PAGE 4: MEET QUANTUM PHYSICIST, PROFESSOR MICHELLE SIMMONS

PAGE 7: THE CORRELATION BETWEEN GOOD GOVERNANCE AND COMPANY PERFORMANCE

PAGE 10
100,000 members to save on admin fees
READ ABOUT SOME UPCOMING CHANGES WE’RE MAKING TO OUR FEES

THE IMPORTANCE OF BEING EARNEST

Australians of the Year

SuperInformed AUGUST 2018
**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 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.**

Source: Australian Bureau of Statistics, 'More Australians intend to work longer', www.abs.gov.au

---

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.
A word from our CEO

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, low account balance consolidation, changes to insurance and the 3% fee cap for balances below $6,000 will change the industry. Importantly, the impacts 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 the 2nd lowest out of the 100 largest super funds (in the Growth option).

Coincidentally, 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%.

Our commitment to always deliver great value is of utmost importance to us.
Your work has the potential to revolutionise the way many of us go about our work and our lives. How would you describe quantum physics? And what drew you to it?

Quantum physics describes how the world behaves at very small scales. When we consider the fundamental building blocks of nature—such as atoms—their behaviour is dominated by quantum rather than classical physics. By controlling matter at this scale, we have the potential to create a new form of computer called a quantum computer.

I was drawn to this problem because it combines fundamental understanding of how the world works at the atomic scale with my experience of engineering and creating new electronic devices. It’s also an important problem.

Ultimately, if we’re successful, we’ll create a new computing technology that is highly beneficial for humanity.

What’s been the most unexpected or interesting finding you’ve made?

In creating the new field of atomic electronics, we’re now building electronic devices that have never been made before—enabling us to discover a whole range of unexpected effects.

For instance, we’ve engineered silicon wires as thin as four atoms wide to behave like copper for example, demonstrating that Ohm’s Law (the scientific law stating that electric current is proportional to voltage and inversely proportional to resistance) survives to the atomic scale. Every device we make is unique, and atom by atom, we’re building up a picture of the way the world behaves at the quantum level.

What’s one of the toughest challenges you’ve faced in your career?

One of the toughest challenges was when we first set out to make electronic devices with atomic precision. We broke the problem into eight different stages and at that time, the view within the scientific community was that the chances of getting through all eight stages were near impossible.

"Every device we make is unique, and atom by atom, we’re building up a picture of the way the world behaves at the quantum level."

I honestly can’t see myself retiring unless my body gives out! I love creating and building things as well as teaching, so those things will always be a part of me. I also aim to remain as busy and active as I am now.

That said, retirement for me would need to include some time for dancing with my husband, painting pictures, and learning to play the piano. I am also looking forward to watching my children grow old and hopefully someday having quite a few grandchildren to muck around with.

MY IDEAL RETIREMENT

I honestly can’t see myself retiring unless my body gives out! I love creating and building things as well as teaching, so those things will always be a part of me. I also aim to remain as busy and active as I am now.

That said, retirement for me would need to include some time for dancing with my husband, painting pictures, and learning to play the piano. I am also looking forward to watching my children grow old and hopefully someday having quite a few grandchildren to muck around with.

I was drawn to this problem because it combines fundamental understanding of how the world works at the atomic scale with my experience of engineering and creating new electronic devices. It’s also an important problem.

Ultimately, if we’re successful, we’ll create a new computing technology that is highly beneficial for humanity.

One of the toughest challenges was when we first set out to make electronic devices with atomic precision.

We broke the problem into eight different stages and at that time, the view within the scientific community was that the chances of getting through all eight stages were near impossible.

"Every device we make is unique, and atom by atom, we’re building up a picture of the way the world behaves at the quantum level."

I honestly can’t see myself retiring unless my body gives out! I love creating and building things as well as teaching, so those things will always be a part of me. I also aim to remain as busy and active as I am now.

That said, retirement for me would need to include some time for dancing with my husband, painting pictures, and learning to play the piano. I am also looking forward to watching my children grow old and hopefully someday having quite a few grandchildren to muck around with.
Our solution was to combine two technologies that had previously been considered incompatible. To my delight, the approach worked much better than I had hoped, and over a period of around 10 years, we systematically solved all those eight challenges that had been predicted to block our way.

It all culminated in creating the first single atom transistor in 2012.

Who—either in your public life or in your private life—inspires you?

In my private life, it’s easily my husband. He is optimistic, energetic and insightful. He works incredibly hard, is amazingly diligent and always surprises me. He has a unique way of looking at the world and constantly challenges my beliefs and thinking.

In my public life there are so many, but here are a few: Jagadish Chennaputi (for his unceasing hard work and sense of responsibility), Stephen Menzies (for his integrity and intelligence), and Cathy Foley (who’s a trailblazer both for women in physics and for physicists having an impact in the world).

“We broke the problem into eight different stages and at that time, the view within the scientific community was that the chances of getting through all eight stages were near impossible.”
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.

**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.”

**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.”

**OUR APPROACH TO GOVERNANCE**

Good corporate governance underpins the performance of all the companies we—and therefore, you—invest in.

Learn more about our approach to governance, as well as responsible investing more generally, at unisuper.com.au/responsible.

* Past performance isn’t an indicator of future performance.
Five things

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.

<table>
<thead>
<tr>
<th>Balance</th>
<th>Pre 1 Oct 2018</th>
<th>Post 1 Oct 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100</td>
<td>$96</td>
<td>$2</td>
</tr>
<tr>
<td>$500</td>
<td>$96</td>
<td>$10</td>
</tr>
<tr>
<td>$1,000</td>
<td>$96</td>
<td>$20</td>
</tr>
<tr>
<td>$2,000</td>
<td>$96</td>
<td>$40</td>
</tr>
<tr>
<td>$3,000</td>
<td>$96</td>
<td>$60</td>
</tr>
<tr>
<td>$4,000</td>
<td>$96</td>
<td>$80</td>
</tr>
<tr>
<td>$4,500</td>
<td>$96</td>
<td>$90</td>
</tr>
</tbody>
</table>

*It's important to remember that investment fees and indirect costs also apply. These fees and costs, for each UniSuper investment option, are provided within the relevant product disclosure statement available at unisuper.com.au.

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 now.

We already 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.

3. REDUCING THE COST OF THE CASH AND AUSTRALIAN BOND INVESTMENT OPTIONS
We've reviewed the cost of these options relative to our peers, making the investment fee for these options more competitive. From 1 October 2018, the investment fee for these options will reduce by 0.03% per year.

4. INSURANCE PREMIUMS GOING DOWN
We're also reducing 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.

5. FEES ARE IMPORTANT, BUT THERE'S MORE TO THE STORY
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.

Source: Chant West Pty Limited (ABN 75 077 595 316) 2018. This comparison includes UniSuper and the nine largest not-for-profit superannuation funds by assets that are available to the public. For the purposes of these rankings, fees include both administration and investment fees and costs for each funds MySuper Option. For Lifecycle products we have used the fees applicable to a 34 year old member as these options typically have a similar asset allocation to UniSuper products of the same funds. Fees disregard tax deductions and, for the funds other than UniSuper, are based on in funds. Product Disclosure Statement effective 31 May 2018, which generally reflects administration fees current at that time and investment fees and costs for the financial year ended 30 June 2017. This information is compared against the UniSuper MySuper option administration fees effective from 1 October 2018 and investment fees and costs for the financial year ended 30 June 2017. Four objectives, financial situation and needs haven’t been taken into account by Chant West and you should consider the appropriateness of this information having regard to your objectives, financial situation and needs, and read the relevant Product Disclosure Statement before making decisions. Chant West’s Financial Services Guide is available at www.chantwest.com.au. Fees may change in the future which may affect the outcome of the fee comparison in this document.

IT'S EASY TO COMPARISON
Don't just take our word for it. For a simple and easy way to compare, visit unisuper.com.au/compare.

There you'll be able to compare us and our fees by using Chant West’s AppleCheck tool. Plus, if you access the AppleCheck tool via our website, it’s free.

Our updated fees will be available from 1 October 2018.
MEET PROFESSOR BRENDAN GLEESON

Professor Brendan Gleeson, Director of the Melbourne Sustainable Society Institute at the University of Melbourne, isn’t afraid to tackle some of the most contentious topics in political circles—environmental and urban policy. We spoke with him about the lay of the land, and how we might better manage it.

What are some of the areas that the Melbourne Sustainable Society Institute focuses on?
We focus on the questions of climate response and on securing sustainable and resilient cities and regions,

Our task is to generate the science and skills needed to support achievement of these ideals—a stabilised climate and sustainable cities—and to ensure that this knowledge and expertise is made available to the communities that need it, including policymakers, industry, non-government organisations (NGOs) and civil society.

What other areas of research are you currently working on?
We’ve investigated the benefits of addressing homelessness. Our research has shown that it’s far more cost effective to provide humane shelter for all than to let some people fall between the cracks.

What do you see as some of the key challenges facing Australian cities over the next few years?

The main challenge facing Australian cities over the next few years is climate change. New weather patterns are already starting to form, particularly hotter days, declining rainfall and wilder storms.
Over time the threat will extend to include rising sea levels and many parts of our large coastal cities are exposed to this change.

“The main challenge facing Australian cities over the next few years is climate change. New weather patterns are already starting to form, particularly hotter days, declining rainfall and wilder storms.”

Climate warming has grave implications for human health, biodiversity and resource security. It is frankly amazing that we aren’t giving it much higher priority in our planning for cities and settlements.

Apart from this, population growth and the absence of public resourcing to cope with this will place increasingly difficult and disruptive pressures on our cities and local communities.
MY IDEAL RETIREMENT
A small sustainable house, a garden for veggies and reading, a modestly stocked cellar, and a train station nearby. Regional Victoria looks rather nice!

“I would like to see us end the public subsidies we provide to investor housing in a variety of costly and ineffectual ways.”

What strategies would you like to see policymakers adopting to promote housing affordability in Australia?

I would like to see us end the public subsidies we provide to investor housing in a variety of costly and ineffectual ways. Indeed, these subsidies make things worse by driving up competitive cost pressures and making it harder for people to enter into home ownership. They do not stimulate the supply of affordable housing as intended or still claimed by some. We should also increase public housing to deal with the backlog of demand and mounting social stress that housing policies and systems have created to date. We also need to relieve cost pressures on renters and provide them with security of tenure—a rising proportion of Australians are tenants, but we act as if this isn’t happening.

Are you optimistic about local and global action on climate change in the wake of the 2015 Paris Agreement?

I’m ‘hopeful but not optimistic’, to adopt the approach of the renowned cultural critic Terry Eagleton. I’m not optimistic because effective response and change won’t happen without some radical shifts in political commitment, especially in Australia, and it’s hard to see this at the moment. But I’m hopeful because I think, as a species, we are pretty good at getting out of the tight corners we make for ourselves.

An investment bond is an investment vehicle offered by insurance companies and friendly societies (our financial advisers can provide advice in establishing one).

They’re actually insurance policies—with beneficiaries nominated in the event the owner dies—but they share many similarities with typical managed funds: investments are made in a range of asset classes, such as shares, fixed interest, or property.

One of the main attractions of investment bonds are concessional tax rates, which apply both on the earnings generated within the bond, and on the capital gain when the bond is accessed or ‘sold’.

Investments within these types of bonds can be accessed ‘tax-free’ after a period of 10 years, and have concessional tax arrangements if accessed after eight.

Earnings and capital gains in the bond are taxed at a maximum of 30% (less any franking credits or other deductions), compared to investments held outside of super which are taxed at the individual’s marginal tax rate.

Consider that in the 2017-18 financial year, personal income tax rates (including Medicare) of 32.5% applies for every dollar earned above $37,000, 37% for every dollar earned above $87,000, and 45% for every dollar earned above $180,000 (plus the 2% medicare levy).

Once an investment bond is established, investors can make contributions of up to 125% above the previous year’s contribution (i.e. if a bond is established with $100,000, a contribution of $125,000 can be made in year two, $156,250 in year three, etc.).

The 10-year ‘tax-free’ period starts again if contributions exceed the ‘125% rule’ so it’s important to consider contribution tax implications.

From a tax perspective, investment bond income and capital gains are taxed at a capped rate that may be lower than that which would apply to income from assets held personally by individuals with a higher marginal income tax rate (i.e. an individual with a taxable income above $37,000 per year and paying a 32.5% marginal income tax rate plus the Medicare levy).

Of course, individuals can invest in super—where investment earnings in the accumulation phase are instead taxed at no more than 15% compared to the investment bond tax rate of 30%—however, rules limit when super can be accessed, typically at age 65 and/or after age 60 and retirement.

Typical examples of these types of investors include those wanting to save for a long-term goal, such as children’s education or savings plans, or for other financial goals.

Investment bonds may also suit people who exceed $1.6 million in super, where generally in this case no more personal contributions can be made into super.

Investment bonds can be complex, so consider speaking with a qualified financial adviser to ensure these products suit your individual goals and objectives. Contact UniSuper Advice on 1800 UADVICE (1800 823 842) to find out more.

Written by Derek Gascoigne
Senior Private Client Adviser
CAREER PIVOTS

Many Australians are reaching retirement age and finding they aren’t ready to retire. New technologies are making it easier for us to follow our passion instead.

Changing careers is scary at any time of life, especially if you don’t have long to recover financially before retiring if things don’t go to plan. Rather than completely changing careers, you could pivot instead — finding a job that uses your current skills 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 it is that you want to be doing, you need to figure out how to start doing it. First of all, try to talk to someone in your new dream 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 the best way to learn a skill is through doing it. YouTube has lots of tutorials covering all sorts of skills or there are free courses available online. Then it is a good idea to make sure you are financially secure enough to make time to devote to your new career. Once you feel you’re ready then go for it!

You don’t have to give up your day job when you begin your pivot, though you can if you want. You might even decide that you want to spend more time volunteering instead of in paid work. More and more people have a ‘side hustle’ or two, a way of earning some extra cash on the side. Smartphones and the internet have made it much easier for individuals to sell goods and services or rent out their assets in their spare time. Platforms like Etsy, Uber, AirTasker and Airbnb allow you to join online marketplaces with minimal overheads. Side hustles can even turn into new businesses. In fact, the fastest growing segment of Australian entrepreneurs is the over-55s. So, if you’re looking for a new career, a way to earn some extra money or something to keep you busy once you’ve retired, then maybe a career pivot is for you.

HOW MUCH IS ENOUGH IN RETIREMENT?

How much is ‘enough’ — and what constitutes ‘retirement’ — are somewhat subjective concepts, but here’s some food for thought.

The Association of Superannuation Funds of Australia (ASFA) divides ‘enough’ into two broad lifestyle categories for the average Australian — ‘modest’ and ‘comfortable’.

Owning a home and your relationship status can also affect how much is enough. As a lump sum figure, ASFA says that a single homeowner will need $854,000 to maintain a ‘comfortable’ retirement lifestyle ($640,000 for a home-owning couple).6

The financial side of retirement is only one part of creating a meaningful life outside of the workforce. In fact, part-time work, volunteering, or other forms of unpaid work (like caring for family) can be just as important for retirees. Dr Sarah Cotton, Organisational Psychologist and facilitator of SuperFriend’s Mentally Healthy Retirement Program, says it’s essential to manage the emotional side of retirement.

“Everyone tends to focus on their retirement portfolio, but we find the ‘psychological portfolio’ often gets left behind.”

The figures in each case assume that the retiree/s own their own home and relate to expenditure by the household. This can be greater than household income after income tax where there is a drawdown on capital over the period of retirement. Single calculations are based on figures for females.1

To hear more from Sarah, head to unisuper.com.au/webcasts and sign up to watch our ‘Preparing for a mentally healthy retirement’ webcast. Have you ever crossed the term ‘longevity risk?’ It’s worth noting this one as it’s the risk that you could outlive your retirement savings’ capacity to support your anticipated or desired lifestyle. (The Age Pension is a backstop against this — see ‘modest’ lifestyle in the table above.)

Budgeting, managing investments, and setting achievable goals and objectives can help give you a meaningful picture of retirement and counter longevity risk. Resources like our budget planner or retirement adequacy calculator are good places to start—they’re at unisuper.com.au/calculators.

The Australian Securities and Investment Commission (ASIC) also provides useful, similar tools on its website.3
**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 $86 fixed administration fee for Accumulation 1, Accumulation 2 and Personal Accounts with an administration fee of the lesser of $86 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>Cash</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>Australian Bond</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)</td>
</tr>
<tr>
<td>Conservative</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)</td>
</tr>
<tr>
<td>Conservative Balanced</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>Diversified</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>Balanced</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**

<table>
<thead>
<tr>
<th>CHANGES TO INVESTMENT OPTIONS</th>
<th>Currently</th>
<th>From 1 October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable</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>Balanced</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>Growth</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>High Growth</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>
</tbody>
</table>

**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>Sustainable</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>Balanced</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>Growth</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>High Growth</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>
</tbody>
</table>

**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>Sustainable</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>Balanced</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>Growth</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>High Growth</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>
</tbody>
</table>

**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.
Important updates

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 $203,157 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.

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%.

REUNITE 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>$37,000 - 90,000</td>
<td>$41,000 - 129,000</td>
<td>$41,000 - $200,000</td>
</tr>
<tr>
<td>37%</td>
<td>$90,000 - $180,000</td>
<td>$120,000 - $180,000</td>
<td>N/A</td>
</tr>
<tr>
<td>45%</td>
<td>$180,000+</td>
<td>$180,000+</td>
<td>$200,000+</td>
</tr>
</tbody>
</table>

Important updates

Legislative update

SUPERANNUATION COMPLAINTS TRIBUNAL AND THE AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY

From 1 November 2018, the Australian Financial Complaints Authority (AFCA) will replace the Superannuation Complaints Tribunal (SCT), the Financial Ombudsmen Service and the Credit and Investments Ombudsman.

This means you can still lodge a complaint with the SCT (www.sct.gov.au) and get information about any open matters with them up until 1 November, after which AFCA (www.afca.org.au) will be the only body that can resolve superannuation complaints. Go to unisuper.com.au/complaints for more information.

AMENDMENT TO UNISUPER’S REGULATIONS

An amendment made to the UniSuper Regulations, the document which governs how the fund operates, took effect on 1 March 2018.

The change to them removes the requirement for seven days of leave without pay that currently applies to members claiming inbuilt Temporary Incapacity benefits.
It’s also the strong, long-term returns* and range of investment options including sustainable and environmental opportunities. It’s the award-winning insurance offering and the peace of mind it brings to members in their greatest time of need. And it’s the care we take in engaging with our members; by providing opportunities to learn more about their super at every stage of life, meet us on-campus where they work, or benefit from personalised financial advice from one of our qualified financial advisers.

All this, plus low fees, is what makes UniSuper exceptional value.

Find out how UniSuper can help you: unisuper.com.au/exceptional

Kate Leigh | Member
Melbourne Graduate School of Education

*Past performance is not an indicator of future performance.