

yourtime

Issue 1, 2018

Should you
sell your
home to
supersize
your retirement?

Getting
advice
in retirement



meet

CareSuper member
Fay Stewart

Welcome to your time



In this issue we look at living a meaningful life and making smart financial decisions after work.

Do you have questions about the Government's new downsizing incentives? Make sure you read our breakdown of the new laws on page 8.

Have you considered whether it's still necessary to see a financial planner once you've retired? We explore the benefits on page 9.

Plus, we asked a few retired CareSuper members the most important life lessons they would share with the younger generation. Read what they had to say on page 10.

If you have any questions or feedback for us, we're ready to listen. Give us a call on **1300 664 781** weekdays from 8am to 6pm AEST.

I hope you enjoy this issue. Until next time.

Julie Lander

Julie Lander | CareSuper CEO



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Suzanne Branton
Chief Investment Officer

How we grow and protect your savings

We know your CareSuper pension is a key part of your retirement income, so we focus on continuing to generate returns, while protecting your money. Here's how.

We're active managers

At CareSuper we believe in active management when it comes to investing. So, instead of simply following the market like some other super funds do, our investment managers are regularly making decisions to buy, sell or hold investments they believe have the potential to outperform the broader market (and gain higher returns for you in the long run).

We protect your savings

Together with our active approach, we employ strategies to minimise the impact of negative returns in falling markets. This is called 'downside protection'. By adopting a downside protection philosophy, we're better prepared to weather large market fluctuations. Investing always comes with the risk of uncertainty and loss – but our approach means you can be more confident of recovering from periods of disappointing performance.

We use our size and scale to benefit you

We're not the biggest super fund in Australia – and we like it that way.

With around \$14 billion in funds under management, we're big enough to access investments that require scale, but small enough to still take advantage of niche, capacity constrained investments, which larger competitors may be locked out of. This can mean a boost to your overall return and more innovative investments.

➔ **Learn more.** Find out more about your investment options at caresuper.com.au/pensioninvestments

Investment update

It's been an interesting few months in investment markets. After a strong December quarter characterised by rising share markets around the world, we've seen more volatility in the first few months of 2018.

In the December quarter our more defensive options, which are designed for members looking for less volatility, did not receive as big a boost from shares. That's to be expected. We don't rely on shares to do all the heavy lifting during strong markets. Instead, we diversify our investing across a range of different assets that we believe will deliver strong returns over time.

These options generally still outperformed their individual objectives as well as many other similar options on the market.* All while aiming to provide you with greater protection in more volatile conditions.

* According to the SuperRatings Pension Fund Crediting Rate Survey – December 2017.

For regular market updates sent straight to your inbox, simply update your email address in **PensionOnline**

Investment returns at 31 December 2017

Pension 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	1.97	2.55	2.26	2.27	2.75
Capital Stable	7.30	6.33	7.42	7.50	6.11
Conservative Balanced	9.12	7.55	8.97	8.61	6.46
Balanced	11.94	10.01	11.63	10.42	7.11
Sustainable Balanced	9.11	8.40	10.83	9.80	6.25
Alternative Growth	11.77	10.32	11.54	10.37	6.98
Growth	13.59	10.94	13.12	11.30	6.98
Asset Class options					
Capital Secure	2.32	2.65	2.92	3.53	3.82
Fixed Interest	3.92	3.24	4.28	6.20	6.73
Direct Property	14.16	13.92	12.16	10.98	7.02
Australian Shares	15.22	11.26	12.46	10.30	5.57
Overseas Shares	20.51	13.06	18.25	14.53	8.63

[^]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. The tax treatment of earnings in Transition to Retirement (TTR) accounts changed on 1 July 2017. This change (effective 1 July 2017) is not reflected in the past performance of the investment options shown above.

Making your mark after 60

Have you ever dreamed of making a big life change – something that has the potential to significantly alter the way you see yourself (and how others see you too)?

We might live in a world obsessed with youth, but it's important to remember that works of extraordinary talent, or bold, life-changing adventures aren't limited by age.

Take J.R.R. Tolkien, for example, who published the first edition of his 'Lord of the Rings' series at age 62. Or US mountaineer Bill Burke, who made it to the top of Mount Everest at 72. Even award-winning actress Dame Judi Dench didn't make her film debut until she was in her sixties!



start the reinvention



Try before you buy

According to the mental health foundation, SuperFriend, giving careful consideration to what you really want to do before rushing into it can be useful. Making changes that aren't permanent can be a good way to see how fulfilling they really are, and if you want to commit long-term. For example, trying a few writing classes to find out if you love it enough to write that novel.



Find a new passion

Tap into the many resources out there that offer tips on big life changes. Learning new things can boost your confidence and is great for your mental wellbeing. Not to mention the fact that with age comes experience and knowledge that you can share with others.



Face your fears

Reinventing who you are requires confidence and an open mind. You can't let things like your age or your circumstances hold you back or you'll never take the first step. Be bold! SuperFriend and Beyondblue recommend using action plans during retirement to help you achieve your goals. This can help you accomplish everything you want to and are a good first step to set the wheels of change in motion.



Ready to get started?

We've put together a list of helpful resources to help you on your way.

- www.lifebeginsat.com.au
- www.olderworkers.com.au
- www.superfriend.com.au
- www.volunteer.com.au

Should you sell your home to supersize your retirement?

It's official. From 1 July 2018 retirees who sell their homes will be able to contribute up to \$300,000 extra into super. But don't give up your lawn (or your laundry!) just yet. Here's more information about the new rules.

Am I eligible?

If you're over 65 you may be able to take advantage of the new incentive – even if you're not usually able to make voluntary contributions to super.

To be eligible, you'll need to sell a home that you've owned for at least 10 years and that has been your main place of residence.

Can I upsize?

Technically, you don't need to buy a smaller home with the proceeds. You could upsize or rent – it's up to you.



What about the contribution caps?

Any proceeds you contribute will be 'non-concessional' contributions and won't count towards your annual contribution cap or 'total super balance' limit.

However, the \$1.6 million cap on the amount you can transfer into retirement accounts will apply.

Confused about the limits? Go to caresuper.com.au/knowyourlimits.

Will it affect my Age Pension?

Contributions to super are counted as part of the asset test for the Age Pension, so this is something to consider before going ahead.

Want to know more?

We know there's more than money tied up in the family home. If you're interested in finding out whether this option makes sense for you, our financial planners can help with a plan that considers your lifestyle factors too, not just your financial situation.*

➔ Call us on **1300 664 781** weekdays to find out more

* 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.



yourmoney

Getting advice in retirement

A lot of work and planning goes into retiring, including seeking financial advice. But once you're retired, possibly travelling Australia in a caravan, or devoting every daylight hour to bringing a neglected garden back to life, is it still vital to meet with a planner?

Here are three reasons why it's still beneficial.

1 Your needs and wants may change

Speaking with a planner gives you a chance to reassess what you want and what you can afford. Pre-retirement, it was only possible to make educated assumptions about your spending. Now that you're experiencing retirement first-hand, you're better placed to set realistic budgets. This can be particularly important later on, when your income may need to stretch further.

2 Legislation and Centrelink benefits may change

The financial arrangements you set in place when you began your retirement may be affected (positively or negatively) by changing Government rules or restructuring of Centrelink benefits. For example, the new downsizing legislation explored on page 8, or the lower threshold for the assets test, introduced in January 2017.

3 Your situation may change

If you're part of a couple it's beneficial for you to see a financial planner together, even if your partner is not a CareSuper member. Discussing details of your joint financial situation paints a more accurate picture and allows the planner to assess your shared expenses and goals.

➔ You can find out more at caresuper.com.au/pensionadvice or call us on **1300 664 781**

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Hindsight: Can you pay it forward?

In life, we don't have the luxury of knowing exactly how things will turn out or if the decisions we make will be the right ones. But there is an upside to this uncertainty.

Despite the occasional bump in the road, we collect pearls of wisdom along the way, and have the privilege of sharing these with our grandchildren or other loved ones in an effort to smooth their own journey.

We asked a few retired CareSuper members the most important lessons they've learned and this is what they had to say:

helpful tips

- 1 Work hard to get what you want; there's no other way
- 2 Start early – whether it be contributing to super or going on that big trip around the world
- 3 Put in the work to understand your finances from a young age
- 4 Consolidate your super – keep track of it each time you change employers
- 5 Don't be frivolous with your money – it doesn't grow on trees.



For the latest 'how-to' videos and interviews, subscribe to CareSuper's YouTube channel. Go to youtube.com/caresuper

Meet our members

lifestyle



'It's amazing our parents let us roam unsupervised with all the African wildlife about – but we survived.'

In her own words, CareSuper member Fay Stewart was 'lucky enough to grow up on the family farm in Zimbabwe.'

'It was an idyllic childhood with the freedom to have friends come and go,' she says. 'Parents weren't as overprotective in those days and we all ran around like the wild animals we were. Considering all the leopards, snakes and lions, this seems astonishing in retrospect – but we survived.'

Nearly 37 years later, Fay's a long way from her first home. When asked what prompted the move to Australia, she laughs. 'It was largely due to a misplaced sense of adventure, but here we are!'

While her desire for adventure still beats strongly, ('I'd like to explore more of Europe, with its wonderful old buildings and magnificent artwork') it's balanced by a fierce financial independence.

'My father had quite a lax approach to insurance and ended up bankrupt when I was in my final year of high school. Unfortunately, that put an end to my dreams of university – at least, until I attended as a mature age student in my twenties. From then on I resolved never to get into debt.'

For Fay, insurance has always been 'incredibly important', and super appealed immediately when it was introduced by the government.

'I thought it was such a sensible idea. I still believe that and encourage people to add to their super where they can.'

Fay says she was put into CareSuper by her employer years ago – and she's never looked back. 'Later, when we were given the option to change funds, I chose to stay. CareSuper has always provided courteous service and excellent returns, which is why it's my first and only fund.'

And while Fay has left work behind her, she has no plans to slow down yet.

'I've had some amazing trips in my life, and I intend to do as many more as I can. I'm also working on improving my bridge skills, as well as learning Mahjong. They're both great for the mind!'

what's your story?

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

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