

# Super direction

NEWSLETTER TO MEMBERS | DECEMBER 2013



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## Latest investment returns

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

The tables below show the net investment returns<sup>1</sup> to 30 November 2013:

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

1 January to 30 November 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
<b>Year to date</b>	20.7%	14.9%	6.6%	2.6%
<b>1 year</b>	24.9%	17.8%	7.9%	2.8%
<b>3 years</b>	9.5% p.a.	9.4% p.a.	6.7% p.a.	3.6% p.a.
<b>5 years</b>	11.7% p.a.	11.5% p.a.	9.0% p.a.	3.8% p.a.
<b>10 years</b>	7.3% p.a.	7.2% p.a.	6.3% p.a.	5.0% p.a.

### Account Based Pension (ABP) Section<sup>2</sup>

1 January to 30 November 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
<b>Year to date</b>	22.5%	16.5%	7.6%	3.0%
<b>1 year</b>	27.1%	19.7%	9.1%	3.3%
<b>3 years</b>	10.1% p.a.	10.4% p.a.	7.7% p.a.	4.2% p.a.
<b>5 years</b>	11.6% p.a.	11.6% p.a.	9.5% p.a.	4.2% p.a.
<b>10 years</b>	n/a	8.0% p.a.	7.1% p.a.	n/a

#### Note:

- Investment returns are shown after investment management costs and taxes on investment income are deducted. Past performance is not necessarily indicative of future performance.
- 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 similar funds. The following table shows the Scheme's quartile performance provided by Rainmaker based on analysis of its database of superannuation performance results.

Period to 31 October 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
<b>1 year</b>	1st	2nd	3rd	2nd
<b>3 years</b>	2nd	1st	2nd	2nd
<b>5 years</b>	1st	1st	1st	2nd
<b>10 years</b>	2nd	2nd	2nd	1st

## Investment changes from 1 January 2014

### Changes to cash allocations

The Trustee, together with its asset consultant, has reviewed the liquidity of the assets underlying the investment options offered by the Scheme.

As a result of this review, the Trustee has decided to change the percentage of assets held as cash in the Aggressive Growth, Balanced Growth and Cautious investment options. Given the recent growth of the Scheme, the revised cash allocations are designed to assist in managing the day-to-day running of the Scheme's investments.

To compensate for the revised cash allocations:

- the allocations to equities in the Aggressive Growth investment option and fixed interest securities in the Balanced Growth investment option will be reduced; and
- the allocation to fixed interest securities in the Cautious investment option will be increased.

The changes to the strategic asset allocations of these options are only expected to have a minor impact on their long-term expected return and risk profiles.

From 1 January 2014, the allocations for these investment options will change as follows.

#### Aggressive Growth

<b>Equities (Australian and global)</b>	82% reduces to 79%
<b>Cash</b>	0% increases to 3%
<i>Property and alternatives unchanged</i>	

#### Balanced Growth

<b>Fixed interest (Australian and global)</b>	16% reduces to 14%
<b>Cash</b>	1% increases to 3%
<i>Equities, property and alternatives unchanged</i>	

#### Cautious

<b>Fixed interest (Australian and global)</b>	30% increases to 35%
<b>Cash</b>	30% reduces to 25%
<i>Equities, property and alternatives unchanged</i>	

## Replacement of global inflation linked bonds

The Trustee has undertaken a detailed review of the Scheme's fixed interest portfolio. As a result of the review, the Trustee has decided to no longer invest in global inflation linked bonds.

Funds that were previously invested in global inflation linked bonds will be used to:

- provide funding for the adjustments to the cash allocations in the Balanced Growth and Cautious investment options (as described above); and
- fund increases in the allocations to Australian inflation linked bonds and global nominal bonds in those options.

The Trustee considers that Australian inflation linked bonds will provide a better hedge against Australian inflation than global inflation linked bonds and, as such, are a logical alternative at this time. Inflation linked bonds are becoming more readily available in the Australian market, providing an opportunity to make the change from global to Australian inflation linked bonds.

The Trustee also considers that global sovereign bonds provide the likelihood of better risk outcomes compared to global inflation linked bonds if market volatility were to increase. As a result, the Trustee will also replace some of the global inflation linked bonds with investments in global sovereign bonds.

All in all the Trustee believes the changes made above will reduce some of the risk associated with unexpected changes in interest rates and provide a better fit with the risk profile of the investment options offered to members.

## MySuper

### MySuper authorisation granted

We are pleased to announce that the Trustee has been granted MySuper authorisation by APRA.

### MySuper changes commence 1 January 2014

The changes to the Scheme arising from the introduction of MySuper come into effect from 1 January 2014.

As the super accounts offered by the Scheme already meet most of the MySuper requirements, the impact of the introduction of MySuper will be limited for most Scheme members. The most significant change relates to the account management fees (also known as administration fees) charged to members. Otherwise in certain circumstances, a minimum level of death cover may apply if you are a Retained Benefit Account (RBA) or Spouse Contribution Account (SCA) Section member who is classified as a MySuper member.

These changes were described in detail in the October 2013 newsletter. More information is available on the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com) and updated Product Disclosure Statements will be available online from January 2014.

## Other changes from 1 January 2014

### Account management fees for Account Based Pension (ABP) Section members

As part of the wider review of the account management fees with the introduction of MySuper, the account management fee for the ABP Section was also considered. As advised in the October 2013 newsletter, the account management fee for ABP Section members will reduce from 0.30% to 0.15% per annum of your account balance (up to \$500,000) from 1 January 2014. The reduced fee includes allowance for a partial rebate of 0.05% of your account balance for 2014. This rebate will be reviewed annually. You'll be advised if there is any change to this rebate.

## Insurance changes for Retained Benefit Account (RBA) and Spouse Contribution Account (SCA) Section members

From 1 January 2014 the Scheme will be providing Total and Permanent Disablement (TPD) cover, in addition to any existing death cover, to certain RBA and SCA Section members.

TPD cover and premiums will automatically apply from 1 January 2014 if:

- you have existing death cover in the RBA or SCA Section; and
- a contribution has been made to your account in the Scheme in the 2013 calendar year.

If you fit these criteria and you do not wish to have TPD cover from 1 January 2014, you can opt out by completing a TPD Cover Opt-out form and returning it to ANZ Staff Super.

If a contribution has not been made to your account in 2013 but one is made in 2014, you will be provided with TPD cover and charged premiums from the time you start contributing, unless you opt out of TPD cover. For example:

- if you made a contribution during 2013, your TPD cover and premium deductions will commence from 1 January 2014; or
- if you make a contribution in 2014 (having not made one in 2013), your TPD cover and premium deductions will commence when your contribution is received.

If you transfer to the RBA Section after 31 December 2013, you'll also be provided with TPD cover if you meet the criteria. As a result, Section A and C members who leave ANZ may be able to continue to have some TPD cover through the Scheme if they remain in the RBA Section. Currently your TPD cover ceases when you leave ANZ.

That means for a Section A member with an account balance over \$7,500 who leaves ANZ:

- you can transfer to the RBA Section;
- any death cover you had in Section A continues in the RBA Section but any TPD cover you had in Section A ceases;
- if you have death cover and you have had contributions paid to your account in the Scheme in the last 12 months, the new TPD cover for the RBA and SCA Sections will apply to you unless you opt out.

You will not be eligible for death or TPD cover if you've transferred to the RBA Section because you've opted to have ANZ contribute to another fund for you.

### If you meet the criteria for TPD cover in the RBA or SCA Section how much cover will be provided?

If you meet the criteria, you will be provided the TPD cover for your age as set out below. Your cover will change when you move into the next age band.

Age	TPD cover
20 to 34	\$50,000
35 to 39	\$35,000
40 to 44	\$20,000
45 to 49	\$14,000
50 to 55	\$7,000

If your current death cover is less than the TPD cover amount for your age, you'll be provided with the same amount of TPD cover.



### How much does this TPD cover cost?

The premium for this TPD cover will depend on your age and the amount of cover you are provided. We will deduct the premium for your TPD cover from your account in addition to the premium for your death cover. Examples of how the premiums are calculated are set out below:

- Jane is an SCA Section member aged 30 and she's having monthly contributions paid to her account in the Scheme. Jane has \$100,000 death cover through the Scheme. Therefore, Jane would be provided with \$50,000 of TPD cover unless she opts out. At Jane's age, the premium rate is \$0.67 per \$1,000 so this TPD cover would cost \$33.50 per annum. This premium would be deducted from Jane's account in the SCA Section in addition to the premium for her death cover.
- Tony is an RBA Section member aged 40 and he's had contributions paid to his account in the Scheme in the last 12 months. Tony has \$200,000 death cover through the Scheme. Therefore, Tony would be provided with \$20,000 of TPD cover unless he opts out. At Tony's age, the premium rate is \$0.89 per \$1,000 so this TPD cover would cost \$17.80 per annum. This premium would be deducted from Tony's account in the RBA Section in addition to the premium for his death cover.

Details of the premium rates for the TPD cover were provided with the letter issued to RBA and SCA Section members at the end of November. These rates will be included in the updated Product Disclosure Statements for the RBA and SCA Sections which will be available from January 2014. You can also obtain these rates by calling ANZ Staff Super on **1800 000 086**.

### When would this TPD cover be payable?

Any TPD cover you have will be payable if the Trustee determines that you meet the relevant definition of Total and Permanent Disablement (see below). You will need to provide medical and other evidence to support your claim.

**If you were working more than 15 hours per week averaged over the three months prior to the date of your disablement**, the TPD definition under which your claim will be considered is:

- You have ceased employment as the result of injury or illness and you are incapacitated to such an extent that you are unlikely ever to be able to resume work or to attend to any gainful profession or occupation for which you are reasonably qualified by education, training or experience.*

**If you are working less than 15 hours per week averaged over the three months prior to the date of your disablement**, the TPD definition under which your claim will be considered is:

- You have suffered an illness or injury that means you are irreversibly unable to perform at least two activities of daily living (such as eating/drinking, dressing, toileting, bathing/showering, mobility) unassisted by another adult person or suitable aids.*

In the event of a claim, the Trustee will determine which definition applies to you on the basis of your employment status at that time.

No benefit will be payable if your claim arises directly or indirectly, partially or wholly as a result of:

- a condition which existed at the time your TPD cover commenced;
- a self-inflicted act; or
- an act of war.

Details of the terms and conditions (including when TPD cover ceases) will be included in the updated Product Disclosure Statements for the RBA and SCA Sections which will be available from January 2014.

## Super and Scheme updates

### Trustee director changes

In August 2013, Paul Edwards, Group General Manager Corporate Communications, replaced Michael Liarakos as an ANZ appointed director on the Trustee Board.

The Trustee thanks Michael Liarakos for his contribution and welcomes Paul to the Board.

### Want to view your 2013 benefit statement online?

Instead of receiving your benefit statement in the mail, you can choose to have an email alert sent to you when your annual benefit statement at 31 December 2013 is available to view online. To do this, you need to login using your member number and PIN. Once you are logged in, you can review your communications preferences from the 'Personal details' tab and if you want to make a change you go to the 'Update your current details' area at the bottom of the screen, where you can choose 'email' for your benefit statement rather than having it delivered by post. It's as simple as that.

*The Trustee and the staff of the ANZ Australian Staff Superannuation Scheme wish you and your family a happy and safe festive season and all the very best for 2014.*

## Contact details



**Write to**  
ANZ Staff Super  
GPO Box 4303  
Melbourne VIC 3001



**Phone**  
**1800 000 086** (8am to 6pm Eastern Standard Time)  
Outside Australia: **61 3 8687 1829**

**Fax**  
61 3 9245 5827



**Email**  
anzstaffsuper@superfacts.com



**Website**  
[www.anzstaffsuper.com](http://www.anzstaffsuper.com)

### Important notice:

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.