

On the *money*

Issue 1, 2017

How is super
changing?

Investment
update

Meet

CareSuper member
Celene White



Welcome to On the money

Super is changing – will it change for you?

On 1 July, Government changes to super will come into effect.

Many of these changes are positive and give you more flexibility around how you contribute to super. Not only that, but tax offsets for some contributions will be more readily available.

For example, more Australians will be able to claim a tax deduction for making personal contributions to super. It's a bit of a win-win. You're putting money towards your future – and you're getting some back now.

Find out more about the changes on pages 6 to 9.

Get in quick before 1 July

As part of the super changes, contribution caps on how much you can add to super will be lowered. This will make it harder to 'catch up' right before retirement, so make the most of the existing rules while you can!

If you're not in a position to take advantage of the existing caps, what could you do instead?

We'd encourage you to consider making small, regular contributions over your working life – starting now. That way, the lower caps won't be a barrier later on, and you're giving your money much longer to benefit from any positive growth.

We explore a few manageable contribution options in this magazine.

How did your investments perform in 2016?

In a year filled with challenges for investors, it's pleasing to report that all of CareSuper's investment options performed strongly.

In fact, the Balanced option, where most members are invested, returned 9.39% over one year to 31 December 2016, outperforming the median balanced fund by more than 2% (according to SuperRatings).*

More importantly, the Balanced option is the second highest returning fund over 7- and 10-year periods (compared to peers)*, continuing its track record of strong long-term performance for CareSuper members.

Learn more about CareSuper's investment performance on pages 4 and 5.

If you have any questions or feedback, get in touch by calling **1300 360 149**.

Julie Lander

Julie Lander | CareSuper CEO

* Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index, December 2016.



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Suzanne Branton
General Manager
– Investments

CareSuper's
commitment to active
investment, and our
philosophy of protecting
members' capital,
will remain key.

Investment update

How did your super perform?

CareSuper closed out the December quarter with strong returns for all investment options.

The Balanced option (CareSuper's default option) returned 9.39% over one year to 31 December 2016, outperforming the median balanced fund, which returned 7.27% over the same period (as measured by SuperRatings).*

Importantly for members, the option continued to perform strongly over the long term as well. In fact, the Balanced option was the second highest returning fund over 7- and 10-years (compared to surveyed peers),* demonstrating the consistency of CareSuper's performance and approach to investing.

* Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index, December 2016.

What were the drivers of growth?

The impressive return of the Balanced option was driven by strong returns from a number of asset classes, including Australian and overseas shares, unlisted investments (notably property), and the Fund's alternative asset

Investment returns to 31 December 2016

Investment options	1-year (%)	Long-term annual returns ^			
		3-year (% p.a.)	5-year (% p.a.)	7-year (% p.a.)	10-year (% p.a.)
Managed options					
Capital Guaranteed	1.89	2.37	1.88	2.25	3.09
Capital Stable	6.21	5.51	7.31	6.65	5.50
Conservative Balanced	7.20	6.32	8.70	7.36	5.75
Balanced	9.39	8.26	11.02	8.69	6.28
Sustainable Balanced	8.26	7.78	10.50	8.13	5.51
Alternative Growth	10.45	8.24	11.20	8.86	6.53
Growth	9.74	8.47	12.36	9.06	6.21
Asset Class options					
Capital Secure	2.43	2.55	2.94	3.34	3.59
Fixed Interest	3.16	4.16	5.06	6.31	5.95
Direct Property	11.86	11.15	9.39	8.97	6.68
Australian Shares	11.91	7.20	11.60	7.39	5.29
Overseas Shares	8.70	9.50	16.20	10.98	6.17

^These returns are compound average annual returns.

The long-term returns shown in this table may differ from your actual returns. The returns shown are after fees and tax and have been rounded to two decimal places. All net investment returns are reflected in the sell price of each investment option. Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.

classes – in particular, infrastructure and private equity. (The fact that return drivers came from a mix of asset classes highlights the importance of diversifying members' super across a broad portfolio of high-quality assets.)

Australian shares benefitted from a rebound in commodity prices. Much of this was driven by improved expectations of growth and inflation globally. Meanwhile, overseas shares were supported by the strengthening US economy.

However, this was also the catalyst for a rise in long-term interest rates, which has seen muted returns from bond markets. (As interest rates rise, the value of bonds falls.) The Balanced option has been positioned for a rise in interest rates, which has contributed to the Fund's relative outperformance of peers.

The importance of active management

At CareSuper we select managers who make active decisions about investments and also take an active approach to structuring our options and investment strategy with the aim of increasing returns for members, while reducing risk.

This active management approach means we can position ourselves defensively to protect members' money during periods of volatility and capture the upside when markets are rising.

This approach to investing has been central to delivering consistent results and is in contrast to passive investing, which aims to only achieve returns in line with market performance.

CareSuper's size is also an important factor in the way we invest. At \$12 billion in funds under management (as at 31 December 2016), we're sizeable enough to invest with scale, but nimble enough to move quickly and take advantage of investment opportunities as they arise.

Market insight

While elections and political change dominated the news in 2016, financial markets were also influenced by evolving global economic conditions. Evidence of a strengthening global economy was accompanied by improved company earnings and a rise in global interest rates. Share markets were also influenced by the pro-growth stance of the Trump administration in the United States.

Investors have entered 2017 with a sense of cautious optimism as share markets have risen around the world. At the same time, it is not yet clear how changing US policy will affect the global economy and whether interest rates will continue to rise. It is interesting to observe that markets are rising at a time when uncertainty is generally thought to be quite high.

Time will tell whether this initial optimism will be sustained. Either way, CareSuper's commitment to active investment, and our philosophy of protecting members' capital, will remain key.



How is **super** changing on **1 JULY?**

Get your super

In November last year, the Government passed a range of changes to super. This means:

- 1 From 30 June, there are some things you'll no longer be able to do. Can you sneak in before the deadline?
- 2 After 1 July, there will be more flexible ways to contribute to super. Understanding these changes could help you super-charge your super for the future.

Lower caps means no last minute super boosts

CONTRIBUTION CAPS*	1 JULY 2017	NOW
Concessional (before-tax) contributions Each financial year	\$25,000	\$30,000 for under-50s \$35,000 for ages 50+
Non-concessional (after-tax) contributions Each financial year	\$100,000 (You can bring forward 3 years of contributions, up to \$300,000)	\$180,000 (You can bring forward 3 years of contributions, up to \$540,000)

* If you go over the caps, you have to pay extra tax. Additional restrictions may apply depending on your age and/or total balances in super and pension accounts.

At a glance

From 1 July, it will be more important than ever to consider your contribution strategy throughout your whole working life – on top of contributions made by your employer.

That's because last-minute top-ups will be a thing of the past due to reduced contribution caps.

Even if you're a long way from maxing out the caps right now, having a long-term strategy can give your investment longer to grow, take the pressure off future you to find big money just before retirement, and make it easier to budget your payments.

Plus, small contributions can make a big difference. Not convinced? See what extra contributions could do for your super at caresuper.com.au/sparechange.



Act quickly before 1 July

If you want to take advantage of the existing contribution caps, you'll need to act quickly.

Go to caresuper.com.au/maximisesuper to find out how to contribute.

Do you qualify for a Government top-up?

If you earn less than \$37,000 over a financial year, the Government will add up to \$500 extra to your super account to help you save. This is known as the Low Income Superannuation Tax Offset. As long as you're eligible, and you've given CareSuper your tax file number, it's an automatic payment.

ahead of the game



A more generous tax rebate is good news for couples

**1 JULY
2017**

You make contributions to
your spouse's super account.
They earn less than

\$40,000

up to \$540 tax back

NOW

You make contributions to
your spouse's super account.
They earn less than

\$13,800

up to \$540 tax back

At a glance

There may be times in your life when you're receiving very little super – or none at all. Perhaps you're studying and working part-time, or raising a child. Or maybe it's your partner whose balance is low or lagging.

To keep building your super together, you or your spouse (married or de facto) can contribute some of your own money to the other's account.

And from 1 July, the income threshold to qualify for a tax incentive is becoming more generous.



Growing your super together?

There are more ways to save for the future as a couple, such as contribution splitting. Find out more at caresuper.com.au/maximisesuper.

Getting started

With spouse contributions, you can keep both your super accounts ticking over for the future, and at tax time you could claim some money back for now.

- Learn more at caresuper.com.au/FAQs
- Get the **Spouse contribution** form at caresuper.com.au/forms

How is **super** changing on **1 JULY?**



More flexibility to claim tax deductions for personal contributions

At a glance

From 1 July, more Australians will be able to make personal contributions to super and claim back on tax.

These contributions will be taxable at up to 15% (like super guarantee contributions paid by your employer) and will be subject to the concessional contribution cap (\$25,000 from 1 July).

As long as your marginal tax rate is higher than the tax on super contributions this can

be a tax-effective and flexible contribution method.

It's also an alternative to salary sacrifice (where you ask your employer to direct more of your salary straight into super), which some people can't access.

CASE STUDY

Meet Josephine

Josephine earns \$50,000 in 2017/18 as an administration assistant.

She pays \$2000 towards her super out of her take-home pay and claims a deduction. Her contribution counts towards her concessional (before-tax) cap of \$25,000 from 1 July.

Her taxable income is now \$48,000 – so she has to pay less tax and she's lending a hand to her future self.



Next steps

To claim, you'll need to lodge a **Notice of intent to claim form** from the ATO or CareSuper for the 2017/18 income year.

Can you close the gap?

This change gives you the flexibility to 'close the gap' if your concessional contributions are below the cap near the end of the financial year.

It's super to have choices



One of the great things about super is that, while you're saving, you can be as engaged as you choose.

Some members like to 'set and forget', making small decisions now and then, but mostly trusting things to CareSuper. Others like to constantly explore their options – like the more flexible ways of contributing offered by the super changes.

Whatever your choice, it's important to realise that when you stop working your super will go from being a retirement savings balance to your new form of income (or at least part of it). And the longer money spends in super, the longer it has to benefit from compounding returns.

Here are a few ways to start growing your super early:

✔ Set up a direct debit

You direct debit your rent, health insurance and streaming service – why not super? Even small commitments, like putting your triple-coffee-Tuesday money into super instead, can make a big difference over time. To set things up, get your customer reference number from MemberOnline (caresuper.com.au/login) or by calling us. CareSuper's Biller code is **929 893**.



✔ Get advice

Exposing the contents of your piggy bank to a stranger can seem daunting, but CareSuper's financial advisers* aren't here to judge how much or how little you've got – or how big or small your financial goals. They're here to help you try and meet them. More at caresuper.com.au/advice.

✔ Stay up to date with the changes

There are more changes to super than the ones we've covered here. To explore them all visit caresuper.com.au/superchanges.



Super confused?

Call **1300 360 149** and we'll get you up to speed on the changes to super.

* Financial advice is offered through CareSuper's relationship with Industry Fund Services Limited (IFS), and is provided by an authorisation under the Australian financial services licence of IFS, ABN 54 007 016 195, AFSL 232514.



One smart question for your next job interview

OK, three scenarios for you:

1 A job interview 2 Your 30th birthday 3 Self-admin Sunday

Do any of these situations make you think about your super?

Many of our members say everything in their lives, including their future, gets a little more real when there's a '3' in front of the '0'.

But what about the first scenario?

For most of us, super wouldn't make the interview prep list. Usually, that's all about researching the company and soothing your pre-interview nerves with chocolate!

Haven't thought about your membership in a while?

Here are some of the things we offer you:

- Award-winning super
- **Top 3** member satisfaction rating*
- Extra benefits while you work at caresuper.com.au/benefits.



* Source: Satisfaction with Financial Performance of Superannuation - Largest 17 Funds. Roy Morgan Single Source (Australia).

But when your interviewer inevitably asks 'Do you have any questions for us?', here's one they may not be expecting:

'I'm with CareSuper. Who's your default fund?'

What's important about this question?

Chances are, your interviewer hasn't been asked this very often – so there you go, you're memorable.

Secondly, their answer will help you decide what to do next.

If they say CareSuper – easy! We can keep taking care of your super. If they name a different fund, and you're not locked into their choice, you'll probably want to think hard about whether you're willing to let your super be split between different providers.

How to stay with CareSuper

Keeping your super in one place is as easy as handing your employer a **Choice** form.

Download one at caresuper.com.au/choice.





meet

CareSuper member Celene White

As a third year Commerce student majoring in Management and Business Information Systems, Celene White understands the importance of looking ahead.

'In this technical age, things like cyber security will only become increasingly relevant and important to the success of business,' she says.

Her focus on the future is something of a guiding principle when it comes to her finances too.

'I know a little about the value of long-term investing,' she says, 'like the benefits of having only one super account in order to avoid multiple admin fees and insurance premiums. That's why I've always asked my employers to pay my contributions to CareSuper, rather than whatever fund they've chosen for their business.'

Speaking of employers – Celene is currently juggling three. She works as a waitress, on the breakfast shift at an aged care centre, and as a contractor for various sporting and entertainment events across Victoria.

While some of that hard-earned money goes on current pursuits, like a gym membership and 4-wheel driving trips, Celene says she's very focused on how she spends her money – and saving is a big part of that.

'I'm currently saving for a trip to Europe at the end of June, so I have a savings account for that, and a second account to make sure I still have some money when I return. I want to be able to move out of home when I complete my degree, so that's partly what that's for.'

A CareSuper member for the past two years, Celene credits her family with helping her understand the importance of getting active with her super and her finances in general.

'We always talked about the importance of super and I was encouraged to pay attention to my account as soon as I started working,' she says. 'I was able to set everything up online in preparation for my first job.'

'I know retirement's a really long way away, but my super's important because it will give me financial security in the future,' Celene says. 'I will take comfort in knowing I'll have my super to rely on in my old age.'

what's your story?

If you'd like to share your story with us, please email us at social@caresuper.com.au.

Start your super search today

We can search the Australian Taxation Office's database for your other super accounts and get the results within seconds.

Visit **supermatch.caresuper.com.au**
or call **1300 360 149**



get in touch

Call CareSuperLine 1300 360 149

Visit caresuper.com.au

Email admin@caresuper.com.au

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