lynas.



Why consolidate your Super?

- ò Potentially increase your super balance
- ò Save paying multiple administration fees
- ò Streamline your investment strategy
- ò Reduced paper work

Extranet for employees of BBI



What does Horizon Wealth do for its clients

- Horizon Wealth Management is an **independently owned** financial advisory firm operating under its own AFSL
- Horizon Wealth Management is in the business of assisting individuals in the efficient management of their personal wealth, helping them to **become financially independent**.

“How successfully you invest your current income and assets.... will determine your family’s long term financial well being.”



What does Horizon Wealth do for its clients

- We **help** our clients create wealth so that they become **financially independent**.
- We **help** our clients make personal financial decisions within an intellectually robust **framework**.
- We **solve** our clients financial concerns, **simplify** their lives and **save** them time.
- We assist our clients in making **sound** financial decisions so that they **avoid costly mistakes**.



What to remember

- Log into www.colonialfirststate.com.au
- Review your portfolio
- Nominate your beneficiaries on Colonial First Choice (and check that your spouse has as well)
- Consolidate your super
 - Complete a Request to Transfer form.
 - This instructs your fund(s) to transfer super to your Colonial account.



Take ownership – it's your money



Questions?