

# Super direction

NEWSLETTER TO MEMBERS | OCTOBER 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 September 2013:

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

1 January to 30 September 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
Year to date	18.5%	12.9%	5.7%	2.2%
1 year	22.1%	15.8%	7.5%	2.9%
3 years	9.7% p.a.	9.5% p.a.	6.8% p.a.	3.7% p.a.
5 years	4.8% p.a.	6.1% p.a.	6.1% p.a.	3.9% p.a.
10 years	7.1% p.a.	7.0% p.a.	6.3% p.a.	5.1% p.a.

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

1 January to 30 September 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
Year to date	20.1%	14.3%	6.5%	2.5%
1 year	24.3%	17.5%	9.0%	3.5%
3 years	10.2% p.a.	10.5% p.a.	7.8% p.a.	4.4% p.a.
5 years	4.7% p.a.	6.2% p.a.	6.6% p.a.	4.3% p.a.
10 years	n/a	7.7% p.a.	7.0% 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 August 2013	Aggressive Growth	Balanced Growth	Cautious	Cash
1 year	1st	3rd	4th	2nd
3 years	2nd	1st	2nd	2nd
5 years	2nd	1st	2nd	1st
10 years	2nd	2nd	2nd	1st

## Hedging of international equities

The investment returns earned on international equities (including those in emerging markets) can be impacted by changes in the value of the Australian dollar compared with the value of the currencies in which these investments are held.

To manage this currency risk, the Trustee partially hedges this risk by using foreign exchange contracts. Having a partial hedge provides some protection against decreases in the value of foreign currencies in which the shares are held, but also allows some of the benefit of increases in the value of foreign currencies to flow through to investment returns.

As part of its ongoing investment review processes, the Trustee has considered the level of hedging for each of the investment options with international equity holdings and has adopted a range for each investment option within which it will hedge this risk. The Trustee believes having a hedging range will give it the flexibility to respond to changes in the Australian dollar's value from time to time. From 21 June 2013, the hedging range and hedging ratio for each investment option with international equity holdings are as follows:

Investment option	Previous ratio	Current ratio	Range
<b>Aggressive Growth</b>	30% hedged to A\$	40% hedged to A\$	0% – 50%
<b>Balanced Growth</b>	50% hedged to A\$	60% hedged to A\$	25% – 75%
<b>Cautious</b>	70% hedged to A\$	75% hedged to A\$	50% – 100%

The Trustee continues to fully hedge the currency risk associated with international fixed interest and property securities.

## Super and Scheme updates

### Changes from 1 July 2013

#### Concessional contributions cap

The standard concessional contribution cap for the 2013/14 tax year is unchanged at \$25,000. This standard cap is normally indexed based on movements in full time adult Average Weekly Ordinary Time Earnings (AWOTE) rounded down to the nearer \$5,000. However, the Government has paused indexation until 30 June 2014. Indexation is currently scheduled to resume for the 2014/2015 tax year.

#### Higher concessional contributions cap

From 1 July 2013, a higher concessional contributions cap of \$35,000 applies if you were at least age 59 on 30 June 2013.

From 1 July 2014, the higher cap of \$35,000 will be extended to apply if you were at least age 49 on 30 June 2014.

**This higher cap is not indexed and will be replaced by the indexed standard cap once it is exceeded.**

#### Non-concessional contributions cap

The non-concessional contributions cap for a tax year is six times the standard concessional contribution cap so this cap remains at \$150,000 for the 2013/14 tax year. The bring-forward option, allowing people aged less than 65 to make non-concessional contributions of up to three times the non-concessional contributions cap in the first year of a three year period, also remains capped at \$450,000.

#### SG maximum contribution base

The "maximum contribution base" refers to the maximum amount of earnings on which your employer is legally required to make Superannuation Guarantee (SG) contributions for you.

For 2013/14, the maximum earnings on which your employer is required to contribute is \$48,040 per quarter or \$192,160 per annum. That means the maximum quarterly SG contribution is \$4,443.70 per quarter (i.e. 9.25% of \$48,040) or \$17,774.80 per annum.

#### Co-contribution

For 2013/14, a maximum co-contribution of \$500 will be available if your income (i.e. assessable income plus reportable employer superannuation contributions and fringe benefits) is up to \$33,516 and you make personal after-tax contributions to super. The matching rate is 50 cents for each \$1 of personal contribution up to \$1,000 of contributions. The maximum co-contribution amount available phases out and ceases to be available if your income exceeds \$48,516.

#### Tax on concessional contributions for high income earners

In the 2012/13 Federal Budget the Government announced that from 1 July 2012, individuals earning incomes of more than \$300,000 would have their contributions tax rate increased from 15% to 30% (excluding Medicare levy). This measure has now been passed.

From 1 July 2012, if your income (including concessional contributions) exceeds \$300,000 per annum, you may pay 30% contributions tax (rather than 15%) on some or all of your concessional contributions. This additional tax will not apply to contributions that are subject to excess contributions tax.

#### Increase to Medicare levy

The Medicare levy rate is scheduled to increase from 1.5% to 2% of taxable income for the 2014/15 tax year onwards.

The money raised from the increase is intended to fund part of the costs of delivering the National Disability Insurance Scheme (NDIS).



## MySuper update

Earlier this month we issued notices to members about MySuper, which comes into full effect from 1 January 2014.

MySuper is a key part of the Government's Stronger Super reforms. The aim of MySuper is to encourage superannuation funds to provide simple, cost-effective accounts, particularly for those members who have not made active choices about their super. From 1 January 2014, if employees have not made a Choice of Fund election, their employers will need to pay their contributions into a superannuation fund that offers a MySuper option.

To be able to provide MySuper accounts, a superannuation fund needs to offer accounts that meet a range of requirements relating to investments, insurance, fees and other features, and it needs to be authorised by the Australian Prudential Regulation Authority (APRA). The Trustee has applied to APRA for MySuper authorisation of our existing accumulation accounts.

### What does MySuper mean for you?

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 charged to members.** These fees depend on your membership section (i.e. whether you are a current employee in Section A or C, a former employee in the Retained Benefit Account [RBA] Section or a member of the Spouse Contribution Account [SCA] Section) and, in the case of Section C members, whether you are classified as a MySuper member or not. Further details about the account management fee changes from 1 January 2014 are provided below.

Otherwise the only other change is that in certain circumstances, a minimum level of death cover may apply if you are an RBA or SCA Section member who is classified as a MySuper member. Again further details are provided below.

MySuper does not apply to pensions. That means **if you are a member of the Account Based Pension (ABP) Section, MySuper has no direct impact on you. However, as part of the review of the account management fees charged to members, the account management fee for the ABP Section will reduce from 1 January 2014.** Further details are provided below.

### What do you need to know?

#### MySuper classification

Under the relevant legislation, members are classified as either MySuper or Choice members.

For Scheme members, it generally doesn't make much difference whether you are classified as a MySuper or Choice member. That's because the accounts offered by the Scheme already meet most of the MySuper requirements.

- ◆ The investment objectives and strategies of the investment options offered by the Scheme are the same and they are not changing with the introduction of MySuper. Your account will continue to be invested in the investment option or mix of options you've selected.

- The investment management costs applying for each investment option will be the same whether you are a MySuper or Choice member.
- Other than for certain RBA and SCA Section members, your insurance arrangements (including the cover options and premium rates) will be the same and they are not changing with the introduction of MySuper.
- Other than for Section C members, the account management fees applying to your account will be the same whether you are a MySuper or Choice member.

The key driver for determining whether you'll be classified as a MySuper or Choice member is whether your account is invested 100% in the Balanced Growth option. The notice you received includes the details of how this classification works and your classification based on how your account was invested at the end of August 2013.

Regardless of how your account is invested, you can choose to opt out of being classified as a MySuper member. Where possible, your notice included a link to an online tool for opting out. For other members, a MySuper Opt-out form was included in your notice. If you'd like to opt out, please use the online tool or return your completed form in the reply paid envelope. You can also download the MySuper Opt-out form from the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com).

#### Account Management Fees

The Trustee has reviewed the account management fees (or administration fees) paid by members to ensure they comply with the requirements of the legislative changes as part of the Stronger Super reforms.

The account management fees for 2014 are set out in the table below.

- These fees reflect the costs of administering each of the sections. That's why they aren't the same for all sections.
- These fees include allowance for a partial rebate of 0.05% of your account balance. This rebate will be reviewed annually and you'll be advised if there is any change to this rebate.

<b>Section A</b>	0.10% p.a. of your account balance
<b>Section C (MySuper members only)</b>	0.10% p.a. of your account balance
<b>RBA Section</b>	0.20% p.a. (previously 0.50% p.a.) of your account balance
<b>SCA Section</b>	0.20% p.a. (previously 0.50% p.a.) of your account balance
<b>ABP Section</b>	0.15% p.a. (previously 0.30% p.a.) of your account balance

The account management fee will be deducted from your account weekly on a pro rata basis.

For each section, a cap of \$500,000 will apply to your account balance when this fee is calculated so the account management fee will only be charged on the first \$500,000 in your account.

Here are a few examples to show how these new fees would apply for sample members. Remember your actual account management fee will be based on your account balance.

John is a Section A member. His current account balance is \$20,000. That means his account management fee for 2014 would be \$20 (i.e. 0.10% of \$20,000).

Mary used to work for ANZ and has continued her membership in the RBA Section. Mary's current RBA balance is \$120,000. That means her account management fee for 2014 would be \$240 (i.e. 0.20% of \$120,000).

Louise has retired and converted her super to an account based pension in the ABP Section. Louise's current ABP balance is \$600,000. That means her account management fee for 2014 would be \$750 (i.e. 0.15% of \$500,000 as this cap applies when the fee is calculated).

The Scheme's fee structure is fairly simple. Other than any insurance premiums, the only fees and costs that apply are:

- the account management fee described above; and
- the investment management costs which are deducted before unit prices are struck.

The Scheme does not charge buy/sell spreads, switching fees, exit fees or activity fees.

The investment management costs reflect the actual investment-related costs for managing the Scheme's assets and depend on your investment option. As an indication, these costs ranged from 0.06% to 0.44% for 2012. Details of these costs are set out in the Product Disclosure Statements which are currently available on the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com). The arrangements in relation to these costs are not changing.

The Trustee seeks to minimise the fees you pay as a Scheme member to ensure that the Scheme remains as competitive as possible. The Trustee believes that the overall fees and costs (i.e. the account management fee plus investment management costs) remain competitive compared with those of other funds.

If you are comparing funds, remember to take into account all of the fees and costs (including buy/sell spreads, switching fees, exit fees or activity fees) levied on members.



## Insurance

If you are in Section A or C, your insurance arrangements (including the cover options and premium rates) will remain the same. There will be no changes with the introduction of MySuper.

If you are in the RBA or SCA Section, a minimum level of death cover may apply to you under the MySuper requirements.

If you are:

- classified as a MySuper member; and
- you are having contributions made to your RBA or SCA account; and
- in the case of RBA Section members, you have death cover

as a minimum, you'll be provided with the death cover for your age as set out below.

Age Range	Cover
From 20 to 34 years	\$50,000
From 35 to 39 years	\$35,000
From 40 to 44 years	\$20,000
From 45 to 49 years	\$14,000
From 50 to 55 years	\$7,000

If you meet the conditions and your existing death cover is more than the amount for your age in the table above, your death cover will be unchanged. This is likely to be the case for most members. However, if your existing cover is more than the amount for your age in the table above, your death cover will increase to this minimum amount.

Your premium will increase to pay for any extra cover. The additional premium depends on your age and the amount of extra cover. The cost of death cover in both the RBA and SCA Sections currently ranges from \$0.60 to \$10.45 per \$1,000 of cover.

You may choose to opt out of having this extra cover.

The conditions applying to this cover may change in the future. You'll be advised prior to any material changes being implemented.

Here are a couple of examples to show how this minimum would apply for a couple of sample MySuper members.

Steve is an RBA Section member aged 32 with \$200,000 of death cover. He's chosen to have his new employer contribute to the Scheme for him. As his current cover is greater than the minimum of \$50,000 which applies at his age, there will be no change to his cover.

Sally is an SCA Section member aged 41 and she's also having monthly contributions paid to her account in the Scheme. Sally hasn't taken out any death cover through the Scheme. Therefore, Sally would be provided with \$20,000 unless she opts out. At Sally's age, the premium rate is \$1.20 per \$1,000 so this cover would cost \$24 per annum. This cost would be deducted from Sally's account in the SCA Section.

Other than applying this minimum if you meet the relevant conditions, there will be no changes to your insurance arrangements (if any) with the introduction of MySuper. You'll find more details about the insurance options and conditions (including the premium rates) for your section on the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com) or in the Product Disclosure Statement and In Detail booklets available on the website.

## MySuper frequently asked questions

### How do I know what membership section I'm in?

You can find out what section you are in by:

- looking at your MySuper notice or your most recent annual benefit statement;
- signing into the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com) using your member number and PIN and checking your personal details; or
- calling ANZ Staff Super.

Your membership section affects the benefits, terms and conditions (such as the insurance options and premium rates) applying to you. It also affects how the MySuper changes impact you.

### Does it make a difference whether I'm classified as a MySuper or Choice member?

For most Scheme members, membership is essentially the same regardless of whether you are classified as a MySuper or Choice member. MySuper and Choice are just classifications under the legislation.

The only differences are:

- the account management fee will only apply for Section C members who are MySuper members; and
- a minimum level of death cover may apply if you are an RBA and SCA Section member who is classified as a MySuper member.

### So why would I opt out?

For those members who are not in Section C, it's essentially a matter of personal preference – it doesn't make much difference. **For Section C members, it does make a difference** as you'll not be charged an account management fee if you are a Choice member (see below).

### I'm in Section C. Will the account management fee apply to me?

The new account management fee will not apply if you opt out of being a MySuper member and become a Choice member. If you are a Choice member, you will not be charged this fee. This difference arises because of how the new MySuper requirements interact with the provisions for Section C members.

You can choose to opt out of being classified as a MySuper member and, therefore, be classified as a Choice member by clicking on the link to the online tool on your original notice or by completing a MySuper Opt-out form and returning it to ANZ Staff Super. The MySuper Opt-out form is available on the Scheme's website or by calling ANZ Staff Super.

### If I'm a Choice member, can I still choose to invest my account in the Balanced Growth investment option?

Yes. You can invest in the Balanced Growth option regardless of whether you are MySuper or Choice member.

Similarly, if you are a MySuper member and you'd like to switch some or all of your account to one or more of the other investment options, that's fine too.

More information about the investment options and how to switch is available on the Scheme's website [www.anzstaffsuper.com](http://www.anzstaffsuper.com).

## Getting the most out of your Scheme

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

Did you know that you can receive your benefit statement via email instead of in the mail? You can choose the method that suits you best!

Depending on the type of 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 be helping 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.

### Here's what you need to do:

Log on to [www.anzstaffsuper.com](http://www.anzstaffsuper.com) and sign into your account using your member number and your PIN. (Remember 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 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.

## Contact details



**Write to**  
ANZ Staff Super  
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Melbourne VIC 3001



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

**Fax**  
61 3 9245 5827



**Email**  
[anzstaffsuper@superfacts.com](mailto: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.