

### **Important Information: Change from crediting rates to unit pricing**

There are several ways super funds can apply investment returns and calculate their members' accounts.

MTAA Super currently uses a crediting rate method and on 22 April 2017, it will change to a unit pricing method. The change to unit pricing will provide members with a greater level of transparency and is generally considered to be "best practice" when calculating account balances. The change to unit pricing will happen automatically and you do not need to take any action in response to this letter.

The introduction of unit pricing will not affect your entitlements with MTAA Super. It means that your account balance and transaction details will be expressed in 'units' as well as dollars. MTAA Super will calculate unit prices daily for each investment option. These unit prices will be used for all transactions to assist in valuing your entitlement and will include a buy-sell spread.

#### **Conversion to unit pricing**

On 22 April 2017, we will calculate the value of your account, and divide the account balance of each investment option you are invested in by the initial unit price. The initial unit price for each investment option will be set at \$1.00. This means you will receive 1 unit for every dollar in your account balance as at 22 April 2017. Once this has occurred, units in your selected investment option/s will be recorded in your account.

**Example:** John Smith has \$50,000 in his account as at 22 April 2017.

*Conversion to unit pricing: \$50,000 divided by \$1.00 per unit = 50,000 units*

*John will have 50,000 units allocated to his account.*

From 22 April 2017, your account balance and transactions will be shown in units and a dollar amount, rather than only a dollar amount. Your account balance will not be affected.

After this initial allocation of units, the value of your units will go up or down as the corresponding unit price for the investment option changes. You will be able to track unit price movements for your selected investment option/s on our website.

As we will be converting all members to unit pricing at the same time, e-Pension may be unavailable between 21 April 2017 and 24 April 2017.

#### **Introduction of a buy-sell spread**

The purpose of a buy-sell spread is to ensure transaction costs (such as brokerage and stamp duty) incurred in buying or selling the assets held in each investment option are fairly allocated to members. These transaction costs are currently applied to the crediting rate for each investment option. From 22 April 2017, these costs will be included as part of the unit price. The buy-sell spread for each investment option will be available at [mtaasuper.com.au/pension-unit-prices](http://mtaasuper.com.au/pension-unit-prices).

To help you understand unit pricing and what it means for you, please refer to the enclosed factsheet. If you have any questions, please call **1300 362 415** or email us at [contact@mtaasuper.com.au](mailto:contact@mtaasuper.com.au) and we'll be in touch.

## Other important updates

### **Change to MTAA Super Privacy Policy**

We recently made a change to our Privacy Policy to better explain the collection, use and disclosure of your personal information. **Section 4 C) 'Dealing with and Use of Personal Information'** includes the following amendment:

*"Member Personal information may be provided to third parties for the purposes of conducting research and analytics related to the functions of the Trustee."*

This amendment has been made to increase transparency and to highlight that MTAA Super uses member personal information and may provide member personal information or other member data to third party providers for the purposes of conducting research and data analytics. This enables us to tailor our service to you and to provide the best possible experience for all our members.

We remain committed to upholding the highest values in the way that we manage your personal and sensitive information. If you have any concerns regarding this change to the policy, please call **1300 362 415** or write to:

Privacy Officer  
MTAA Super  
Locked Bag 5134  
Parramatta NSW 2124

A copy of the amended policy is available at [mtaasuper.com.au/privacy-policy](http://mtaasuper.com.au/privacy-policy)

### **Introducing Momentum- our new member and employer magazine**

Our new magazine is designed to make super more meaningful for you- our members. It aims to inspire you with feature stories, insights and tips about making the most of super and money, whatever your stage of life. The first issue is enclosed.

### **Further assistance**

If you have any questions, call **1300 362 415**, 8am-7pm (AEST) Monday - Friday or email us at [contact@mtaasuper.com.au](mailto:contact@mtaasuper.com.au) and we'll get in touch.

Yours sincerely



Leeanne Turner  
Chief Executive Officer



# Understanding Unit Pricing

## What is unit pricing?

Unit pricing is the process by which a pool of assets is divided into portions, referred to as 'units', which is conceptually similar to the way interests in a company are divided into 'shares' in that company. The unit price represents the value of assets per unit and is used to process applications to buy and sell units.

Unit pricing is generally considered to be 'best practice' in the financial services industry, as it provides enhanced transparency, clarity and fairness when calculating your account balance.

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[mtaasuper.com.au](http://mtaasuper.com.au)  
1300 362 415

## How does it work?

When you invest in any MTAA Super investment option, your money is placed in a pool of assets, along with every other member that has chosen that investment option.

Each investment option is divided into units and every unit you own in that investment pool represents your share of that investment option. The value of your investment in a particular option is the number of units you hold in that option multiplied by the unit price of the option.

Each time you invest in an investment option (e.g. by making contributions), you **buy units** and each time you reduce your investment in an option (e.g. by making a withdrawal) you **sell units**.

## Buy-sell spread

A **buy** or **sell spread** represents the estimated transaction costs incurred when buying or selling underlying assets in relation to investment options. They are charged to ensure

that all transaction costs incurred in buying or selling assets are fairly allocated to those members who transact in an investment option. The buy-sell spread is retained in the fund and is not a fee paid to the Trustee.

## How is the unit price determined?

The unit price for each investment option is calculated by dividing the value of the assets in the option (after allowing for fees, costs (including fees paid to investment managers) and taxes) by the number of units on issue. As the value of these assets and liabilities can go up or down, the unit prices for the different investment options can go up or down.

The buy spread is added to the unit price to obtain the buy price and the sell spread is deducted to obtain the sell price. The difference between the investment option buy price and the sell price is the total buy-sell spread for that option.

# Understanding Unit Pricing

A new buy and sell unit price will be set, typically, each business day\* for each investment option, reflecting the changing value of the underlying assets in the investment option(s) and transactional and operational costs.

The unit price will be available at [mtaasuper.com.au/unit-pricing](https://mtaasuper.com.au/unit-pricing) each day.

If a unit price is unable to be determined for a business day due to an unforeseeable event, such as a trading suspension in relevant markets, MTAA Super will take all reasonable steps to recommence unit pricing as soon as possible.

\*A **business day** is generally considered to be Monday through Friday and excludes weekends and national public holidays.

## Application of unit prices

The number of units you receive depends on the investment options or mix of investment options you have chosen. The number of units you will receive for a contribution is the dollar value of the contribution divided by the relevant buy price.

Example:

*David's employer made a Superannuation Guarantee contribution of \$1,100 into his account. David is 100% invested in the My AutoSuper (Balanced) option. The My AutoSuper buy price is \$1.20 and sell price is \$1.19.*

*Number of units allocated to David's account:  $\$1,100/\$1.20 = 916.66$  units*

The table below shows the type of unit price associated with common transactions.

### Buy price

Money going **into** your account:

Contribution, rollover, transfer into an investment option (switch)

### Sell price

Money going **out of** your account:

Withdrawal, pension payments, fees, transfer from an investment option (switch)

Your account balance can be calculated by multiplying the number of units you hold by the relevant unit price. Login to Member SuperSite (or ePension) at any time to check the value of your investment. Please note, unit prices change regularly so for an accurate account balance, please ensure your recent transactions have been received and processed.

Alternatively, you can call the Customer Service Centre on **1300 362 415** and we can help.

## Different unit prices for super and pension accounts

Unit prices will vary between the same investment options for accumulation and pension accounts. This is because the earnings on assets within super are subject to tax and other expenses, whereas they are tax free within pension.

This document is issued by Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238 718) of Level 3, 39 Brisbane Avenue Barton ACT 2600, Trustee of the MTAA Superannuation Fund (ABN 74 559 365 913). Motor Trades Association of Australia Superannuation Fund Pty. Limited has ownership interests in Industry Super Holdings Pty Ltd and Members Equity Bank Limited.

The information provided is of a general nature and does not take into account your specific needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information. We also recommend that you seek advice from a licensed financial adviser. The MTAA Super Product Disclosure statement (PDS), an important document containing all the information you need to make a decision about MTAA Super, can be obtained by calling MTAA Super on **1300 362 415**. You should consider the PDS in making a decision.

For more information, please visit our website at [mtaasuper.com.au](https://mtaasuper.com.au). You can also call us on **1300 362 415**. We're here to help.