ANZ Australian Staff Superannuation Scheme

Super direction

NEWSLETTER TO MEMBERS | DECEMBER 2012

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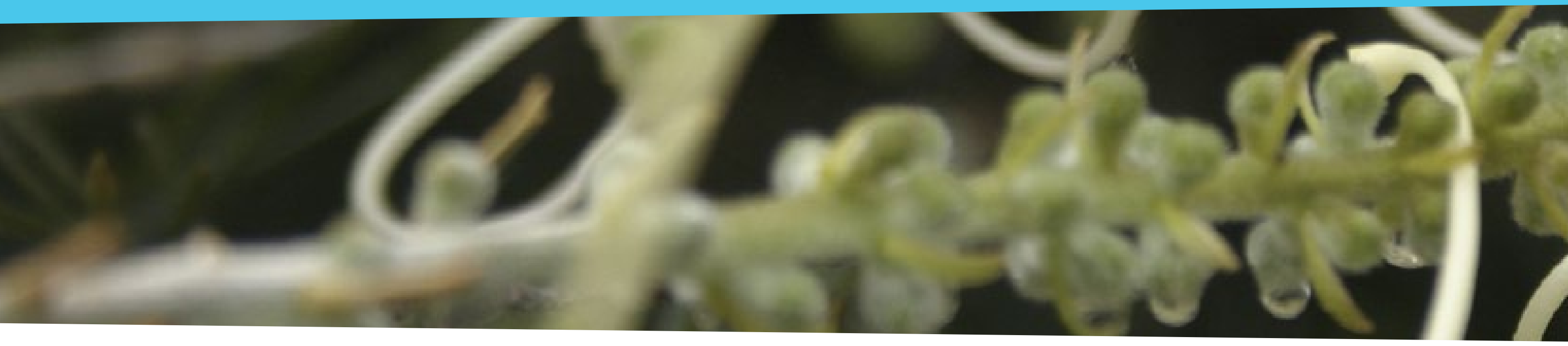


The Scheme's latest investment returns

The following tables provide up-to-date information about the Scheme's investment performance over the short, medium and long term.

The tables below show the net investment returns[1] to 30 November 2012:

Section A, Section C, Retained Benefit Account (RBA) and Spouse Contribution Account (SCA) Sections

1 January to 30 November 2012	Aggressive Growth	Balanced Growth	Cautious	Cash
Year to date	8.6%	9.4%	6.8%	3.3%
1 year	10.0%	10.5%	8.3%	3.6%
3 years	3.3% p.a.	6.1% p.a.	6.8% p.a.	4.2% p.a.
5 years	-2.4% p.a.	0.7% p.a.	3.8% p.a.	4.5% p.a.
10 years	5.3% p.a.	5.9% p.a.	6.2% p.a.	n/a

Account Based Pension (ABP) Section[2]

1 January to 30 November 2012	Aggressive Growth	Balanced Growth	Cautious	Cash
Year to date	9.6%	10.8%	8.2%	3.9%
1 year	10.0%	12.1%	9.8%	4.3%
3 years	3.4% p.a.	6.8% p.a.	7.6% p.a.	4.7% p.a.
5 years	-3.0% p.a.	0.7% p.a.	4.4% p.a.	4.9% p.a.

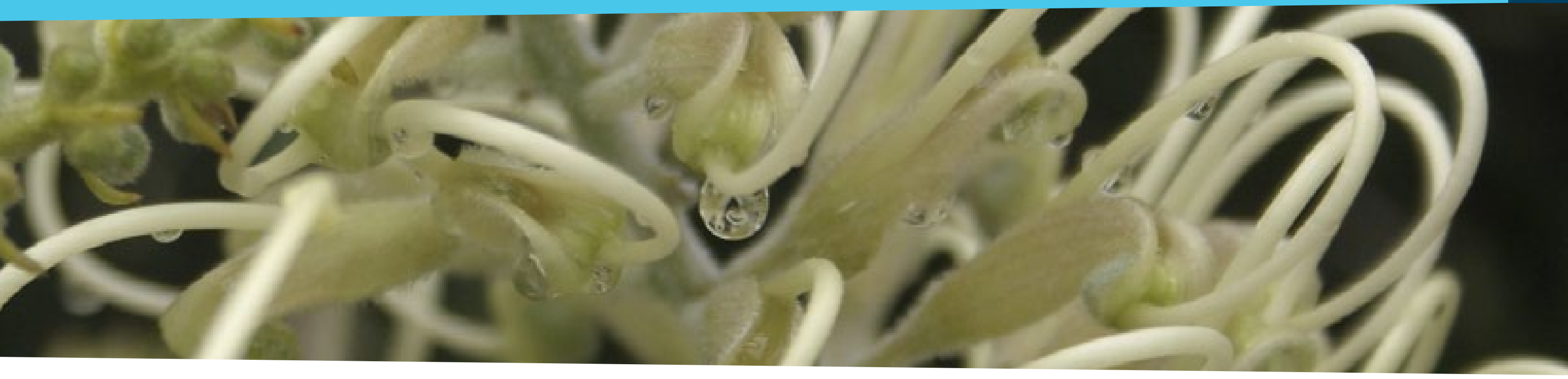
Note:
1. Investment returns are shown after investment management costs and taxes on investment income are deducted. Past performance is not necessarily indicative of future performance.
2. The returns for Account Based Pensioners (including Transition to Retirement Account Based Pensioners) differ because the investment income earned in this section is exempt from tax.

Comparison of investment performance for Section A, Section C, RBA and SCA Section members

The Trustee has commissioned an external comparison of the Scheme's investment returns relative to other funds.

The following table shows the Scheme's quartile performance information at 31 October 2012 for comparable investment options from the Rainmaker database of 155 products covering 1,639 investment options.

Period to 31 October 2012	Aggressive Growth	Balanced Growth	Cautious	Cash
1 year	1st	1st	1st	2nd
3 years	3rd	1st	1st	2nd
5 years	3rd	2nd	1st	2nd
10 years	3rd	2nd	1st	n/a



Super and Scheme updates

Account management fee reduction

Following a recent review, the Trustee has approved reducing the account management fees for the Retained Benefit Account (RBA), Spouse Contribution Account (SCA) and Account Based Pension (ABP) Sections of the Scheme. **With this fee reduction, you'll have more money in your account working towards your retirement**.

From 26 November 2012:

- RBA and SCA Sections — Account management fees reduced from 0.70% p.a. to 0.50% p.a. of the amount invested in the relevant section.
- ABP Section — Account management fees reduced from 0.50% p.a. to 0.30% p.a. of the amount invested in this section.

The account management fee is still only charged on the first $500,000 in your account in each section and is deducted weekly from your account by redeeming (or selling) some of your units.

No account management fees apply for current employees' accounts in Sections A and C.

If you have any queries about your account management fees, please contact ANZ Staff Super on **1800 000 086** or refer to the relevant Product Disclosure Statement (and accompanying "In Detail" booklet) available on the Scheme's website **www.anzstaffsuper.com**

New Trustee Director

In September 2012, Michael Liarakos, Group General Manager Internal Audit, joined the Trustee Board as an ANZ-appointed Director to replace Wayne Stevenson. The Trustee would like to welcome Michael to the Board and thank Wayne for his service to the Scheme and its members over the past seven years.

ANZ Staff Scheme ranks highly for competitive fees

On Wednesday 24 October 2012, the Australian Financial Review published a summary of research conducted by Chant West, comparing fees charged by the 100 largest Australian superannuation funds for their balanced investment options.

The Scheme's offering for ANZ employees ranked highly for competitiveness. The summary advised that the Balanced Growth option for current employee members had the:

- Third lowest fees charged to a member with $50,000 invested
- Seventh lowest fees charged to a member with $250,000 invested

Russell Rechner, Scheme Chairman, said "The results are pleasing and they are as a result of continued focus by the Trustee on providing value for money superannuation for members".

Changes to super law – 'lost' accounts

From 31 December 2012, super funds will be required to transfer certain accounts which are regarded as 'lost' to the Australian Taxation Office (ATO).

Super accounts may be regarded as 'lost' if:

- The member is uncontactable (i.e. at least two pieces of correspondence have been returned) and the balance is less than $2,000.
- The member is unidentifiable (i.e. the fund doesn't hold sufficient details, such as the member's address, date of birth, Tax File Number or employer details, to be able to identify the member) and the account has been inactive for at least 12 months. This would include accounts where there have been no contributions or rollovers for more than 12 months.
- The account has a balance of less than $2,000 and has been inactive for at least 5 years even if the member is contactable and identifiable.

Although you would still be able to claim any lost funds from the ATO, it would generally be in your interests to consolidate your super into one account so you can actively manage your super and only incur one set of fees.

If you think you may have super money elsewhere but are unsure, you can check by using ***SuperSeeker***, a free service provided by the ATO. *SuperSeeker* is a secure, convenient service designed to help you keep track of and manage your super. You can use it to see a list of:

- all the super accounts to which you have made a contribution in the previous two financial years (active accounts)
- all lost super accounts in your name that super funds have reported to the ATO.

If you go to **www.superseeker.super.ato.gov.au** and enter some personal details the service will alert you to whether you have super elsewhere. If you do, you can then consolidate this into the ANZ Staff Super Scheme very simply by completing and forwarding a 'Rollover' form and sending it to ANZ Staff Super.

"As I get older is 'Balanced Growth' still right for me?"

The Scheme provides a 'Balanced Growth' investment option which is also the option which applies if you decide not to make an investment choice. The Balanced Growth investment option offers a mix of assets, typically with about 63% invested in shares and property and about 20% invested in alternative assets. The remainder is normally invested in defensive assets like diversified fixed interest securities and cash. There are many good reasons for putting your money in the Balanced Growth option, but it's worth asking the question: as you get older would you prefer an option that is less volatile with a lower level of risk?

If you're 60 and planning on retiring at age 65, you may not be comfortable with the level of risk and volatility that the Balanced Growth option investment offers. It's possible you'll prefer a more conservative option, like the 'Cautious' or 'Cash' options, even if those options are likely to generate a lower rate of return over the long term.

How do you decide what's best for you?

It's important to explore all of the available investment options and choose the option that suits you. Remember, as an ANZ Staff Scheme member, you are not limited to one option – you can choose a number of options in the proportions of your choice.

The investment option – or combination of options – you ultimately choose will depend on a number of different factors including (but not limited to):

- where you are in your working life/how close you are to retirement
- your family circumstances
- your income
- your risk tolerance
- the lifestyle you'd like to have in retirement.

For example, if you're over 55 and thinking about transitioning to retirement, you may decide to choose a "safer" option with a higher proportion of defensive assets so you can protect the contributions and returns you've accrued since the start of your career. However, you should remember that your investment timeframe may not necessarily end at retirement.

How do I make a decision?

When making a decision about the best investment option or combination of options for you, you need to take into account your personal objectives, needs and circumstances. These will be different for everyone.

It's worthwhile to seek advice from someone who can help you to match your investment choice to your situation now and as it evolves in the future.

You may need to revisit your investment choice regularly to make sure it remains appropriate for your needs. As your circumstances change, your goals might change too. It's important to ensure your choice remains relevant and up to date.

If you are not sure what kind of investor you are, you can use the 'What type of investor are you?' tool on the website. Answering a series of questions will help you to better understand your attitude towards risk which, in turn, may help you in making or changing your investment choice.

Action points

1. You can change your investment option online simply by logging on to **www.anzstaffsuper.com**. You will need your member number and PIN to log on. When you've logged on, you just need to click on the 'Investments' tab on the top toolbar and then on the drop down 'Change investment options'. You can then update your investment option for your existing account balance and/or your future cashflow. Alternatively, contact ANZ Staff Super on **1800 000 086**.
2. You can check out the 'What type of investor are you?' tool by going to the Scheme's website **www.anzstaffsuper.com** and clicking on 'Information' in the top toolbar and then choosing 'Planning tools' in the drop down.

John and Jenny – Looking closely at retirement income

John and Jenny are both 53 years old and have been considering their options for transitioning to retirement. At this stage of their working lives, building their retirement nest egg is their priority for the next few years before they stop working. Leaving the workforce is a key milestone for them, but the reality is that the time spent in retirement may be 20 years or more and could even be longer than the number of years they spent working!

Considering their retirement needs and determining how they can structure their income to fund these plans is the next critical step for John and Jenny. Not only do they need enough savings to generate income to cover their day-to-day costs, they also need continuing growth in their savings to ensure their nest egg won't be eroded by inflation as well as the income payments they draw down. One thing they will need to determine is the 'adequacy' of their retirement nest egg – that is, whether it's sufficient to last for the duration of their retirement and how they can structure their income to make the most if it. To do this, we will walk John and Jenny through some key steps.

As a starting point, John and Jenny consider their desired retirement lifestyle and the things they'd like to do when they retire. Once they work that out, they can calculate the income they'll need each year. It's a good idea for them to look at their current expenses, which may give a good indication of their future needs, and allow for inflation of these costs in the future.

Next, John and Jenny will need to work out whether they'll have any one-off expenses, such as holidays, home improvements, buying a new car or paying down debts, when they retire and how much they'll need to cover these one-off expenses.

Thirdly, John and Jenny should identify all of their available sources of income. In addition to their super, other investments such as investment property, shares or managed funds, or money from the sale of a business, may contribute to generating a retirement income.

From here, John and Jenny can start to develop a plan. As a starting point it may be useful for them to know when they will become eligible for a transition to retirement pension. Members are able to choose a 'Transition to Retirement' account based pension in the Scheme. If you're aged between 55 and 65, a 'Transition to Retirement' account based pension allows you to access your super while you're still working, full time or part time.

Jenny makes additional salary sacrifice (pre tax) contributions (within the annual concessional contribution limit) to build her savings and this is something that John is considering doing too.

As well as identifying their cashflow needs, they also need to consider the investment strategy that provides the potential growth for their nest egg with an acceptable level of volatility when they move to the Account Based Pension Section of the Scheme. Investment returns are an important part of managing an account based pension. While investing solely in a conservative investment such as cash may be the most secure option, there is a risk that the investment returns on their savings may not keep pace with inflation which means the value of their savings could be eroded and reduce the ability of their income to meet increasing costs in the future.

John and Jenny understand that as they get closer to retirement, they'll need more detailed planning to ensure their hard-earned savings keep working for them. They also need to understand how changing different factors such as when they retire, the size of their savings, their potential investment returns and their pension payment amount can affect their super.

Action points

1. Want to know more about the Transition to Retirement Account Based Pension? A good starting point is to have a play with the 'Transition to retirement calculator' on the Scheme's website **www.anzstaffsuper.com**. This calculator helps you to estimate the optimal contributions and pension draw-downs for your situation. For more detailed information refer to the Account Based Pension Product Disclosure Statement, available on the website under 'Publications' and then 'Product disclosure statements'.
2. If you are interested in comparing the benefits of making salary sacrifice contributions and personal contributions, our 'Salary sacrifice/Co-contributions calculator' on the Scheme's website **www.anzstaffsuper.com** can help you to see the impact of salary sacrifice contributions on your take home pay and enable you to compare the difference between making super contributions before and after tax. The 'Salary sacrifice/Co-contributions calculator' can be found in 'Planning tools' under the 'Information' tab on the toolbar.
3. Interested in modelling your potential income in retirement? With Model My Super, you can see how different choices could impact your estimated retirement income, such as:
   a. Delaying your retirement
   b. Making different investment choices
   c. Making additional contributions to your super
   d. Allowing for your partner's income and his or her super
   e. Allowing for any non-super investments you may have.

   You can even "stress test" your retirement plans to help you better understand the potential impact of investment market fluctuations. Model My Super is available on the Scheme's website **www.anzstaffsuper.com**. You can access Model My Super via the link on the home page or in 'Planning Tools' under the "Information" tab.
4. For more information about the Transition to Retirement Account Based Pension, making salary sacrifice contributions or Model My Super, contact ANZ Staff Super on **1800 000 086**.

Relationships and money

Love and relationships can be complicated by themselves, but bringing finances into the mix is sure to increase the complexity. You and your partner may have different attitudes towards your finances and how they should be managed, but that's no reason to run for the hills. There are a number of effective ways to manage your finances within your relationship. In fact, differing attitudes to managing finances within a partnership can be a positive thing as you each bring different skills and ideas to your financial collaboration.

Developing a budget together is a good way to promote a positive attitude to managing your money to meet your financial goals. It can help you to identify similarities and differences in your attitudes to finances as well as highlighting opportunities for compromise and cooperation. Two heads really can be better than one.

You should develop common goals that you both agree to work toward. Setting effective goals involves thinking through the specific, measurable steps necessary to achieve them within a set timeframe.

When budgeting as a couple, it's important to talk and be patient, but it's also a good opportunity for a reality check: make sure that your goals are realistic and achievable.

Budgeting can readily identify areas of overspending: a critical element to success is to stay within your means. Remember, a good budget isn't necessarily about going without; it is about re-allocating your money to achieve what you really want.

Reaching your goals, together

There's no need for either partner to lose themselves financially when it comes to relationships. If you and your partner need help creating a budget or financial plan, one way to do this is by seeking financial advice. A financial adviser is qualified to help you be specific about your goals and then develop a plan that suits you both and helps you get what you want in the future. Investing time together to cover the financial basics can go a long way towards avoiding financial tension and difficulty down the track.

Action point

To help you to get started, you can use the 'Budget Planner' available on the website **www.anzstaffsuper.com**. To find this planner just click on 'Information' in the top tool bar on the website and then go to 'Planning tools'.

Tell us how you'd like to receive information from the Scheme

You can now choose how you receive information from the Scheme. Some members like to receive information via email, but others have it posted to their mailing address. What's your preferred option?

Now, depending on the information, you can:

- have it delivered straight to your email inbox – fast and convenient,
- receive an email or SMS alert when items are available to view online – that's handy, or
- receive a printed copy by post – it may take a few days, that's why it's called 'snail mail'.

If you ask to receive your information electronically, you'll help us to reduce the paper and other resources we use and you'll have less clutter to worry about – a win for you and a win for the environment.

Action points

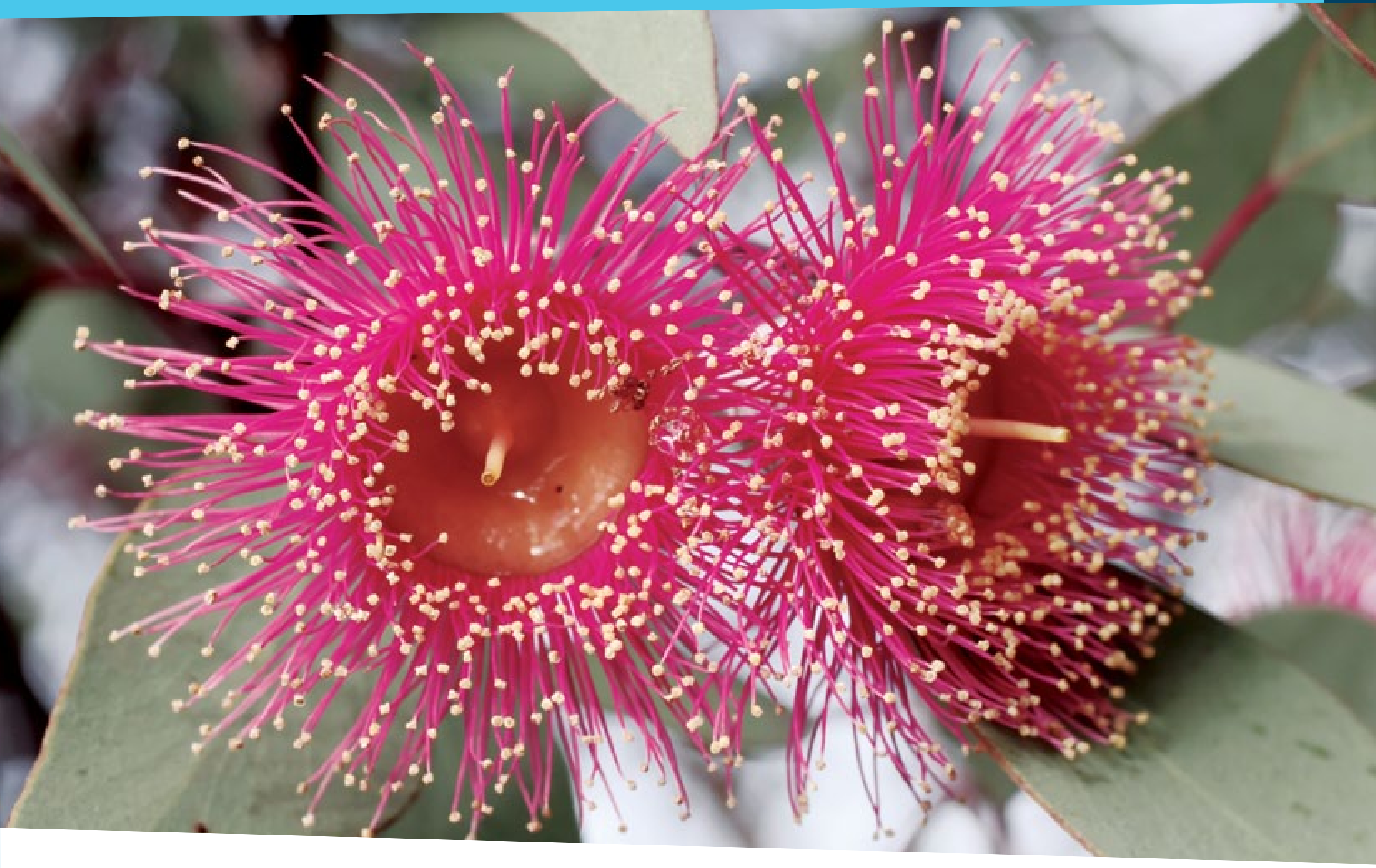
Here's what you need to do:

Log on to the website, www.anzstaffsuper.com, and sign into your account using your member number and your PIN. If you don't know your PIN, you can contact ANZ Staff Super on 1800 000 086 and have it reset.

Once you've logged on, you'll see a message inviting you to provide your communication preferences. Use the link under the message to go straight to your preferences page. It's an easy three step process:

1. Select how you'd like to receive each type of communication type from the Scheme. Be sure that you have provided your current email address or mobile phone number if you have selected these options.
2. Review and confirm your changes.
3. You'll receive a receipt number confirming that your changes have been notified to the Scheme.

You can sign into your account at any time and change your preferences via the 'Personal details' tab.



The Trustee and the staff of the ANZ Australian Staff Superannuation Scheme wish you and your family a happy and safe festive season.

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