

Recovering Government levies from super/pension accounts

September 2013

Every year the Australian Prudential Regulation Agency (APRA) charges superannuation trustees levies for the cost incurred in supervising the financial industry. For the 2012/2013 financial year, these levies were significantly more than what applied to previous financial years due to, among other things, APRA (and other Government agencies) needing to devote considerable resources to implement the Government's SuperStream initiatives.¹ In addition the Government has passed legislation for a second instalment of a Financial Assistance Levy (FAL) to provide compensation to members impacted by the 2009 Trio Capital collapse. (The first instalment was paid in 2011.)

These levies are simply too large for us to absorb. Hence, after much deliberation, we've made the decision to on-charge these levies to investors who have super and pension accounts with us.

Impacted investors

On 20 September 2013, we'll be looking to deduct both levies as a single amount from the following super and pension accounts that were open on 30 June 2013 and are still open on 20 September 2013:

- Advance Retirement Suite - Super
- Advance Retirement Suite - Pension

How much will the levy amount to?

Investors will be charged proportionately, based on their account balance (including cash) as at the end of August 2013. The table below details estimates of the rates that will be applied to each product.

This amount already takes into account the tax credit that we're able to claim back from the Australian Taxation Office (ATO) on the total levy payable by our superannuation funds.

Products	Estimate of the amount of levy to be deducted per \$1,000 account balance
<ul style="list-style-type: none">• Advance Retirement Suite - Super• Advance Retirement Suite - Pension	\$0.28

¹ SuperStream is a package of reforms which will make the superannuation system easier to use and ultimately reduce costs - benefiting funds, members and employers.

How will the levies be reported on investor accounts?

The deduction of the levy from investor accounts will appear as 'Adjustment (JOC)' on AdviserNET and 'Adjustment Journal' on Investor *Online*.

The transaction will appear in the half-yearly and/or annual investor reports as 'Government levies'. A footnote will appear in the investor reports explaining the levies that have been recovered.

Notice to investors

We will be posting an article on Investor *Online* a few days before 20 September 2013, to provide investors with information on the levies and the amount/timing of the deduction.

Where to go for more information?

If you have any questions about the content of this communication please contact us on 1800 819 935 or email investorservices@advance.com.au