

Super & You

Issue 2, 2016

The future
of the
workforce

investment
update

2015/16



meet
CareSuper
member, Jessica

welcome to Super & You

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Your annual statement is now available

Have you taken a look at your super statement yet? Inside, you'll find important information about your account, including all of the money that has gone into and out of it over the last financial year. You can see how the investment options your super is invested in performed and what that means for your balance. Your statement also includes details of any insurance cover you might have through your super account, so you can see how much cover you have and how much it costs. If you don't know whether you have insurance through your super, now is a good time to check.

If you'd like to get a more up-to-date look at your super, simply log in to MemberOnline at any time at caresuper.com.au/login.


How did your investments perform during 2015/16?

After a year of volatile market performance, CareSuper's Balanced option returned 4.45% for the financial year ending 30 June 2016.

According to SuperRatings, this return places us in the top 10 of balanced options for surveyed funds.* While one-year returns may be lower than previous years, the fact that we have once again delivered a better return than most other surveyed funds illustrates the strength of our investment approach. Over the longer term, the Balanced option's 10-year average return of 6.38% per annum to 30 June 2016 ranked an impressive third overall, when compared to similar surveyed balanced options.* At CareSuper, we continue to encourage members to focus on longer periods – after all, super is a long-term investment, and it's important to know how your fund performs in all types of market conditions, not just over one year.

To read more about the year in review go to pages 4–5.

If you have any questions or feedback, please email us at admin@caresuper.com.au or call us on 1300 360 149.


Julie Lander | CareSuper CEO

'Best of the Best' awards

For us, it's not about how big the trophy cabinet is – it's about making sure you feel confident that your super is in good hands. That's why we like to let you know when CareSuper wins awards – like three *Money* magazine 'Best of the Best' awards for 2016.



➤ Find out more at caresuper.com.au/awards.


Discounted online tax service for CareSuper members

Do you need help getting your tax sorted? CareSuper has partnered with Crowe Horwath to give you access to a simple, online tax service at a discounted rate.

- ✓ A same day tax refund (of up to \$1000)
- ✓ A 10% discount on Crowe Horwath fees
- ✓ Personalised support over the phone from a registered tax agent
- ✓ The ability to lodge your return online from 8am–8pm, five days a week.

Conditions apply.

➤ Go to caresuper.com.au/tax to find out more.

 **Crowe Horwath.**
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* As measured by the SuperRatings Fund Crediting Rate Survey, June 2016



Investment update



Suzanne Branton
General Manager –
Investments

‘...the strength of our investment approach will help us continue to deliver strong returns for members.’

How did your super perform?

CareSuper's Balanced option returned 4.45% for the financial year ending 30 June 2016. While this is a lower return compared to recent years, it is reflective of a year of volatile market performance and still a solid result.

The Balanced option's return exceeded the median return for similar surveyed balanced options by 1.64% according to SuperRatings,* and outperformed the Australian share market over the same period, based on the performance of the S&P/ASX 300 Index.†

Excellent long-term results

According to SuperRatings, the Balanced option's 10-year average return of 6.38% per annum to 30 June 2016 ranked an impressive third overall, when compared to similar surveyed balanced options.*

Investment returns to 30 June 2016

Investment option	Annual returns for 2015/16 (%)	Long-term annual returns ^		
		5 years (% p.a.)	7 years (% p.a.)	10 years (% p.a.)
Managed options				
Capital Guaranteed	2.27	2.02	2.30	3.35
Capital Stable	3.56	6.75	7.22	5.61
Conservative Balanced	3.08	7.56	7.94	5.79
Balanced (MySuper)	4.45	9.13	9.25	6.38
Sustainable Balanced	4.35	8.84	8.94	5.52
Alternative Growth	5.47	9.19	9.49	6.48
Growth	3.04	9.74	9.86	6.22
Asset Class options				
Capital Secure	2.44	3.12	3.50	3.75
Fixed Interest	4.05	6.22	7.00	6.18
Direct Property	13.34	8.93	8.21	6.51
Australian Shares	0.19	7.73	8.83	5.40
Overseas Shares	- 0.39	12.63	11.52	5.96

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.

^ These returns are compound average annual returns.

Super is about the long-term, and CareSuper has always encouraged members to pay closer attention to how their fund is performing over longer periods, rather than focusing only on the one-year numbers.

In times of unpredictable market conditions, CareSuper will continue its strategy of protecting members' capital and diversified investing to produce sustainable growth, rather than chasing short-term highs.

Where did growth come from?

The asset classes that delivered the best growth over the 2015/16 financial year were CareSuper's unlisted investments, notably Property, as well as the Fund's Alternatives asset class. Of the four categories of alternatives in which the Fund invests (infrastructure, private equity, credit and absolute return), the two strongest performing categories in 2015/16 were infrastructure and

private equity. A significant part of the Balanced option's return came from these assets, enabling the Fund to deliver a good return, despite disappointing results from Australian and overseas shares.

This highlights the importance of diversification, as well as CareSuper's active investment approach, which allowed our investment managers to adapt to changing market conditions throughout the year and take advantage of key investment opportunities.

Looking ahead

CareSuper remains cautious on the outlook for the year ahead, anticipating that investment returns are likely to stay at modest levels for the short to medium term.

However, we are confident that the strength of our investment approach will help us continue to deliver strong returns for members.

Investing for the long term

Here are a few of the key things we're doing to get the best possible results for our members.

1 Going the distance with you

Super is a lifetime investment. You probably don't need it right now, so while you're still working we're actively investing in a diversified range of assets that we believe will deliver sustainable growth over 10- and even 20-year periods.

This approach has helped us produce consistently strong returns over the long term. Not only is our Balanced option's 10-year return ranked in third place compared to similar surveyed balanced options,** but it's also ranked in the top five over 5- and 7-year periods too, according to SuperRatings.**†

2 The benefits of 'active management'

'Active management' means we monitor and respond to changing market conditions and take advantage of investment opportunities as they arise. The investment managers we have appointed make deliberate

decisions about when to buy and sell, with the aim of achieving higher returns for you.

In contrast, passive investing, while less costly, aims to only achieve a return in line with market performance, instead of actively choosing investments that are expected to outperform.

3 Spreading the risk

We position the investments of our Balanced option to take advantage of market growth (and to manage risk by protecting your super when markets are unpredictable). In addition, we make sure we invest your super across a variety of assets like property, alternatives and fixed interest, as well as shares. By diversifying investments in this way we're reducing risk and aiming to make the most of various asset classes when they perform well.

** As measured by the SuperRatings Fund Crediting Rate Survey, June 2016.

† Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.

➡ To view the returns for all CareSuper options go to caresuper.com.au/investments.

* As measured by the SuperRatings Fund Crediting Rate Survey, June 2016.

As measured by the performance of the S&P/ASX 300 Index.

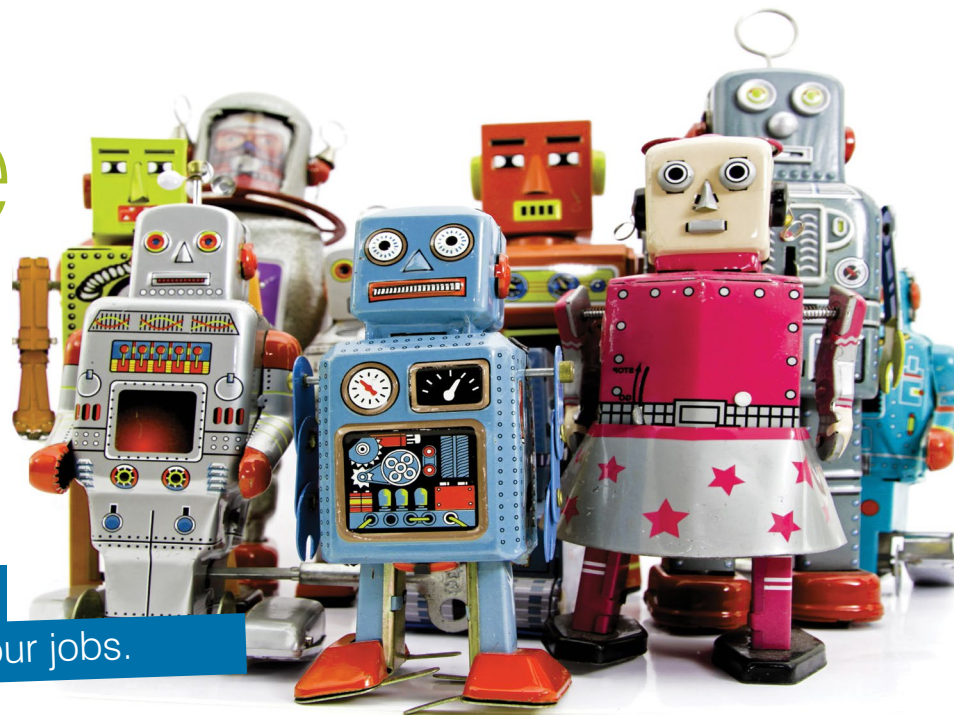
Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.



want to learn more?

To hear all the latest in investment news from CareSuper, simply provide us with your email and you'll start receiving our regular e-newsletters. See the back cover of this magazine to find out how you can give us your email address.

The future of the workforce



We've all heard the rumours:

Robots are going to take over our jobs.

The Australian workforce is constantly changing as technologies and talents continue to evolve, and while there's some truth to the rumours, there are positives too – like the fact that some dangerous jobs will no longer have to be performed by people, potentially saving lives.

And, as digital becomes more popular, opportunities open up. Worldwide connectivity means portability – more flexible ways of doing business. Where old jobs are pushed out, entrepreneurs step in, wondering, 'OK – where can we boldly go from here?' At CareSuper, we hear from a lot of members who enjoy the variety of working in a gig economy or on contract assignments.

So how does this relate to super?

For the everyday Aussie, particularly the two million or so who are casually employed,* the changing workforce means it's more important than ever to make sure you understand all of your entitlements. That includes your super.

If you're employed on a casual basis, here's what you should be getting: the equivalent of 9.5% of your salary into your super account if you're earning more than \$450 in a calendar month and you're over 18. (Different rules apply for under 18s.)

But what happens if your hours decrease, you work multiple jobs or you're self-employed? As an employee, even if you're earning \$300 per month in one job and \$400 in another, your employers are not obliged to make contributions for you (though they may do so anyway). This can have a huge influence on your super balance, particularly if you're a long-term casual worker. And if you're self-employed, the responsibility for saving for your future self rests on you!

It can be tough to regularly tuck away savings for future you, so here are a few easy ways to boost your super.

1 Choose one fund (like CareSuper)

If you're a regular job-hopper, and you haven't nominated just one super fund, it can be easy to accumulate super accounts. Most of the time, you can choose which fund you want your employer to pay your super into, so why not ask all your employers to make contributions to CareSuper? Just fill out the **Choice** form in your statement pack and hand it to your boss. This means you won't have to worry about consolidating down the track.

2 Consolidate your super

If you're working jobs with different employers and you haven't handed over a **Choice** form, they may be paying your super into different funds. Rolling all your money into the one account can help cut down on fees and make it easier to keep track of your money.^ To consolidate into CareSuper go to caresuper.com.au/consolidateonline.

3 Make the most of Government incentives

Super co-contribution

If you're earning less than \$51,021 and you make an after-tax contribution to your super (like a direct debit) the Government will make a co-contribution. Depending on how much you add, they'll chip in up to \$500 – and you don't have to do anything. If you're eligible and CareSuper has your tax file number, it's an automatic payment. Go to ato.gov.au to find out more.

Low income super contribution

If you earn less than \$37,000 per year the Government will drop another \$500 into your super account, as long as you meet eligibility criteria like completing your tax return and providing your tax file number to CareSuper. For more information on eligibility go to ato.gov.au.

* Australian Council of Trade Unions: <http://www.australianunions.org.au/>

^ Before combining your super into CareSuper you should consider whether this is right for you and check if you will be charged any exit or other fees. You should also check the impact on any insurance arrangements (such as loss of insurance) or other benefits.



3 reasons to stay with CareSuper

Almost 10% of everything you earn goes into super, so it's worth caring about who cares for your money. Here are three reasons CareSuper is a good choice for your super.

1 Taking care of things for you

Super's a full-time job for us, not you. While we encourage you to check in with your account from time to time, we'll be here taking care of things during those times when you're just getting on with life. CareSuper is a regulated fund and is highly rated by independent agencies like *Money* magazine (see page 3), so you can feel confident your super is in good hands.

2 Making your life 'app-ier'

The CareSuper mobile app will soon be available for download from Google Play and the App Store. Need a **Choice** form to give your employer, or want to check your balance? With the app, you'll be able to do that and much more. Find out more at caresuper.com.au/caresupermobileapp.

3 Looking at the big picture

Some funds pride themselves on having low fees, which generally means a passive approach to investing (more on page 5). Other funds focus mostly on investment performance. CareSuper believes that the big picture is what counts – the return after fees. After all, that's the money that ends up in your pocket at the end of the day. Go to page 10 for more on our net benefit results.

+ 1 way to make it happen



Whenever you change jobs, fill out a **Choice** form, hand it to your employer and you're done – we'll continue to take care of you. [^] Really, that's all it takes.

You can use the prepopulated form in your statement pack, or grab one at any time from caresuper.com.au/choice or MemberOnline.

[^] Occasionally, your employer may have an arrangement in place that prevents you from choosing the fund you want. It makes us sad too. So tuck us away in the back of your mind and when you move onwards and upwards into a great new job you can have your contributions sent straight back to CareSuper.

What could the Federal Budget mean for your super?

There's been a lot of buzz about the Federal Budget this year, not least because of the changes proposed for the super world. Above all the noise, the goal seems to be to make super more sustainable and fair, and to encourage Australians to contribute throughout their working lives. While these measures still need to be passed by parliament, we wanted to give you the heads up.

Reduced contribution caps

From 1 July 2017 it's proposed that the maximum amount you can contribute to super out of your pre-tax income (through employer contributions or salary sacrifice) will be \$25,000. If you were planning on maximising the current cap of \$30,000 (for under 50s) next year, you will need to re-think your contribution strategy if this change goes ahead.

A new lifetime cap of \$500,000 has also been proposed for all non-concessional (after-tax) contributions made since 1 July 2007. Keep this one in mind if you're near the cap or thinking about making a large after-tax contribution, perhaps from the sale of an asset or an inheritance or windfall in future. If you have already exceeded the cap, don't worry, the money can stay invested, but you won't be able to add further after-tax contributions.

Strategies and incentives to boost your super

The Budget also included a few measures to encourage you to boost your super early, such as:

- **More flexible rules around the low income spouse offset.** The eligibility threshold would be extended to you if your spouse's income is under \$37,000.

- **The ability for everyone under 75 to make tax-deductible personal contributions.** This would make it easier for you to make tax-effective contributions without going through your employer. You would be able to claim a tax deduction for personal contributions, which would effectively make them concessional contributions.

- **A provision which would allow you to contribute any unused portion of your concessional (pre-tax) cap over a five-year rolling period.** If you don't use up all of your \$25,000 cap in one year, you could contribute the rest over the next five years.

We're here to help

These Budget changes haven't been legislated yet, and most aren't scheduled to come into effect until 1 July 2017. But with change on the horizon, it's more important than ever to make the most of the tax-effective strategies that are available to you now.

As a CareSuper member you have access to qualified financial planners who can help you develop a tailored contribution strategy and plan ahead for any changes that might occur. To find out more or book a call from a financial planner, call **1300 360 149** or visit caresuper.com.au/advice.



want to know more?

For more information on the proposed changes to super, read our recap at caresuper.com.au or go to budget.gov.au for full details.

* 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.



Where will you be 30 years from now?

In 30 years' time will you want to eat out with friends on a Saturday night? How about head off for an occasional weekend getaway or make sure you're covered with adequate private health insurance?

'You will still have interests and hobbies, likes and dislikes and dreams that you want to fulfil.'

If these things are important to you now, it makes sense that they'll still be important to you in the future.

Just because you'll be a little older (we prefer to say wiser!) doesn't mean you'll be a different person. You will still have interests and hobbies, likes and dislikes and dreams that you want to fulfil. You might even have a few extra things to think about, like grandkids to spoil, more time for holidays and maybe one or two of those unavoidable health niggles.

Sure, your employer makes contributions to your super for you now and you might even be

chipping in a little bit extra yourself (good on you!), but do you know how much money you're likely to have when you retire? And more importantly, do you know what this might mean for you in terms of a yearly income? (Will it be enough to pay for those things you still plan to enjoy?)

To help you work out how you're tracking, why not take a look at the **Income stream calculator**? You can find out what you might be able to afford in retirement based on your current super situation.

➔ Go to caresuper.com.au/incomestream.

At CareSuper, we want you to have all those things you want in retirement.

This means we are focused on strong investment performance and returns over the long term, as well as minimising fees where possible. This approach has resulted in CareSuper consistently outperforming other funds on a net benefit basis (the return after fees and costs).

In fact, over 10 years to 30 June 2015, CareSuper returned over \$26,000 more than the average of the retail super balanced options surveyed by SuperRatings.*

* Comparisons modelled by SuperRatings, commissioned by Industry Super Australia Pty Ltd. ABN 72 158 563 270 Corporate Authorised Representative No. 426006 of Industry Fund Services Ltd ABN 54 007 016 195 AFSL 232514. Modelled outcome assumes a starting balance of \$50,000 and initial salary of \$50,000 and shows the difference in net benefit of CareSuper's Balanced option and the main balanced options of the retail funds surveyed by SuperRatings, taking into account historical earnings and fees – excluding contribution, entry, exit and additional advisor fees – of the main balanced options. Outcomes vary between individual funds. The number of retail super funds surveyed varies for each period. Modelling as at 30 June 2015. Full assumptions of this modelling are available from industryfundservices.com/footer/assumptions. Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments.

Meet CareSuper member

Jessica Hall

Each year on Mother's Day CareSuper staff gather at the Tan Track in Melbourne for the Mother's Day Classic (MDC) charity run.

Two things can always be counted on:

1. A downpour
2. An appearance by Jessica Hall.

Jessica has been a CareSuper member for around nine years, and is a frequent attendee at CareSuper young member events, seminars and the MDC.

As an early-30-something, Jessica admits her interest in super may not be typical, but as she explains, 'I like to be actively engaged in my super, though that doesn't mean I have to do a whole lot most of the time. I like being able to review CareSuper's investment options online and make sure my details are up to date – like my non-binding beneficiary nominations.'

A busy tax advisor during the week, and a cellist, home cook, movie buff and fitness fanatic in

her spare time, it's no surprise that Jessica has a to-do list for her super.

'I consolidated my super soon after joining to reduce the multiple sets of fees I was paying,' she says. 'And last month I applied for income protection insurance through CareSuper. I'd like to have a family one day, and I'd been thinking about what might happen if I could no longer work. I actually feel great now that I've managed that financial risk.'

For Jessica, keeping on top of her super is easy thanks to 'member friendly digital services'.

Jessica describes her relationship with CareSuper as 'consistently positive and supportive' and says she values the time spent speaking with CareSuper relationship managers at events. 'I feel like they're really trying to help us achieve our superannuation goals.'

'I like to be actively engaged in my super, though that doesn't mean I have to do a whole lot most of the time.'

What's your story?

If you'd like to share your experience with CareSuper, please email social@caresuper.com.au. Tell us a little about yourself, and include a photo if you can.



Want important info faster?

If we've got your email, we can get in touch with you regularly about all things super.

Providing your email is easy.
Update your details in MemberOnline
(caresuper.com.au/login) or contact us using the information below.

get in touch

Call CareSuperLine 1300 360 149

Visit caresuper.com.au

Email admin@caresuper.com.au

Write CareSuper, Locked Bag 5087
Parramatta NSW 2124

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