

SUPER DIRECTION

APRIL 2017




SUPER CHANGES FINALLY TAKE SHAPE

A raft of new superannuation rules take effect from 1 July 2017 after the Federal Government's superannuation changes passed by the Senate late last year become law.

It's important to understand how they work so you make the most of your super.

Super remains an effective way to save for retirement, particularly if you plan ahead.

See pages 2 to 5 for an overview of the new rules and some ideas and actions to consider.



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KEY CHANGES INCLUDE:

- Concessional contribution cap cut to \$25,000 p.a.
- Non-concessional contribution cap cut to \$100,000 p.a.
- Transfers to retirement accounts capped at \$1.6 million.
- Investment earnings of Transition to Retirement pensions to be taxed.

MEMBER REPRESENTATIVE DIRECTORS ELECTION

If you have a strong interest in super and are keen to have your say in how ANZ Staff Super is run, you can nominate for the upcoming election for member representative Directors.

You are eligible to stand for election if you are a current member of ANZ Staff Super, your employment does not, or is not likely to, give rise to a conflict of interest or duty which may make it difficult for you to serve on the Trustee Board, and you meet certain regulatory requirements with respect to fitness, propriety and non-disqualification.

ANZ Staff Super is holding an election for two Member Representative Directors in May and June this year. Directors are elected for four year terms until 30 June 2021.

You recently received a Call for Nominations pack emailed or posted to you. Nominations remain open until **11 May 2017**.



SUPER CHANGES FINALLY TAKE SHAPE

CONCESSIONAL (PRE-TAX) CONTRIBUTIONS CAP CUT TO \$25,000



From 1 July 2017, the annual limit on concessional (pre-tax) contributions you can pay into your super account will reduce to \$25,000 for everyone. The current caps are \$35,000 for those aged 49 or more at 30 June 2016 and \$30,000 for everyone else.

Concessional (pre-tax) contributions include contributions from your employer, any salary sacrifice contributions you make, and any personal contributions that you claim as a tax deduction.

For future years, the new cap will be indexed in line with Average Weekly Ordinary Time Earnings (AWOTE), rounded down to the nearest \$2,500.

THINGS TO CONSIDER

Until 30 June 2017, there is a window to make the most of the higher caps.

Work out how much you've already contributed in 2016/17 and, if possible, consider making extra pre tax contributions before the cap reduces.

Speak to an ANZ Staff Super financial adviser* for help to make the most of your concessional contribution cap.

NON CONCESSIONAL (AFTER-TAX) CONTRIBUTIONS CAP CUT TO \$100,000



From 1 July 2017, the annual non concessional contributions cap will reduce from \$180,000 to \$100,000.

Individuals with more than \$1.6 million of super will no longer be eligible to make non concessional contributions.

If you are under age 65, you will still be able to bring forward up to three years of non concessional contributions. However, if you have over \$1.4 million in super, you'll only be able to bring forward contributions up to the amount which would take your balance to \$1.6 million.

If you have brought forward contributions in 2015/16 or 2016/17, transitional arrangements will apply.

FIND OUT MORE

The Australian Taxation Office's website www.ato.gov.au has answers to common questions about all these changes. Go to www.ato.gov.au and type in "super changes" in the search box.

THINGS TO CONSIDER

If you have a contribution strategy in place, you may need to update it.

Until 30 June 2017, there is a window to make the most of the higher caps - \$180,000 or bringing forward up to \$540,000 (if eligible).

Work out how much you've already contributed in 2016/17 and think about making extra after-tax contributions before the cap reduces.

Speak to an ANZ Staff Super financial adviser* about your contribution strategy.



CHANGES TO TRANSITION TO RETIREMENT PENSIONS



Transition to Retirement pensions allow you to gradually move to retirement by accessing a limited amount of super.

From 1 July 2017, investment earnings on the assets supporting Transition to Retirement pensions will no longer be tax-exempt. Investment earnings on these assets will be taxed at 15% regardless of when the Transition to Retirement pension commenced. Transition to Retirement pensions in the Retirement Section of ANZ Staff Super will be impacted by this change.

You will also no longer be allowed to treat certain superannuation income stream payments as a lump sum for tax purposes.

THINGS TO CONSIDER

If you have a Transition to Retirement pension in the Retirement Section of ANZ Staff Super, we will contact you with more information.

You may contact an ANZ Staff Super financial adviser* for help to review your retirement strategy.

If you have a Transition to Retirement pension and have retired, you should notify ANZ Staff Super so it can be moved to an account based pension where investment earnings are tax-free.

Remember

WE'RE HERE TO HELP.

For advice about how these changes may impact you and your options in ANZ Staff Super, call an ANZ Staff Super financial adviser* on **1800 000 086**.

SUPER CHANGES FINALLY TAKE SHAPE

TRANSFERS TO RETIREMENT PHASE ACCOUNTS CAPPED AT \$1.6 MILLION



From 1 July 2017, there is a \$1.6 million limit on the total amount you can transfer from your accumulation super account into the tax free retirement phase.

The cap only applies to retirement phase accounts such as the account-based pensions in the Retirement Section of ANZ Staff Super. Transition to Retirement pensions are excluded as investment earnings on these accounts will no longer be tax-free from 1 July 2017. See "Changes to Transition to Retirement pensions" on the following page for more information about this change.

Future investment earnings on your retirement account will not be capped or restricted. It's only the amount transferred which is capped.

If you exceed your transfer balance cap, you may have to remove the excess from your retirement phase accounts and pay tax on notional investment earnings related to the excess.

The cap will be indexed in line with movements in the Consumer Price Index (CPI), rounded down to the nearest \$100,000.

There is no limit on the amount you can have in your accumulation super accounts, such as accounts in the Employee, Personal and Partner Sections of ANZ Staff Super. You can retain any super in excess of your \$1.6 million cap in your accumulation super account where investment earnings will be taxed at 15%.

If you have existing retirement phase accounts with a total balance of over \$1.6 million (in ANZ Staff Super and any other funds), you will need to reduce the balance to \$1.6 million.

- If the total balance of your retirement phase accounts is between \$1.6 and \$1.7 million at 1 July 2017, you will have six months to remove the excess without penalty.

- If the total balance of your retirement phase accounts is over \$1.7 million, you should reduce your balance to \$1.6 million by 30 June 2017 or penalties may apply.

You may be able to transfer money to an accumulation super account (such as a Personal Section account in ANZ Staff Super) or a transition to retirement pension. You may also be able to withdraw the excess in cash subject to preservation requirements.

THINGS TO CONSIDER

If you have over \$1.6 million in an account-based pension in the Retirement Section of ANZ Staff Super, we will contact you with more details about your options and how we can assist.

You may also contact an ANZ Staff Super financial adviser* on **1800 000 086** for help with your options in ANZ Staff Super.

LOWER THRESHOLD FOR ADDITIONAL CONTRIBUTION TAX FOR HIGH-INCOME EARNERS

From 1 July 2017, the income threshold at which 'high income' earners will pay additional contributions tax will reduce from \$300,000 to \$250,000.

If your adjusted taxable income (plus any concessional contributions) is over \$250,000, you'll pay 30% tax (instead of 15% tax) on some or all of your concessional contributions.

Even at the higher contribution tax rate of 30%, super still offers a tax rate up to 17% lower than the highest marginal tax rate.

INTRODUCING THE LOW INCOME SUPERANNUATION TAX OFFSET (LISTO)

From 1 July 2017, the Low Income Superannuation Tax Offset (LISTO) will replace the Low Income Superannuation Contribution (LISC).

The LISTO effectively refunds the 15% contribution tax paid on concessional contributions – up to a cap of \$500 – if you have an adjusted taxable income of up to \$37,000.

FIND OUT MORE: The Australian Taxation Office's website www.ato.gov.au has answers to common questions about all these changes. Go to www.ato.gov.au and type in "super changes" in the search box.



GREATER DEDUCTIBILITY OF PERSONAL CONTRIBUTIONS TO SUPER

From 1 July 2017, the Government will allow anyone under age 65, and those aged 65 to 74 who meet the work test, to claim a tax deduction for personal contributions to eligible superannuation funds (like ANZ Staff Super).

Until 1 July 2017, you can only claim a tax deduction for personal superannuation contributions if you earn less than 10 per cent of your income from salary or wages.

If you claim a tax deduction for personal contributions, these contributions will count against your concessional contribution cap along with any contributions made by your employer and any salary sacrifice contributions.

EXTENDING THE SPOUSE TAX OFFSET

Currently a tax offset of up to \$540 is available if you make superannuation contributions for your spouse and he or she has an annual income of up to \$13,800. From 1 July 2017, the availability of this offset will be extended so that it could apply if your spouse earns up to \$40,000.

The recipient spouse must be under age 70 and meet a work test if he or she is aged between 65 and 69.

ABOLISHING ANTI-DETRIMENT PAYMENTS

Anti-detriment payments are effectively refunds of the tax on super contributions paid by a deceased member throughout their life time and payable where the benefit is paid to eligible beneficiaries of a deceased member.

From 1 July 2017, anti-detriment payments benefits will be phased out. Until 30 June 2019, these payments will be able to be made in respect of deaths prior to 1 July 2017. From 1 July 2019, no further anti-detriment payments will be payable.

ALLOWING CATCH UP CONCESSIONAL CONTRIBUTIONS DELAYED

If you have less than \$500,000 in super, you will be able to carry forward up to five years of unused concessional contribution caps and make catch up concessional contributions to your super.

This measure has been delayed by a year and will now come into effect from 1 July 2018.

SUPER CONTRIBUTION CUT OFF DATES

The end of the financial year will be here before we know it, so note the following cut-off dates if you want to make contributions into your ANZ Staff Super account before 30 June 2017, particularly if you are eligible to receive the Government super co-contribution.

FOR MORE INFORMATION ABOUT MAKING CONTRIBUTIONS FOR THE 2016/17 FINANCIAL YEAR VISIT WWW.ANZSTAFFSUPER.COM OR CALL ANZ STAFF SUPER ON 1800 000 086.

CHEQUES

Friday 23 June 2017

To ensure processing can be completed by the close of business on the last business day of the financial year, Friday 30 June 2017, cheques and associated documentation need to be received by us by Friday 23 June 2017.

You can post your cheque to:

ANZ Staff Super
GPO Box 4303
Melbourne VIC 3001

Please make cheques payable to "ANZ Australian Staff Superannuation Scheme" and ensure you include a note with your name and member number. Remember to allow time for the post to be delivered.

BPAY®

Tuesday 27 June 2017

BPAY transactions must be completed by Tuesday 27 June 2017 to reduce the risk of funds not being cleared in time. You should check with your bank on the clearance time for BPAY transactions (e.g. credit union transactions may take up to three (3) days to clear).

If you have not used BPAY before you will need to register for internet or phone banking with your financial institution.

You can find the Scheme's BPAY Biller Code and your personal reference number in the secure section of www.anzstaffsuper.com under the Contributions tab.

ANZ STAFF SUPER INVESTMENT OPTIONS

INVESTMENT ALLOCATION AND MANAGER CHANGES

The Trustee has completed a thorough review of ANZ Staff Super's strategic asset allocations and investments and decided to make some changes to mitigate the investment risks associated with a low interest rate environment and seek to improve returns on a cost-effective basis in the long term.

These changes include:

- Increasing the diversity allocation in the investment options; and
- Altering the fixed income allocations to increase the focus on Australian fixed interest securities and decrease exposure to international fixed interest securities.

1

INCREASING DIVERSITY

To complement the existing investment managers (Bridgewater and Schroders), a mandate has been awarded to the **Fulcrum Diversified Absolute Return Fund**. Fulcrum's core focus is on global, multi-asset investing across liquid markets, with strong downside protection. This mandate was funded by reducing the holdings in listed equities (including listed property).

As part of this restructure, the Trustee terminated the **Vanguard International Property Securities Index Fund (Hedged)** mandate.

2

REDUCING THE PRIVATE EQUITY PORTFOLIO

The Trustee has signed a contract for the sale of most of ANZ Staff Super's private equity portfolio with full settlement scheduled in 2018.

3

INCREASING AUSTRALIAN UNLISTED PROPERTY

A mandate has been awarded to the **Barwon Institutional Healthcare Property Fund**. This fund will invest in properties in the Australian healthcare sector, such as medical centres, day surgeries, private hospitals and allied health facilities. The healthcare property sector offers attractive investment attributes, including:

- Demand and performance driven by demographics, uncorrelated to the economic cycle;
- Property pricing attractive relative to other sectors, with yields typically 6% to 8%; and
- Assets offer defensive attributes, with long leases, CPI plus rent growth, and solid lessee credit profiles.

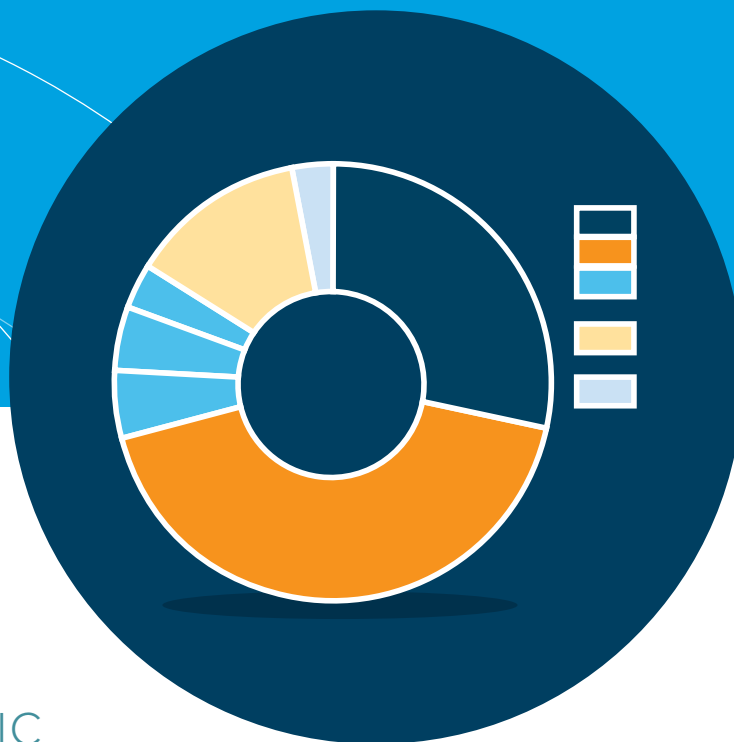
This mandate is being funded from the sell down of the private equity portfolio.

4

SPECIALISED CREDIT

A mandate has been awarded to **Intermediate Capital Group's Australian Senior Loan Fund**. This fund will seek to invest in senior secured loans of established Australian/New Zealand companies with leading market positions, led by strong management teams.

Details of the changes to the strategic asset allocation are outlined in the table opposite. The strategic asset allocation of the Cash investment option is unchanged. Changes are expected to be finalised by the end of April.



CURRENT AND REVISED STRATEGIC ASSET ALLOCATIONS

Asset Class	Aggressive Growth		Balanced Growth		Cautious	
	Current (%)	Revised (%)	Current (%)	Revised (%)	Current (%)	Revised (%)
Australian Large Cap Equities	28.4	26.6	19.1	16.9	8.8	8.4
Australian Small Cap Equities	3.2	3.0	2.1	1.9	-	-
International Equities	42.7	40.0	28.6	25.4	13.2	12.6
Emerging Market Equities	4.7	4.4	3.2	2.8	-	-
Total Equities	79.0	74.0	53.0	47.0	22.0	21.0
Global Listed Property	2.5	2.5	5.0	3.0	5.0	3.0
Australian Unlisted Property	2.5	3.5	5.0	6.5	5.0	5.0
Total Property	5.0	6.0	10.0	9.5	10.0	8.0
Diversity	5.0	10.0	8.0	16.0	3.0	6.0
Private Equity	4.0	3.0	3.0	1.5	-	-
Infrastructure	4.0	4.0	6.0	6.0	2.5	2.5
Specialist Credit	-	-	3.0	3.0	2.5	2.5
Total Alternatives	13.0	17.0	20.0	26.5	8.0	11.0
Australian Fixed Interest	-	-	5.0	9.8	10.0	17.1
Australian Inflation Linked Bonds	-	-	4.0	-	15.0	10.5
International Fixed Interest	-	-	5.0	4.2	10.0	7.4
Total Fixed Interest Securities	0.0	0.0	14.0	14.0	35.0	35.0
Cash	3.0	3.0	3.0	3.0	25.0	25.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

These strategic asset allocations are indicative of the investment mix of the relevant investment option. The actual percentage in each asset class in each investment option may vary over time within allowable ranges.

NEW WEBSITE COMING

You'll notice a big change when checking your account online at www.anzstaffsuper.com. The ANZ Staff Super website will be completely revamped in a few months.



NEW MOBILE-OPTIMISED SITE WITH AN INCREASED RANGE OF MEMBER FEATURES INCLUDING:

- ✓ A dashboard listing recent account activity, account balances, investments and insurance;
- ✓ Risk quizzes and profiles, ability to easily model different investment and saving scenarios to see what differences actions taken today can make to your potential retirement scenarios;
- ✓ Information on investment option asset allocations, performance and descriptions, and the ability to change your investment options online.
- ✓ Ability to easily consolidate all your other super into your ANZ Staff Super account.

Stay tuned for more information about when the new website will be launched and how to get the most of the new features.

Disclaimer

In preparing this document, the Trustee has not taken into account the investment objectives, financial situation and particular needs ("financial circumstances") of any person. Accordingly, before acting on the advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances and consider contacting your financial adviser. This document and interests in the ANZ Australian Staff Superannuation Scheme ("the Scheme") are issued by ANZ Staff Superannuation (Australia) Pty Limited. You should consider the relevant Product Disclosure Statement before making a decision in relation to a financial product.

* ANZ Staff Superannuation (Australia) Pty Ltd, the Trustee of ANZ Staff Super, has entered into an agreement with Australia and New Zealand Banking Group Limited (ANZ) under which ANZ's financial advisers have been engaged to provide ANZ Staff Super members with general or limited personal financial advice about options available within ANZ Staff Super over the phone or for no extra charge. If you require more complex personal financial advice, you'll be given the option of receiving comprehensive personal advice from an ANZ financial adviser and ANZ will charge you a fee for this advice. These financial planning services are provided by ANZ's financial advisers under AFSL 234527. Any advice provided by ANZ's financial advisers is not provided or endorsed by the Trustee and is not provided under the Trustee's AFSL.

Issued by ANZ Staff Superannuation (Australia) Pty Limited ABN 92 006 664 AFSL 238268 as Trustee for the ANZ Australian Staff Superannuation Scheme ABN 83 810 127 567.

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