UPFRONT

Here’s what caught our interest this month.

First, let’s take a shelfie. Stuck on what to read next? Vowed to get your money situation sorted in the new financial year? Or perhaps you’re heading to a dinner party and want to get in the loop on economic lingo. No need to hit up Goodreads or trawl bookstore rankings for your next read about money and finance—we’ve rounded up some recommendations from people at UniSuper to get you going.

The Barefoot Investor by Scott Pape
Fast becoming a cult classic in Australia, The Barefoot Investor aims to help people take control of their finances in a way that works for them. With over 438,000 copies sold in 2017 according to Nielsen BookScan, it might be worth a read.

Freakonomics by Steven D. Levitt and Stephen J. Dubner
While not technically a book just about money, this book links the un-linkable and shows that economics is, at its root, the study of incentives—how people get what they want, or need, especially when other people want or need the same thing.

The Big Short: Inside the Doomsday Machine by Michael Lewis
Four outsiders in the world of high finance predict the credit and housing bubble collapse of the global financial crisis before anyone else. Worth a read for a different—some say even dark—perspective on what caused the GFC.

Australians aged 45 years and over in 2016-17 intend to continue in the labour force until 65 years—up from 63 years a decade ago.


Got a story? We love hearing about what you’re doing and so do our readers! Drop us a line at superinformed@unisuper.com.au if you’d like to be contacted for a member profile in the future, or to share news of your research.
WELCOME
The landscape in which we’re operating is changing; and so are we.

Budget 2018 proposed significant reforms to the super industry, with many of the measures focused on protecting people with low balances. If the reforms are legislated, the impact for UniSuper would be small compared to most other funds.

We already don’t charge exit fees and consistently rate well in industry fee surveys. For example, for an account balance of $50,000, the fees of our Accumulation 1 product were 2nd lowest out of the 100 largest super funds.

We’ve just completed our annual fee review and we’ll move to replace our current $96 per year fixed administration fee with a 2% asset fee, capped at $96 per year. There’ll be no change to the fees paid by most of our members—but over 100,000 members with an account balance of less than $4,800 will now pay even lower fees.

We’ve also reduced the premiums for income protection cover, by 7%. These changes are effective 1 October 2018 and our website and relevant documents will be updated from that date.

Our commitment to always deliver great value is of utmost importance to us.

ROYAL COMMISSION
Some of the findings from the Royal Commission relating to misconduct and organisations not acting in their customers’ best interests have been terribly disappointing.

I can assure you that all of us at UniSuper aim to act in what we believe to be our members’ best interests at all times, and we aspire to conduct ourselves in line with community expectations.

Corporate governance, which many of you may not find particularly exciting, has a direct link to business performance, and has been the subject of many of the issues arising from the Royal Commission.

Strong corporate governance underpins everything we do and is also a key factor in our investment decisions. To understand how we use governance to determine which companies to invest in, read ‘The importance of being earnest – investing in good governance’, featuring our Senior Investment Analyst, Sybil Dixon.

OUR FIRST ON-CAMPUS SHOP FRONTS
Making it even easier for you—our members—to access our broad range of financial advice services at your workplace, we’ve opened five on-campus centres since December.

These centres are at Monash University, Sydney University, the University of New South Wales, the University of Western Australia and Queensland University of Technology. We plan to open more on-campus centres over the next six months. Each office has a full-time UniSuper staff member—feel free to walk in and seek assistance with general enquiries, or make an appointment for a more detailed conversation at a later time.

PENSION FUND OF THE YEAR
We were thrilled to be awarded Pension Fund of the Year 2018 for the second consecutive year at the Chant West Awards in May. While I appreciate that what counts most is what you think of us, it’s always nice to be recognised within our industry.

EXPANSION TO INCLUDE FAMILY MEMBERS
We’ve been very pleased with the steady growth of our Personal Accounts since its launch in October 2017. We pride ourselves on delivering great value and excellent service, so it’s very rewarding to see so many of you encouraging your family to join UniSuper and extending that value and service to them. Visit unisuper.com.au/personal to find out more.

Please read on and enjoy this edition of Super Informed.
I think of emotional technologies as wearable health technologies that resonate with us emotionally, but also keep us healthy. Central to creating emotional technologies is engaging deeply with the people who are going to use the device—understanding what they would really like in their lives, and tailoring the technology around that.

All too often, health technology is created with efficiency and hygiene in mind, with little regard for how the wearer will feel using it. This eventuates in clunky and uncomfortable devices that are downright embarrassing for people.

I’d like to change perceptions of wearable health technologies so they become part of our self-identity—sitting alongside a favourite brooch or a childhood memento rather than stored discreetly in the medical cabinet.

In designing Facett with Blamey Saunders hears, I sought inspiration in biological and geological forms occurring in the natural world. Facett’s crystalline geometry is inspired by topaz specimens in Museum Victoria’s mineralogy collection.

The form seeks to shift stigma—moving hearing aids from disability to desirability. Facett also works differently—the intuitive magnetic connector bypasses the need to change tiny batteries, an ongoing frustration for people with arthritic fingers.

Through the process, I spent time with over 25 hearing aid users to understand what it’s really like to depend on a technology to live and work.

Recently, Facett was awarded the Good Design Award® of the Year and the CSIRO Design Innovation Award. The judges agreed that “this product has incredible potential to make a very positive impact on people’s lives who suffer from hearing loss. The use of rechargeable batteries and magnetic coupling is highly innovative.”

I started my ‘design for health’ journey in 2007 when I was the designer in residence at Nanotechnology Victoria. They had around 40 nanotechnologies on the go at that time across many different fields, but I was drawn to the breakthroughs in healthcare.

I worked with the nanotechnologists to create Diabetes Jewellery—it administers insulin through the skin for diabetics via NanoVic’s trans-dermal patches—effectively bypassing the use of syringes. I was excited about this project as it helped to shift the stigma away for people who had to administer insulin every day.

I want to de-stigmatise medical technologies and give people the choice to wear something they actually love. Today, technology is so advanced that we have the
THE IMPORTANCE OF BEING EARNEST

When we talk about environmental, social and governance (ESG) issues and how we manage them, we often highlight our efforts in the environmental space—investing in environmentally-responsible companies, monitoring our investments’ environmental impacts, or profiling the sustainable investment options available to our members. But less is known about the ‘G’—governance—part of ESG, which in many ways is one of the most important.

A young woman who wears Façett hearing aids recently told me that “to me they’re more of a fashion accessory and they can now be part of my jewellery collection”. This shift of the hearing aid from something that supports a disability to an element of self-expression is exactly the point of designing to address stigma.

I hope my work will help to lower barriers that stop people from using hearing aids and other health technologies. A good example is with hearing loss—if left untreated it can lead to loneliness, social isolation and depression, not to mention Alzheimer’s disease and neural rewiring as the brain restructures itself to deal with limited sensory input. An increasing number of studies demonstrate the link between hearing aid use and delay in cognitive decline, but people still postpone using hearing aids due to the stigma.

I spoke at an event recently and met a woman who has Multiple Sclerosis. We had a great conversation about how awful many assistive devices are for people with disabilities. The perception seems to be that if you have a health condition you no longer have any right to aesthetically pleasing or nicely designed things. Through thoughtful design, it’s possible to shift this perception and decrease the stigma of these life-changing technologies.

“I’d like to change perceptions of wearable health technologies so they become part of our self-identity—sitting alongside a favourite brooch or a childhood memento.”

FEATURE
We mightn’t immediately think of governance as a terribly exciting topic,” says Sybil Dixon, Senior Investment Analyst at UniSuper. “But like everything, there’s a lot more to it than meets the eye.”

Good corporate governance—which is crucial in creating and maintaining workplace culture, an equally important consideration—is a key factor in all of UniSuper’s investment decisions.

“As a fund, we like to invest in quality companies, and quality companies tend to have quality management,” Sybil says. “This tends to lead to stronger corporate culture, generally.”

“We often see a direct correlation between good corporate governance and business performance. So in the end, governance is another lens we can use to see how well a company is managing their business as a whole.”

**VOTES OF CONFIDENCE**

Sybil says Australia’s relatively robust shareholder voting system allows investors like UniSuper to make their voices heard at the board level. “In Australia, the ‘two strikes’ law means a company’s board can be replaced, or ‘spilled’, if management’s remuneration proposals receive a 25% ‘no’ vote two years in a row.

“In recent years, we’ve used our voting rights against a major Australian financial services company’s remuneration proposal,” Sybil says.

“Along with other investors, this led to a ‘first strike’ being levelled against the company.”

The following year, there was a significant drop in the bonus and incentive levels of key management as a result of recent poor performance, Sybil says. “This demonstrates the impact we can have in situations where we feel a company’s governance isn’t meeting our expectations.”

**GOVERNANCE AT UNISUPER**

On our Board of Directors:

- eight are nominated by our university shareholders
- three are appointed independently based on their knowledge and expertise
- two are nominated by unions

**THE MORE, THE MERRIER**

Sybil says that having diversity across key management levels is another area UniSuper looks at closely.

“As an investor and founding member of the Australian Council of Superannuation Investors (ACSI), we take this topic really seriously. Historically, companies with greater board and executive diversity tend to consistently outperform companies with less diverse management teams,” Sybil says.

“And diversity isn’t always just about gender. It can include different backgrounds and experiences, which we find flows through to more robust cultures and corporate governance.”

UniSuper Chair, Ian Martin, says good corporate governance starts at home.

“Our Board comprises individuals from diverse backgrounds, elected from academic and non-academic staff, through to employers, Vice Chancellors and unions, which we believe is healthy and helps ensure our culture is consistent with the members we ultimately work for,” Ian says.

“There are four female Directors currently on our Board, and while there’s always room to improve, the current gender mix of the Board gives a good balance, leading to more diverse governance, cultural and strategy contributions.”

**RISKY BUSINESS**

Good safety and risk management practices are other excellent indicators of healthy corporate governance.

“From a UniSuper perspective, if employees of a company are having poor occupational health and safety outcomes, and we’re invested in that company—that is unacceptable,” Sybil says.

“By engaging with companies and communicating that those kinds of risks are unacceptable, we’re able to apply pressure at the board level and make them priorities, front and centre.”

Sybil says that as a large investor, UniSuper is able to use its influence to actively drive change.

“If we’re looking to invest in industries with higher levels of OHS risks, safety is absolutely a key area for us to look at. Wellbeing and safety of staff aside, again, it’s often a good indicator of the quality of business management, and we can use our sway to help make it even better if needed.”

* Past performance isn’t an indicator of future performance.
WE'RE REDUCING upcomin9 changes we're making we're committed to providing more for the future you want.

COSTS TO GIVE to our fees—helping you save Here's an overview of some INSURANCE you with value for money.

WE already wanted to do something new. We don't charge exit fees, pay advisers commissions or shareholder dividends.

When we deduct admin fees and insurance premiums, we provide a 15% contribution tax rebate, meaning for every $100 you pay in fees and premiums, you get $15 back—see these rebates on your Benefit statement.

1 AROUND 100,000 MEMBERS TO PAY LESS IN ADMIN FEES
From 1 October 2018, we'll be replacing our Accumulation 1, Accumulation 2 and Personal Account fixed administration fee to help casual staff and new members build their account balance.

No accumulation members will pay more in fees than they do today. In fact, over 100,000 members with balances of less than $4,800 will pay less, making us one of the lowest cost funds in the industry.

The below table illustrates the fee savings members with low balances can expect from 1 October 2018.

2 WE'RE AHEAD OF THE EIGHT-BALL
The 2018 Budget had many fee related reforms—particularly protecting those with low balances—but we wanted to do something new.

We've reviewed the relevant product disclosure statement available at unisuper.com.au.

Those fees and costs, for each UniSuper investment option, are provided within the relevant product disclosure statement available at unisuper.com.au.

FIVE WAYS YOU MORE FEES FROM 1 OCTOBER 2018.

1. Low balances can expect savings members with balances of less than $4,800 will pay less, making us one of the lowest cost funds in the industry. Here's how our new fees rank against the current fees of the nine largest not-for-profit super funds: REST, AustralianSuper, Hostplus, CareSuper, QSuper, First State Super, Cbus, SunsUPER and HESTA according to Chant West.

2. Income protection premiums by about 7% for all members. Same insurance cover, just a lower cost—meaning more money in your super. Remember, you can log in to your account to check your level of cover at any time. Check out Changes to super on page 18 for the full story.


4. Premiums by about 7% for all members. Same insurance cover, just a lower cost—meaning more money in your super. Remember, you can log in to your account to check

5. Great value is more than just low fees. It's relevant products, strong investment performance, award-winning insurance and financial advice offerings—and excellent service—that sets us apart. Read more at unisuper.com.au/exceptional.
I’ve always been fascinated by the world around me—my earliest memories are of trying to understand how the night sky worked. In my mind, that passion makes for a good scientist. Also key is retaining that child-like curiosity to ask good questions and enjoying working out an answer. It’s worth saying, if you’re passionate about knowing answers, rather than working towards them, then you’re going to have a hard time in scientific research where most of the time you won’t know the answer. But that’s the fun for me.

Supercomputers are one of the most incredible changes to have occurred in my field, allowing us to connect disparate observations in time from, say, the Hubble Space Telescope, and place it within that greater story of galaxy formation. You can literally watch a galaxy like our own Milky Way form on the OzSTAR supercomputer—but only if you have added to that simulated universe five times more of invisible, ghost-like dark matter than all of the atoms combined. For me, the most fascinating discovery is that supercomputers allow us to predict the shape, amount and indeed motion of something we still haven’t actually directly detected. It’s hard to think of a time in science when we so precisely understood something we had yet to definitively discover.

The first scientist to inspire me was Stephen Hawking when I read his book, A Brief History of Time as a teenager. It was then that I realised there was a job where you could follow your curiosity and explore expanding universes, black holes and dark matter. Critically, he also showed you should communicate your science, not just study it. That blend of efforts is something I have attempted.

“... if you’re passionate about knowing answers, rather than working towards them, then you’re going to have a hard time in scientific research where most of the time you won’t know the answer.”

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MEET ASSOCIATE PROFESSOR ALAN DUFFY, SWINBURNE

If you’ve ever sat back in a planetarium and enjoyed the escapism that comes with it, then you’ll recall feeling fascinated by our universe’s endless possibilities. Someone lucky enough to explore this for his day job is Associate Professor, Alan Duffy. He’s a passionate believer in making science accessible to any audience.
to pursue in my career, culminating in my dual role at Swinburne and as Lead Scientist of the Royal Institution of Australia. Beyond Hawking’s singular example, others I strive to learn from in key areas: there’s no better communicator than Prof Brian Cox, in research I try to emulate my PhD supervisor Prof Joop Schaye and for leadership, look no further than our Chief Scientist Dr Alan Finkel.

Thinking about other planets I’d visit if I could, skimming over the rings of Saturn or plunging into Jupiter’s cloud depths to see if a planet-sized diamond really exists is tempting, but I’d most like to visit Earth.

There are so many places I haven’t yet seen; Amazonian rainforests, the depths of the Mariana Trench or frozen Antarctic icesheets. Thanks to the movement of the continents, weathering effects of an atmosphere and life itself, there truly is no planet more varied and beautiful than ours.

The prizes, awards and recognition are nice, don’t get me wrong, but the standout moments for me are when I see one of my student’s graduate. I am filled with an enormous sense of pride in them and their efforts, but also a huge sense of gratitude that I have been able to work with someone of such great talent and hopefully aid them in however small a way in their exciting career.

Of course, all households look different. Not everyone is partnered, or has children and not all families have both parents working. However, women do tend to do more unpaid domestic work than men.

According to the 2016 Census, the typical Australian woman spends between five and 14 hours a week doing unpaid domestic housework. For the typical man, it’s less than five hours per week.

And while the physical nature of housework is one thing, often even more fatigueing is the mental juggle – aka the mental load – that comes with it all.

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“By learning directly. Let people around you will learn to take on more responsibility, both physically and emotionally, sometimes at the expense of their employment, sleep, leisure and health.”

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THE EARLY BIRD GETS
THE POST-WORK WORM

Your post-work life probably seems like a distant (or non-existent) priority. That’s normal. But when you actually get there, do you really want lifestyle or financial FOMO? Here’s how some simple planning now can make a big difference to your standard of living in retirement.

All financial plans start with a budget. And whether it causes eyes to roll or flashes of ‘can’t deal’ as we reach for our phones, there’s no denying it. And the best bit—it’s not as hard as we think! Basic budgets can take as little as 15 minutes. It’s well worth the time, because they answer some important basic financial questions:

→ How much am I spending?
→ What improvements can I make?
→ How much can I save?

A simple budget tool—like the one at unisuper.com.au/budget-planner—will help you remember the little things that mightn’t always be front of mind.

With a budget in place, you’ll have a good idea of how much you can save—and you’re one step closer to charting the path to your financial future.

Make a list of financial goals you want to achieve—short-term, medium-term and long-term.

Short-term examples could include annihilating existing debt, or saving up for a home.

Medium-term goals could include buying a home—or if you have a mortgage, paying it off sooner—or getting onto investment plans for things like kids’ education costs.

Long-term goals might include maxing your retirement savings or paying off a mortgage.

Your goals should be ‘SMART’: specific, measurable, achievable, relevant and time-bound. They’ll change over time, so revisit them regularly.

How much is enough? There’s no one-size-fits-all answer to how much your future self will need.

But research by the Association Superannuation Funds of Australia (ASFA) shows that for a single home-owner, $545,000 in today’s money is required to maintain a ‘comfortable’ retirement lifestyle—$640,000 for a home-owning couple.

That’s $42,764 a year in money or something to keep and experience. Career pivots are becoming increasingly common, particularly among older Australians who aren’t quite ready to stop working but want to follow their passion, feel like they are making a difference or ease into retirement.

Once you’ve decided what career pivot you want to do, you need to figure out how to start doing it. First of all, try to talk to someone in your new industry about what it is that they actually do all day. It’s much better to figure out that you and your new dream job aren’t compatible before you quit your current one. LinkedIn can be a good place to find people in different industries that might be willing to talk to you. It can also help to build a network of people who could help you on your chosen path.

Next, figure out if there are any skills you need to learn or improve. Upskilling doesn’t have to involve formal training; sometimes it involves your other online tools that can help you manage your super and provide tips on investments, insurance, contributions to super and more.

But what if the worst happened? Insurance touches pretty much every part of our lives. We insure cars, houses—even our pets! But are we under-insuring ourselves?

Bad luck with health can permanently undo our best-laid plans, so it’s essential to make sure we’re covered in case you-know-what hits the proverbial fan.

These are just some simple ways you can start putting a few things in place to make your post-work life the one you always dreamed about.

Written by
Renee Bilske
Important updates

**CHANGES TO SUPER**

**UniSuper update**

**ANNUAL FEE REVIEW**

Following our annual fee review, we’re pleased to announce some changes that will become effective 1 October 2018. These are:

- Reducing our investment switch fee from $13.10 to $11.10 for your second and subsequent switches each financial year (the first switch is free).
- Replacing our annual $96 fixed administration fee for Accumulation 1, Accumulation 2 and Personal Accounts with an administration fee of the lesser of $96 per year or 2% of your account balance, charged monthly.

From 1 October 2018, we will also make minor revisions to our investment management and other costs deducted indirectly (from your investments before returns are applied).

Considering the funding position of our Operational Risk Reserve, the 0.06% charge currently included in the Indirect Cost Ratio (ICR) for each investment option will reduce to 0.03%; however, we will increase the Investment Fee by 0.03% for all investment options, excluding the Cash and Australian Bond options.

This means the total of the Investment Fee and ICR of the Cash and Australian Bond investment options will reduce by 0.03% per year, whereas all other investment options will remain unchanged. These changes also apply to transition to retirement (TTR) Flexi Pensions.

There will be no indexation of DBD administration fees this year.

**REDUCTION IN INSURANCE PREMIUMS**

From 1 October 2018, premiums for Income Protection insurance will reduce by approximately 7% for all members. Tables outlining the annual premium per unit of Income Protection cover will be updated in our Insurance in your super booklet available at unisuper.com.au/pds.

**CHANGES TO INVESTMENT OPTIONS**

The following table outlines changes to several of our investment options from 1 October 2018.

<table>
<thead>
<tr>
<th>CHANGES TO INVESTMENT OPTIONS</th>
<th>Currently</th>
<th>From 1 October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>Risk labelling: negligible negative years in a 20-year period (Very low)</td>
<td>Risk labelling: Less than 0.5 negative years in a 20-year period (Very low)</td>
</tr>
<tr>
<td><strong>Australian Bond</strong></td>
<td>Risk labelling: two negative years in a 20-year period (Medium)</td>
<td>Risk labelling: three to less than four negative years in a 20-year period (Medium to high)</td>
</tr>
<tr>
<td><strong>Conservative</strong></td>
<td>Risk labelling: two negative years in a 20-year period (Medium)</td>
<td>Risk labelling: two to less than three negative years in a 20-year period (Medium to high)</td>
</tr>
<tr>
<td><strong>Conservative Balanced</strong></td>
<td>Risk labelling: two negative years in a 20-year period (Medium)</td>
<td>Risk labelling: three to less than four negative years in a 20-year period (Medium to high)</td>
</tr>
<tr>
<td><strong>Diversified</strong></td>
<td>Risk labelling: five negative years in a 20-year period (High)</td>
<td>Risk labelling: four to less than six negative years in a 20-year period (High)</td>
</tr>
<tr>
<td><strong>Credit Income</strong></td>
<td>Risk labelling: five negative years in a 20-year period (High)</td>
<td>Risk labelling: four to less than six negative years in a 20-year period (High)</td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td>Risk labelling: four negative years in a 20-year period (High)</td>
<td>Risk labelling: four to less than six negative years in a 20-year period (High)</td>
</tr>
</tbody>
</table>

**CHANGES TO INVESTMENT OPTIONS**

| **Sustainable Growth**        | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
| **High Growth**               | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Sustainable High Growth**   | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Listed Property Shares**    | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Australian Shares**         | Risk labelling: six negative years in a 20-year period (Very high) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **International Opportunities** | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Global Environmental Opportunities** | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Australian Equity Income**  | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
| **Global Companies in Asia**  | Risk labelling: five negative years in a 20-year period (High) | Risk labelling: four to less than six negative years in a 20-year period (High) |
|                               | Investment objective: To achieve returns that are at least 5% p.a. more than inflation (CPI) over seven years | To achieve returns that are at least 4.5% p.a. more than inflation (CPI) over seven years |
Important update

2018 Federal Budget

The Government announced a number of proposed changes to super in the 2018 Federal Budget. While many come into effect on 1 July 2019, one took effect on 1 July 2018. Here’s a brief overview of the changes.

HIGH INCOME EARNERS BREACHING THE CONCESSIONAL (BEFORE-TAX) CAP TO OPT-OUT OF THE SUPERANNUATION GUARANTEE (SG)

From 1 July 2018, eligible people whose income exceeds $263,157 and have multiple employers may be able to negotiate that their salary from certain employers won’t be subject to the SG. This means eligible high-income members may be able to avoid inadvertently breaching the $25,000 concessional cap as a result of multiple compulsory SG contributions.

Eligible individuals who do this may be able to negotiate to receive additional income, taxed at marginal tax rates, instead of SG contributions. It’s unclear how this measure will apply to Defined Benefit Division members. We’ll update our website as more information becomes available.

BANNING EXIT FEES

The government proposes to ban exit fees when people change super funds, making it more affordable for those wanting to combine their super. UniSuper already doesn’t charge exit fees.

MAKING INSURANCE WITHIN SUPER OPT-IN

From 1 July 2019, default cover will be offered on an opt-in basis for under 25s. Members with account balances of less than $6,000 or who haven’t had a contribution or transfer for 13 months will have their insurance cancelled regardless of whether it’s default or underwritten cover. These members will need to be underwritten to get cover again.

This measure is intended to allow people to grow their balances faster, and protect people with low balances. Members who fall into these categories would still be able to apply for insurance cover if they choose to do so.

LIMITING FEES FOR LOWER BALANCES

From 1 July 2019, the government propose to limit administration and investment fees on super accounts with balances of less than $6,000 to 3%.

REUNITING LOST SUPER

The ATO will be given more authority to proactively transfer any lost or inactive super account with balances of less than $6,000 to people’s active super accounts.

TAX CUTS FOR LOWER- AND MIDDLE-INCOME EARNERS

The Government announced tax relief for low- and middle-income earners as part of a seven-year plan to reform personal income tax. It includes:

- the introduction of a new non-refundable Low and Middle Income Tax Offset from 2018-19 to 2021-22, aimed at providing tax relief of up to $530 for each of those years. The offset will be in addition to the existing low income tax offset (LITO), and
- from 1 July 2018, a change to the top threshold of the 32.5% tax bracket from $87,000 to $90,000.

The following table summarises the tax rates and thresholds from 2018-19 onwards, excluding the 2% Medicare levy.

<table>
<thead>
<tr>
<th>Rate</th>
<th>2018-19 to 2021-22</th>
<th>2022-23 and 2023-24</th>
<th>2024-25 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>$0 - $18,200</td>
<td>$0 - $18,200</td>
<td>$0 - $18,200</td>
</tr>
<tr>
<td>19%</td>
<td>$18,201 - 37,000</td>
<td>$18,201 - 41,000</td>
<td>$18,201 - $41,000</td>
</tr>
<tr>
<td>32.5%</td>
<td>$37,001 - 90,000</td>
<td>$41,001 - 120,000</td>
<td>$41,001 - $200,000</td>
</tr>
<tr>
<td>37%</td>
<td>$90,001 - $180,000</td>
<td>$120,001 - $180,000</td>
<td>N/A</td>
</tr>
<tr>
<td>45%</td>
<td>$180,001+</td>
<td>$180,001+</td>
<td>$200,001+</td>
</tr>
</tbody>
</table>

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Dr Edgar Gomez | Member
Digital Ethnography Research Centre, RMIT

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