

yourtime

Issue 1, 2016

Winner of three
Money magazine
Best of the Best
awards for 2016



Investment update

Thinking of **changing**
investments?

Upcoming changes
to the **age pension**





A message from CareSuper CEO, Julie Lander

Welcome to the first edition of **Your Time** for 2016.

You may have already heard that CareSuper received three *Money* magazine awards for 2016. We were delighted to be judged 'Best of the Best' in the following categories:



Best Super Fund Manager



**Best MySuper Fund for the
Balanced option**



**Best Balanced Super Fund
for the Balanced option**

Money magazine noted that CareSuper '...has delivered outstanding returns on a net-of-fee basis'. The judges also mentioned CareSuper's long-term investment performance as a key factor behind the coveted 'Best Super Fund Manager' win. Head to page 4 for the latest on your returns and an update on market performance.

Age pension changes

Are you familiar with the Government changes to the age pension from next year? Take a look at page 9 to make sure you know if you will be affected as they could make a difference to your financial position.

New to CareSuper

CareSuper will soon be able to offer more options for Pension members. We're currently working on offering a guaranteed income product, backed by Challenger, to provide members with the option of a secure income in retirement, either for a specific term or for life. Keep an eye out for more information on this exciting development coming soon.

We're constantly looking for new ways to make managing your super easy, including PensionOnline, where you can view and change your investment choices, access your account details (such as balance and payments) and update your personal information. Go to caresuper.com.au/login to view your account.

We hope you enjoy this edition of **Your Time**. If you have any questions or feedback, please email us at pension@caresuper.com.au or call us on 1300 664 781.



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Julie Lander

Julie Lander | CareSuper CEO

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Investment update



Suzanne Branton
General Manager –
Investments



Market overview

It has been a mixed start to 2016. Volatility in Australian and overseas share markets combined with falling oil and commodity prices, low interest rates and political events, have resulted in fairly flat economic growth in many key markets.

These factors have had an impact on our investment performance and our returns aren't as strong as they have been in recent times.

How we're responding

In anticipation of a more difficult period ahead, we had earlier positioned our investments defensively. We have invested less in shares, and more in other asset classes like property, cash, fixed interest and alternatives. This is also in line with our tried and tested investment philosophy of preserving members' capital when markets are performing poorly.

What does this mean for you?

When it comes to the investment returns our members are likely to receive for the 2015/16 financial year, the results won't be as strong as they have been over the past few years. As a result of the volatile markets we're experiencing, many of our investment options are likely to produce modest returns for the 12 months to 30 June 2016.

Even though our returns may not be as strong as recent years, we're currently outperforming many other similar super funds due to our defensive investment strategy. According to the independent ratings agency SuperRatings, most of our investment options are currently performing better than the median return for similar options from other super funds, demonstrating that even in uncertain times, we deliver competitive returns to our members.*

* As measured by the SuperRatings Pension Fund Crediting Rate Survey December 2015.

Investment returns to 31 December 2015

Investment options	Financial year to date (%)	1 year (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	7 years (% p.a.)	Since inception [^] (% p.a.)
Managed options						
Capital Guaranteed	1.45	3.47	2.36	2.34	2.47	3.14
Capital Stable	1.38	4.93	7.68	7.68	8.21	6.00
Conservative Balanced	1.50	5.78	9.32	8.67	9.16	6.09
Balanced	2.07	7.92	12.01	10.16	10.36	6.32
Sustainable Balanced	2.56	7.61	12.20	10.21	9.76	5.55
Alternative Growth	2.19	7.93	11.54	9.90	10.55	6.22
Growth	1.80	8.34	13.68	10.91	11.50	5.92
Asset Class options						
Capital Secure	1.30	3.03	3.23	3.96	4.16	4.26
Fixed Interest	0.99	2.39	4.69	7.22	7.64	7.48
Direct Property	8.15	14.23	11.10	9.88	6.07	6.28
Australian Shares	0.23	4.99	11.10	8.65	11.35	3.84
Overseas Shares	-0.20	9.78	20.63	14.44	13.67	6.68

Past performance is not a reliable indicator of future performance and you should consider other factors before choosing a fund or changing your investments. The returns shown are after fees and tax, and have been rounded to two decimal places.

[^] The inception date for all investment options is 1 July 2007.



Why we take an active investment approach

When it comes to investing your super, there are two main ways your money can be managed: actively or passively.

What is active management?

The aim of actively managed investments is to outperform the market. To do this, an active investment manager analyses trends and market movements and makes decisions whether to buy, sell or hold investments based on a number of factors. These factors can be broad economic trends, company-specific information and detailed quantitative and qualitative analysis.

Active management involves a skilled professional deciding what to invest in. A common strategy that active investment managers apply is to invest in undervalued companies in the belief that the share price will increase over the long term.

What is passive management?

Passively managed investments aim to achieve a return in line with the market.

A passive investment manager generally looks to mirror the return of a specific index, for example the S&P/ASX 200 Index, which tracks the 200 most actively traded companies listed on the ASX.

A passive investment manager who is trying to replicate the return of this Index would invest in all the companies that make up the Index, in the same proportions. Then, if the entire Index delivers a particular return at the end of a period, the investment manager would expect to generate a similar return.

As you can see, there is no decision about what's considered an attractive investment or not.

Is there a cost difference between the two approaches?

Active investments are generally more expensive than passive investments, because the managers are making decisions all the time based on insights and analysis to choose the best investments.

It's a more complex approach, and involves skill and judgement, which is why it costs more.

Why CareSuper adopts an active management approach

At CareSuper, we adopt an active management approach for our 7 Managed investment options (that includes the Balanced option, in which most members have all or part of their super invested).*

We believe that active management allows us to be responsive and flexible in how we manage our members' super, and the excellent long-term returns we have delivered over the past 10 years demonstrate the success of this approach.†

Despite the cost of active investing, CareSuper has continued to provide consistently strong investment returns that outperform many other funds.‡ When it comes to your super, it's important to look at the bigger picture and not focus on costs alone.

learn more

Want to learn more about how we manage your super? Give us your email address to receive monthly e-newsletters, which feature a regular investment update. Log in to PensionOnline at caresuper.com.au/login and go to the 'Personal details' section.

* Our 5 Asset Class options on the other hand, aim to outperform a particular index and are mostly passively managed.

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

‡ As measured by the SuperRatings Fund Crediting Rate Survey, June 2015 (various indices).

Are you thinking of **changing** your **investments**?

It can be tempting to change your investments when market conditions are changing. But you might be better off stopping to think first before you make any rash decisions.

Many of our members get concerned when share markets are volatile and their account balances fluctuate. As you're relying on your pension for income, you want to make sure your money isn't going to run out too soon. Here are some tips to keep in mind if you're considering changing your pension investments.

1 Think about your investment timeframe

Even though you are in the pension product, it's possible that your retirement will continue for another five, 10 or 20 years. With a long term investment, some short-term volatility is to be expected. If your investments match your individual risk profile and goals, there may be no need to change them in periods of market uncertainty.

2 Understand which asset classes you're invested in

Your super may be invested in a broader range of asset classes than you realise. To view a personalised breakdown of the asset classes in which you are invested, log in to your PensionOnline account (go to caresuper.com.au/login). The pie chart on the home screen shows you the different asset classes you hold through your pension. In our Balanced option, for example, your money will be invested in a broad range of asset classes, including overseas shares, Australian shares, property and alternatives.



We believe that one of the best ways to invest for the long term is to spread investments across a wide mix of asset classes. This way, when some investments aren't performing as well as others, we can rely on stronger-performing assets to generate good returns. We're confident this approach can put our members in a good position to see out market volatility while still generating competitive returns.



3 Be informed

By being well-informed, you're likely to make better decisions for yourself.

Try not to read every article you come across in the mainstream media – they can often be exaggerated and unhelpful. Look for information from trusted experts with practical financial tips and a long-term outlook.

And most importantly, take advantage of the useful resources we've developed to help you learn more about super investments, including our new **Investment options** calculator at caresuper.com.au/supercalculators.

4 We're here to help

Before changing your investments, it can be a good idea to speak to a professional for advice.

Our members can receive financial advice about investment options over the phone and at no extra cost from an Industry Fund financial planner.* This could be an easy way for you to learn about your risk profile and check if you've made the right choice for your needs.

The financial planner you'll speak to knows our investment options inside out and can give you advice about which of CareSuper's options are right for you.

➔ To book a callback from a financial planner today 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.

Q&A

Do you have a financial planner?



For some, the prospect of speaking to a financial planner is quite daunting.* For others, a relationship with a trusted planner is a key part of taking care of their future. Either way, CareSuper wants to help make sure that you are receiving the advice that's right for you.

Q I'm not sure I feel comfortable talking to a financial planner, but I do have some questions about my account. What can I do?

A CareSuper's Melbourne-based contact centre is equipped to deal with your account enquiries. This includes providing general advice on topics such as retirement options, consolidation and investment choice. This general advice can be provided to you over the phone thanks to the recent introduction of a specialist contact centre team. If you require more personalised advice at this point, or in the future, a callback from a financial planner can be arranged at no extra cost.

➔ **Simply call the CareSuper PensionLine on 1300 664 781 between 8am and 6pm weekdays to find out more.**

Q I already have an existing relationship with a financial planner – does that mean I can't get assistance from CareSuper?

A We understand that when it comes to your finances you want to work with somebody you know and trust. If you have already found that person, you'll be pleased to know that we've taken extra steps to ensure your planner's relationship with CareSuper is straightforward and easy. Your planner may need access to a wide range of information about your super and we can help them with this as long as you provide your consent. We can also keep them up to date by sending regular emails – that way they have access to the latest CareSuper initiatives that could help you.

If you would like us to work with your planner, you can send them to our 'Financial planner resources' page at caresuper.com.au/fpresources. This is a one-stop shop where they can find information about CareSuper, get in touch with specialist staff or provide feedback and suggestions.

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Upcoming changes to the age pension

In the last **Your Time** magazine, we wrote about some upcoming changes to the Centrelink assets test that could have an impact on your age pension benefit.

Here is a reminder of the changes. It might be a good idea to talk to a financial planner about what these changes could mean for you.

What is changing?

Your CareSuper Pension is assessable under the assets test and the lower threshold for the assets test is increasing. This threshold is the amount of assets an individual can hold before their pension benefit starts to reduce (shown in the table below). This means that some individuals who receive a pension will be eligible for a higher payment from Centrelink (subject to the income test).

Assets test threshold (for full pension)

	Current [^]	From 1 Jan 2017
Single homeowner	\$205,500	\$250,000
Couple homeowner	\$291,500	\$375,000
Single non-homeowner	\$354,500	\$450,000
Couple non-homeowner	\$440,500	\$575,000

[^] Current as at February 2016. Source: humanservices.gov.au

In addition, the rate at which the age pension reduces (as an individual's assets increase) is increasing from \$1.50 per fortnight, to \$3.00 per fortnight for every \$1000 of assets held above the threshold. This may result in a significant reduction in benefits for some pensioners and a loss of age pension benefits for others.



When is it happening?

The changes are coming into effect from 1 January 2017. It's important to consider how these changes might affect you.

If you would like to talk to someone, CareSuper members can access the expert help of an Industry Fund financial planner by calling the CareSuper PensionLine on **1300 664 781**, or going to caresuper.com.au/advice to book a callback.*



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Can you spot the scam?

While the digital world often makes our lives easier, it also provides opportunities for scammers to try and get their hands on our money or personal details.

Scammers use a range of tricks to try and steal your information, including sending emails that redirect you to sophisticated fake websites. On first glance, these emails and websites look like they come from a legitimate business, which is why it's so important to make sure you never

provide your bank account or personal details to anyone you do not know and trust.

Using the CareSuper website, we've highlighted some key things to look out for when browsing that could improve your online security.

The image shows a screenshot of the CareSuper website with several callout boxes highlighting security tips:

- Check the URL:** Scammers often swap out letters, numbers and characters that are similar. For example, an 'A' could easily be swapped out for a '4'.
- How secure is the website?** Look for the 'https' and padlock symbol to identify a safe website.
- Hover over some links:** Do they look like genuine links or some kind of crazy alphabet soup?
- Click on something boring!** Scammers will replicate the main pages of a website, but tend not to bother with less frequented pages – for example, the privacy policy.
- Privacy policy:** A callout box pointing to the 'Privacy policy' link in the footer.

The website itself features a navigation bar with links like 'Why join?', 'MySuper', 'Self-managed investing', 'Maximise your super', 'Insurance', 'Forms & publications', and 'Contact us'. The main content area includes a 'Compare your super' section, a 'Rate your super' section, and a 'Your future income' section. There is also a 'News' section and a 'Favourites' section. The footer contains links for 'About us', 'Disclaimer', and 'Privacy policy'.



Want to learn more about protecting yourself online?

Head to scamwatch.gov.au or moneysmart.gov.au for expert tips.

Giaan Rooney:

Why I'm an ambassador for CareSuper



An Olympic swimmer and a super fund. It sounds a little like the opening line of a bad joke. So what exactly do these two things have in common?

'Plenty,' says Giaan Rooney, whose relationship with CareSuper began over five years ago, when she came on board as brand ambassador.

'For starters, I've been contributing to super since I was 15 – so for more than half my life. Which makes me feel really old, but also makes me feel really positive about my financial future.

'I've also already retired once. When I gave up professional swimming at age 23, I had to start all over again. That's obviously not the same as stopping working forever, but I think when I retire for good I'll experience those feelings again – being a bit scared, but also looking forward to the next chapter.'

For Giaan, the relationship with CareSuper always felt like a natural fit.

'Because I started earning money at a pretty young age, super has been on my radar from early on,' explains Giaan. 'My Dad actually took me aside when I started earning money from swimming. He said that it was up to me how I spent my money, but there were other options I could think about too, like super. I'll always be grateful for that conversation.'

“ My Dad said that it was up to me how I spent my money, but there were other options I could think about too, like super. ”

'It got me thinking about money and my future from early on, and it's a big part of why I feel comfortable with where my super's sitting now – and why I'm so passionate about being an ambassador for CareSuper.'

A regular at CareSuper events, Giaan will be missing in action for a few months when she heads to Rio as a commentator for the 2016 Summer Olympics.

'I can't wait. I'm really excited to see how all our Aussie athletes go – especially the swimmers, of course. The Olympics is such a huge event, it's going to be amazing.'



Why not join us at our next CareSuper event?

To see what's coming up, head to caresuper.com.au/seminars.



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