

Super & You

Issue 2, 2016

investment
update
2015/16

What will you
choose in
retirement?

meet
CareSuper
member, Helen



welcome to Super & You



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Your annual statement is now available

Inside, you will find important information about your account, including your complete transaction history for the last financial year and a breakdown of your investment options and their performance. 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 are not sure whether you have insurance through your super, now is a good time to check whether you are covered.

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

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 is 1.64% above the median return for similar surveyed balanced options and places us in the top ten 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.

[^] As measured by
the SuperRatings
Fund Crediting Rate
Survey, June 2016

Coming soon

CareSuper will be introducing a guaranteed* income stream product, backed by Challenger, later this year. A guaranteed* income stream product gives you a set income, regardless of how the market performs. These products are often called 'lifetime' or 'fixed-term' pensions because you can choose how long you want the income stream to last – either your lifetime or a fixed number of years. Keep an eye out for more information coming soon.

Most members who are eligible for a pension account will soon be able to transition their super into a CareSuper Pension online via MemberOnline. The new process will make it simpler and faster for members to open a CareSuper Pension to provide an income stream in retirement – without needing to complete a paper application form. To find out more visit caresuper.com.au/joinpension.

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

Julie Lander

Julie Lander | CareSuper CEO

* Guaranteed income stream accounts are backed by a life policy issued to CARE Super Pty Ltd (Trustee) ABN 91 006 670 060 by Challenger Life Company Ltd ('Challenger') ABN 44 072 486 938, AFSL 234670. CareSuper as issuer of the product does not provide any guarantee and relies on Challenger to fund the product. Payments will not be made by CareSuper in the event monies have not been received by Challenger.

Discounted online tax service for CareSuper members

Do you need help getting your tax sorted? CareSuper has partnered with Crowe Horwath, one of Australia's largest financial services providers, to give you access to a simple, online tax service at a discounted rate.

As a CareSuper member you can take advantage of:

- ✓ A same day tax refund (of up to \$1000)
- ✓ Personalised support over the phone from a registered tax agent
- ✓ A 10% discount on Crowe Horwath fees
- ✓ 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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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.*

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

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.

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.

- 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.

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.

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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.

What might the Federal Budget

This year's Federal Budget proposed some of the most significant changes to super we've seen in the last decade. But with all the noise in the media, do you know what the changes will really mean for you?

Find out how you could be affected.

Reduced contribution caps

The Government has proposed reducing the amount you can contribute to super from your concessional (pre-tax) income to \$25,000 from 1 July 2017.

The current concessional caps are \$35,000 for over-50s and \$30,000 for under-50s, so you might need to revisit your contribution strategy if it's been planned around these limits.

The Government has also proposed a new \$500,000 lifetime cap on non-concessional (after-tax) contributions made since 1 July 2007 (effective from Budget night). While this hasn't been legislated, you will need to keep it in mind if you're planning on making any large after-tax contributions. There are separate arrangements regarding contributions made as a result of the sale of a business.

New catch-up provisions and incentives to boost your super

The Budget also included a few measures to encourage Australians to catch up on their super, including:

- **More flexible rules around the low income spouse offset**
The eligibility threshold would be extended to those whose spouses have incomes of up to \$37,000.
- **A Low Income Superannuation Tax Offset (LISTO) to replace the Low Income Superannuation Contribution scheme (LISC)**
The LISTO would offset the annual 15% tax that low income earners pay on concessional (pre-tax) contributions.
- **The ability for everyone under 75, not just the self-employed, to make tax-deductible personal contributions**
This would make it easier to make tax-effective contributions without going through your employer.



mean for your super?

- The ability for those with balances under \$500,000 to make catch-up concessional contributions

If you don't use up all of your \$25,000 cap in one year, this would allow you to contribute the rest over the next five years.

If you're interested in catching up on your super, a financial planner can help you (and your partner, if you're in a couple) figure out the best strategies for your situation.

Changes to Transition to Retirement (TTR) pensions

Currently, investment earnings from TTR pensions are not taxed. The proposal is that from 1 July 2017 they will be taxed at a rate of up to 15% – just like earnings in accumulation accounts. TTR pensions offer other benefits, such as the opportunity to sacrifice more of your pre-tax salary to super (potentially reducing the tax you pay) and access to tax-free pension payments once you turn 60.

We suggest speaking to a financial planner if you're considering opening this kind of account.

Pension transfer cap

A further proposal is to limit the amount that can be transferred into a full pension account (where earnings are tax-free) to \$1.6 million. While this measure will affect only a small number of people, it should be noted that funds in excess of this amount can be retained in an accumulation account and be drawn from there. All drawings for people over 60 will remain tax-free, however, earnings in an accumulation account are taxed at a maximum of 15%. As super funds can also claim tax deductions, it is often the case that the effective tax rate is somewhat lower than 15%.

- Get all the details on the Federal Budget at budget.gov.au.

Speak to us

These Budget changes haven't been legislated yet, and most aren't scheduled to come into effect until 1 July 2017. But if things do change, we're here to help.

To find out more or book a call from a financial planner* call 1300 360 149 or visit caresuper.com.au/ advice.

* 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.

What will you choose in retirement?



You've been contributing to super for a while now, and we've loved helping you along the way. But have you thought about how you'll manage your money once you retire? If you stay with CareSuper we can continue to help you for years to come.

Here are some of the options you'll have once you reach retirement age.

Convert your super into an income

Most of us are used to receiving a regular income during our working lives. But did you know you can convert your savings into a CareSuper Pension so that you'll still be receiving a regular income stream when you retire? A CareSuper Pension can be a flexible, tax-effective option – and we'll keep investing your savings for you, so you can concentrate on enjoying retirement.

Invest in a guaranteed* income stream product

A guaranteed* income stream product gives you a set income, regardless of how the market performs. These products are often called 'lifetime' or 'fixed-term'

pensions because you can choose how long you want the income stream to last – either your lifetime or a fixed number of years.

CareSuper will be introducing a guaranteed* income stream product, backed by Challenger, later this year, so keep an eye out for more information coming soon.

Ease into your retirement

If you're not quite ready to hang up the boots at work, it could be a good idea to start a Transition to Retirement (TTR) pension. A TTR pension can allow you to draw on your retirement savings while you continue to work. This could let you reduce your hours, sacrifice more of your pre-tax salary to super (potentially reducing the tax you pay), or simply enjoy a little extra income.

Start planning for your future today

Your retirement is in your hands – and the earlier you start thinking about it, the more control you'll have over the lifestyle you'll be living one day. Speaking to a financial planner can give you peace of mind that you're doing all you can.



➤ To find out more or book a call from a financial planner,[^] call **1300 360 149** or visit caresuper.com.au/advice.

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Would you accept a job without knowing what it's paying?

For many of us, retirement is an abstract concept that we think about sometimes, plan for other times, but don't concentrate on too much.

It makes sense. We have major financial responsibilities in the here and now – mortgages, children, credit card debt – and the future is just going to have to wait its turn.

But in 20 years or so when your working life winds up and your employer stops paying you, will you have enough in retirement to start paying yourself?

You may have some leftover mortgage (or a new one). Kids still around the house (or asking for a loan). Different expenses as you leap into your post-work years and explore your new reality.

You'll be a little older (ahem, we prefer to say wiser!), but will your wants really be that different? If you enjoy eating out with friends now, or heading off for the occasional weekend getaway, will that

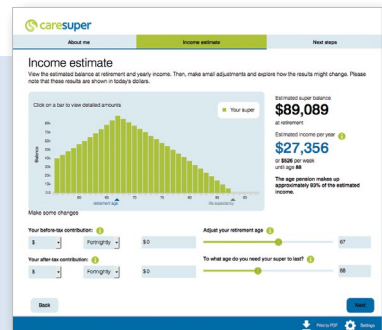
change? If you have private health cover (and you're sure that trick knee is going to cause trouble at some point), chances are you'll want to maintain your insurance into the future.

Not knowing what your retirement income could look like is a bit like accepting a 30-year job without knowing what you'll get paid! If you haven't already done so, or you haven't done so for a while, we suggest taking a look at what your yearly retirement income might be, based on your current situation and super balance. This can help you work out whether your wants will be met, or whether you need to take some extra steps to boost your savings.

Helping you plan

To help you plan, we've made an **Income stream calculator** available to members (and non-members, if you'd like to share it with family and friends). This calculator can help you work out how you're tracking, and show how making a few small changes now could affect what you can afford to spend on yourself later on.

➤ Go to caresuper.com.au/incomestream.



The benefits of 'net benefit'



Some funds focus on having the lowest fees, while others focus on investment performance.

At CareSuper, we believe the big picture is what counts – the return after fees and costs. This is the amount that ends up in your pocket at the end of the day, so we're sure you will agree it's pretty important! By concentrating on finding the right balance for members, CareSuper

has consistently outperformed other funds on a net benefit basis. In fact, modelled comparisons by SuperRatings show that CareSuper's Balanced option outperformed the balanced options of almost all other surveyed funds on a net benefit basis over 10 years to 30 June 2015.*

An award-winning approach

We're not the only ones who think net benefit performance is essential to delivering great retirement outcomes for members. CareSuper has consistently received top ratings from a number of independent ratings agencies and our net benefit result is one reason for this recognition.

In fact, *Money* magazine awarded CareSuper three 'Best of the Best' awards for 2016 and quoted our outstanding returns after fees and long-term investment performance as key reasons for the win.



* Comparisons modelled by SuperRatings, commissioned by CareSuper. Modelled outcome shows 10-year average difference in net benefit of CareSuper's Balanced investment option and the main balanced options of funds surveyed by SuperRatings that have comparable options and a 10-year performance history. Comparisons modelled for the period ended 30 June 2015, taking into account historical fees and costs – excluding exit and additional adviser fees. Outcomes vary between individual funds. Comparisons assume a starting balance of \$50,000 and an initial salary of \$50,000. Past performance is not a reliable indicator of future performance and other factors should be considered before choosing a fund or changing investments.



meet

CareSuper member Helen

For Helen Cocks, the decision to transfer to CareSuper two years ago was 'a very easy one'.

'A CareSuper consultant came to my workplace and I got a comparison on my super at the time.' After considering all the facts, she made the move.

It's not the only move she's made lately.

'I've always wanted to dance, so about 18 months ago I finally got around to taking up this hobby. I'm no Ginger Rogers, but I absolutely love it.'

It's a close second on Helen's list of hobbies – after walking her dog, Filbert. 'He has some disabilities, and when we go for our daily walk we often get stopped by people who are intrigued by his unusual, high-stepping walk and head tilt.'

Throughout her working life, Helen has always 'tried very hard to save and make additional contributions to my super'. As she puts it, it's her 'investment in me'.

As a consultant and contractor in the health and community services sector, Helen's aim is

to make services available to people of all ages and abilities, so she knows the importance of working towards a future goal.

'I know that every small contribution I've made over the years will come back to support me when I retire.'

Interestingly, despite her good habits, Helen says, 'I don't think I truly appreciated the value of doing this until recently. After doing the comparison, I realised I needed to be far more aware of my super. Since then, I've spoken to a financial planner through CareSuper, and attended a CareSuper presentation specifically for women, which gave me some great tips.'

At the end of the day, for Helen, it's all about trust.

'The most important thing is that I trust the super fund I'm with,' she explains. 'After all, it's my money – and I've worked hard for it! I like that CareSuper is very transparent. They talk openly and they can substantiate what they say.'

'The most important thing is that I trust the super fund I'm with. After all, it's my money – and I've worked hard for it!'

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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