RMIT’s Dr Jolynna Sinanan on the global impacts of social media

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“Digitisation empowers people to connect, contribute and communicate at a speed and scale never seen before.”

A disruptive call to innovate

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Welcome to the first edition of Super Informed for the New Year. We had a big 2015 at UniSuper. Highlights included transforming our secure MemberOnline portal, lowering many of our fees and expanding our on-campus presence. And we’re looking forward to an even bigger and better 2016.

Innovation is a hot topic at the moment, with a groundswell of support to generate fresh ideas and solutions to everyday problems. We’re strongly committed to innovation so we can continue to meet member and employer needs—now and into the future. With this in mind, we have some exciting news to share.

OUR NEW SUPER AND PENSION SOLUTION

We’re proud of our Defined Benefit Division (DBD), which has served our members and employers well for over 30 years. However, it was time to review our DBD to ensure UniSuper continues to provide members with excellent benefits that meet their changing needs.

After extensive analysis and wide-ranging consultation, we’re thrilled to announce ‘FlexiChoice’, our new flagship product for UniSuper members. Described in the super industry as a comprehensive income product for retirement (CIPR), FlexiChoice is one of the first products of this kind in Australia.

FlexiChoice will combine defined benefit-style features that have stood the test of time—greater certainty of an income stream in retirement, better ability to forecast benefits, and greater protection from investment downturns—with more flexibility and choice.

It will provide the flexibility for members to increase or decrease their contributions, helping them manage competing priorities throughout their working lives. Members will also be able to choose and regularly update whether their contributions are linked to investment market performance or based on a formula, or a combination of both, without being locked in. And on retirement, FlexiChoice benefits will seamlessly transition to a lifetime pension.

FlexiChoice will become the default product for eligible members who join UniSuper after it is launched, expected to be in late 2017. After the launch, eligible existing UniSuper members will be given the option to stay in their current arrangements or move to FlexiChoice. At that time, we’ll provide a range of support to enable members to make an educated decision. Importantly, you’ll have a choice about whether to move from your current arrangements.
We have a lot of work to do over coming months before we can introduce FlexiChoice. We look forward to providing more details and sharing our progress.

**OPENING UNISUPER UP TO YOUR FAMILY**

We're also pleased to tell you that our Consultative Committee and Board have approved Trust Deed amendments that will enable more people to join UniSuper. Our plan is to allow members to invite certain family members to join us, so they too can enjoy the benefits of UniSuper membership. To date, only employees of participating employers and eligible spouses have been able to join.

By making our fund more accessible in this limited way, we can maintain our exclusive focus on individuals who work in the higher education and research sector and their loved ones. Further actions are required to enable this proposed expansion in membership. We’ll let you know when family members can join.

**RECOGNITION FOR UNISUPER**

As you may have read in the previous issue of Super Informed, last May we were thrilled to be named 2015 Super Fund of the Year and Best Fund: Investments at rating agency Chant West’s annual awards ceremony. And I’m proud to say the accolades have continued to flow.

Late last year, the quality of UniSuper’s directors, executives and products was recognised with several industry awards: the Consumer Choice Award and Retirement Product of the Year - Deluxe Choice (for UniSuper’s Flexi Pension), at the 2015 Rainmaker SelectingSuper Awards, and the Chief Operating Officer of the Year Award (for UniSuper’s Executive Manager – Operations, Steve Leach), at the National Achievement Awards, an initiative of the Financial Standard and La Trobe Financial.

UniSuper’s Trustee Director Sue Gould also accepted the Outstanding Trustee Director at the 2015 Australian Institute of Superannuation Trustees Awards for Excellence. And at the Money Management & Super Review Women in Financial Services Awards, UniSuper Executive Manager – Member & People Services Lee Scales was announced Superannuation Executive of the Year and Manager – Member Communications Danielle Clarke took out the Marketing & Communications Award.

These awards are the result of the hard work and dedication of people right across UniSuper. Having a director and executives recognised in this way demonstrates that your retirement savings are in very capable hands. The award for our Flexi Pension also confirms we’re on the right track when it comes to delivering greater retirement outcomes for our members.

Speaking of members, at UniSuper we’re privileged to manage the retirement savings of talented individuals who are challenging the minds of the next generation and engaging in cutting-edge research. We’re proud to feature some of them in this issue, including a member with fascinating insights into a topic we’ve been hearing a lot about lately and that often goes hand-in-glove with innovation: disruption.

So called ‘disruptors’ like Uber and Airbnb are changing the business landscape. As Professor Michael Rosemann—UniSuper member and Head of the Information Systems School at Queensland University of Technology—explains on page 17, disruption presents opportunities for all. So here’s to a successfully disruptive 2016—may it be all you hope for!

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**Kerry O’Sullivan**
Selfies and the impact of social media

My research contributed to the Global Social Media Impact Study (GSMIS), which was carried out by nine anthropologists (including me) in nine field sites in eight countries—Brazil, Chile, China, India, Italy, England, Trinidad and Turkey. Between 2012 and 2014, each of us spent 15 months living in those field sites, in towns of between 18 to 25,000 people.

Around 2011/2012 there was a lot of conversation about how social media was transforming our lives, making us more disconnected, more narcissistic. The difference between ‘online life’ and ‘offline life’ was being discussed, as was the huge impact on education, commerce, personal relationships—but we didn’t know exactly what these impacts were.

The GSMIS was pitched by Professor Daniel Miller—who has authored, co-authored and edited over 30 books on topics including the internet, material culture, consumption, shopping, etc.—and is funded by the European Research Council. The grant, EUR4.5 million, is quite amazing in anthropological history—no anthropology project has ever received this kind of funding before.

We didn’t set out to look at spectacular ‘media event’ stories or things that went viral like Kony 2012, the Ice Bucket Challenge or #nomakeupselfie. We set out to study everyday, mundane, ordinary uses of social media because that’s how you better understand the actual impact that social media is having.

In each of the societies we studied, we needed to know what it means to be a valuable person, a good person, a successful person. We needed to know how a person exists in relation to social visibility—what ‘a person’ means in the eyes of others—to then understand how people use social media as an extension of those kinds of norms or social visibilities.

Something that came up for all of us in the field sites was the use of selfies. We all found that they mean very different things to very different people and that, by and large, uses of social media extended and built upon existing kinds of sociality.

Selfie: noun (plural selfies): A photograph that one has taken of oneself, typically one taken with a smartphone or webcam and shared via social media.

www.oxforddictionaries.com/definition/english/selfie

Are selfies symptomatic of widespread cultural narcissism? Or does it depend on who you are and where you’re from? UniSuper member and Vice-Chancellor’s Postdoctoral Research Fellow at RMIT Dr Jolynna Sinanan shares some findings from her research into the global impacts of social media.
In Trinidad, India, China, Brazil, Chile and Italy, selfies are OK. No-one’s having any kind of crises about ‘What does this mean for our ego?’

It makes sense that the narrative of (and anxieties around) the narcissism of young people and their need for visibility is so prominent in Australia where celebrity culture receives so much attention. Whereas, somewhere like Trinidad or the northern Chinese field site—a predominantly factory worker population—celebrities and certain kinds of celebrity culture are just not relevant or important to people’s everyday lives.

Turning the camera on yourself, and then posting such images, is therefore going to have a very different meaning. There are different degrees of acceptability and value across the field sites.

Dr Jolynna Sinanan’s tips for accessing the research

Part of researching social media in the digital age is making our research accessible to the general public. The main findings of the GSMIS will be published on 29 February 2016 at www.whywepost.com, including over a hundred YouTube videos (short documentaries made in our field sites), our jointly authored *How the World Changed Social Media*, and two individually written books. All are open-access and downloadable free. Other books will be released throughout the year. We also have a free MOOC (Massive Online Open Course), *The Anthropology of Social Media*, that’s now online with FutureLearn.

It’s not about ‘behaviour’, because then you’re comparing one society against another, as being better than another. What we are really trying to uncover is ‘What does normal mean?’ in all of these different places. How does home-based broadband and Wi-Fi, having internet in your pocket, having entire photo galleries in your pocket, access to the world in your pocket—how does this change and relate to everyday life?
Walk the line:
a good trustee can be
a good corporate citizen

Like many other financial institutions, UniSuper often gets called upon to ‘divest’ from certain companies or sectors for a number of reasons. We spoke with our Head of Risk and Legal Services: Investments, Luke Barrett, about investing, divesting and how funds like UniSuper draw the line.

WHAT’S UNISUPER’S MAIN DUTY AND LINE OF THINKING WHEN IT COMES TO MANAGING MEMBERS’ RETIREMENT SAVINGS?
We always aim to provide our members with greater retirement outcomes—in fact, that’s the central pillar of our company strategy. That philosophy is very much part of our culture and comes through in everything we do. Whether we’re helping members who come in to see us, developing new product ideas or negotiating investment deals and selecting the investments we wish to make, it’s always about providing members with greater retirement outcomes.

From a legal point of view, the law requires us to take a similar approach. Every super fund in Australia owes a ‘fiduciary duty’ to its members. There are entire text books on what this entails and it can get quite complicated. In simple terms, there’s a legal obligation to act in the best interests of members.

This doesn’t mean super funds have to guarantee the best possible outcome for every individual member. And it doesn’t mean we have to do things that benefit members outside of their super entitlements. In fact, the law prohibits us from doing so.

WHAT DOES ‘FIDUCIARY DUTY’ MEAN THEN?
It means super funds have to make their decisions in a way which is likely to achieve the best financial outcome for members as a whole.

“Every super fund in Australia owes a ‘fiduciary duty’ to its members. In simple terms, there’s a legal obligation to act in the best interests of members.”

The law is clear that we have to focus on financial outcomes at all times, and this is a principle that generally applies to every super fund. We can’t do things we know will jeopardise members’ retirement savings and which will result in them sacrificing some of their retirement benefits. And we wouldn’t do that anyway, because it goes against our philosophy of providing greater retirement outcomes.
DOES THE SUPERANNUATION INDUSTRY THINK ABOUT CLIMATE CHANGE IN AN INVESTMENT CONTEXT?

Climate change gives rise to an enormous amount of discussion and debate, which is fair enough because it’s an important issue which deserves to be analysed, discussed and debated.

When socially responsible investment products were first introduced to the market, some people were worried that funds offering those products might be doing the wrong thing—especially if those investment products ended up earning lower returns. In the end, everybody realised that it was fine to offer these products on a choice basis because members would go into those options knowing what they were buying into.

Ironically, 15 years later, some groups say that funds that don’t rule out particular types of investments—like companies posing a greater risk to the environment—might be doing the wrong thing by failing to rule out those investments.

We’re now seeing a more nuanced approach being taken to climate change and other environmental, social and governance (ESG) risks.

CAN YOU EXPLAIN UNISUPER’S APPROACH TO CLIMATE CHANGE?

It’s entirely legitimate for a fund to think about how its investment returns could be impacted if the companies it invests in don’t properly manage climate change and other ESG risks. We do this for all of our investment options and the Defined Benefit Division.

Accumulation members can also choose from several investment options that target ESG issues in a direct, specific way.

At the end of the day, if the risks are reflected in the share price, a company may still be an attractive investment opportunity. In other cases, the risks may pose too great a threat to the financial returns from investing in the company. This is why we don’t invest in tobacco companies.

CAN FUNDS JUST DIVEST (OR SELL) THEIR SHARES IN COMPANIES CAUSING ENVIRONMENTAL HARM?

There is definitely pressure from some quarters to divest holdings in particular companies perceived as having negative environmental impacts.

The law is clear that super funds must have a financial focus when making investment decisions. If a fund allows itself to be swayed by non-financial considerations, or by considerations which go beyond its members’ super entitlements, its governance and decision-making processes could be called into question. At the extreme, a super fund could be called upon to compensate its members for any investment losses resulting from investment decisions which weren’t based on financial grounds.

Even if motivated by the best of intentions, the integrity of the superannuation system would start to unravel if funds started turning their backs on members’ financial interests and wilfully breaching their fiduciary duties.

There’s definitely scope for a nuanced and sophisticated analysis of the risks. That may well lead to a fund selling its stake in a particular company—either entirely, or by partially reducing its holding to reduce the financial risk posed by that company. If a divestment decision is made through that kind of process, the super fund is acting in the way that the law requires it to.
Helping your kids onto the property ladder

If you have children, it’s natural to want the best for them. For many parents, this extends to providing a helping hand with finances.

UniSuper financial adviser Adam McCarthy has spoken to many members concerned about their children’s financial wellbeing. The vast majority of these concerns, he says, are housing-related.

“As we move forward into the 21st century, housing affordability is one of the greatest challenges affecting younger generations. With this in mind, more and more parents are seeking ways to help their children enter the property market”, Adam says.

THE GREAT AUSTRALIAN DREAM

Adam’s observations coincide with a significant shift in the ‘Great Australian Dream’ of owning a home on a quarter-acre block. According to the AMP:NATSEM report The Great Australian Dream – Just a Dream?, at the start of the 21st century, more than 50% of all suburbs in Australia’s five major capital cities were affordable.1 This had dropped to just 4% when the report was published. It’s no surprise then that the Australian property market is described as “a tale of the housing haves and ... have-nots”.

Typically,” the report says, “the ‘haves’ purchased their home many years ago when prices were more favourable. They have since experienced windfall gains through the growth in the price of their properties.”

The reality is different for the ‘have-nots’, who “are typically renters, the young (often first home buyers), lone persons and single parents. These are the groups facing the highest rates of housing stress and the greatest affordability constraints.”

So what do you do when you’re one of the ‘haves’ and your children are the ‘have-nots’?

LENDING A HELPING HAND

Adam says that for some UniSuper members the answer is simple. For them, helping their children navigate the tough property market includes paying off part of the mortgage—or even paying it off altogether.

“Parents want the best for their children and don’t want to see them struggle”, he says. “Financial difficulties can place enormous pressure on domestic relationships and parents want to see their children succeed, both financially and personally.”

According to Adam, helping children out financially can be seen as a form of ‘advance inheritance’: “Parents can see their children enjoy the benefits of financial assistance, which may include an improved quality of life for children and grandchildren”.

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Another benefit of advance inheritance could be overcoming issues surrounding the tax on super death benefits. This is because the ‘taxable component’ of a super death benefit may be taxed up to 17% (including Medicare levy) if the benefit is paid to an adult child who is not a financial dependant at the date of the member’s death.

But before you give your money away, it’s worth considering the implications.

**HOW YOU MAY BE IMPACTED**

Two important things to consider are the effects your gift may have on your retirement income and future Centrelink benefits.

“If you’re planning to provide financial aid to your child, it’s important to be able to demonstrate that you’re able to maintain your standard of living over your lifetime”, Adam says.

“It’s imperative not to lose sight of that. A professional adviser can help you with this by modelling your finances across different scenarios.”

Adam also says you should consider Centrelink’s gifting rules. Under these rules, if you give away (or ‘gift’) $10,000 per financial year, limited to $30,000 over five financial years, the gifted amounts will be exempt from the assets test. This could increase the pension amount you’re entitled to.

However, any amounts over the gifting limit may have a negative impact on your entitlement as they’re considered a ‘deprived asset’ and still counted under the assets test.

This means that if you’re planning to give away amounts above Centrelink’s gifting limits, you may want to consider gifting earlier, when you’re more than five years away from Age Pension age.

**Tip:** Make sure you consider the rules around when you can access your super and any tax implications. UniSuper Advice can help—call 1300 331 685 or email advice@unisuper.com.au.

**A PERSONAL DECISION**

Of course, the rewards of helping your children out financially can’t always be measured in dollar figures. Being in a position to lend your children a helping hand after years of hard work, and witnessing the positive effects while you’re still able to, can be enormously satisfying.

However, proper planning before you make a commitment to your children can help you determine the financial impact of any proposed support. As Adam explains: “Proper planning allows you to help your children out with confidence, knowing that you won’t inadvertently be damaging your own long-term financial wellbeing”.

This information is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant UniSuper product disclosure statement for your membership category and whether to consult a licensed financial adviser.

**NEED HELP?**

UniSuper Advice can help you understand your current financial position and plan your financial future. Call 1300 331 685 to find out how.
5 things you should know about making super contributions

Our on-campus consultants, dotted around campuses Australia-wide, enjoy helping members learn the ins and outs of all things super. South Australia-based On-Campus Consultant Daihla McGinty shares the top five questions she’s been asked on the topic of making super contributions.

1. WHAT TYPES OF EXTRA CONTRIBUTIONS CAN I MAKE?
   Topping up your super with extra contributions can make a huge difference to your retirement savings. Basically, there are two main types of contributions—concessional (before-tax) and non-concessional (after-tax). You’ll need to be aware that there are rules around when you can make extra contributions and how much money you can add. Breaching the rules could mean you’ll end up paying more tax.

2. WHEN SHOULD I MAKE EXTRA CONTRIBUTIONS?
   There’s no perfect answer to when the ‘right’ time is for making extra contributions but, wherever possible, you should consider boosting your super through additional payments to ensure you have enough. Taking a look at your financial situation, longer-term goals and how close you are to retirement could shed some light on when you can afford to make extra contributions, and the amount you could consider contributing.

If retirement is a long way off, making extra contributions (via salary sacrifice) to supplement your employer’s super contributions may be a tax-effective way to bolster your super savings over the long term. Alternatively, if retirement is around the corner, making extra non-concessional contributions could be the right strategy because you’ll be able to boost your super quickly.

Tip: Consider the relevant contributions cap(s) before making extra contributions to your super—otherwise you could pay more tax than you need to.

LEARN MORE
To learn more about contributions, visit unisuper.com.au/contributions. Alternatively you can discuss your personal circumstances with a qualified adviser from UniSuper Advice by calling 1300 331 685 or emailing advice@unisuper.com.au.
What's Salary Sacrifice?

Salary sacrifice is an arrangement with your employer to channel an agreed portion of your before-tax salary into your super. In other words, you can sacrifice some of your take-home salary and it's paid as a pre-tax super contribution. These are known as concessional super contributions. Salary sacrificing can be an effective way to save for your retirement because it allows you to make regular super payments and potentially lower your overall tax liability.

Before you decide to salary sacrifice you should consider:

• whether you can live comfortably on your reduced take-home pay
• how you’re tracking against the concessional contributions cap, and
• the conditions around your employer’s salary sacrifice arrangement.

Discussing your plans with a UniSuper on-campus consultant or your financial adviser may help you to decide whether salary sacrificing is suitable for you.

Are There Any Incentives for Making Extra Contributions?

Yes, putting more money into your super can offer a range of tax benefits. Here are three to consider:

• Salary sacrifice may give you the opportunity to swap your usual (marginal) tax rate for a potentially lower rate on super contributions.
• Depending on your income, the government’s co-contribution scheme may pay a bonus of up to $500 into your super account.
• You could benefit from a spouse tax offset when making super contributions on behalf of your low income earning or non-working partner.

See the Australian Tax Office website at www.ato.gov.au for more information and eligibility criteria.

Would I Be Better Off Paying More into My Mortgage?

It could be better for some people, but it’s different for everyone. You need to consider what’s right for you in terms of tax and what age you’ll be when you can access your super. Then there’s things like the interest rate and outstanding balance of your loan ... the list goes on. Also, psychological and emotional considerations are important because holding debt can be quite stressful for some people.

In the first instance, try using MoneySmart’s ‘Super vs mortgage calculator’ at www.moneysmart.gov.au or speak with your on-campus consultant.

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What I remember most clearly about my first application for a temporary incapacity benefit is how confusing the process was. And how anxious I felt. You can appreciate that, when someone is ill, they’re under significant pressure and are coping with a lot—physically and psychologically. So often my recall wasn’t as good it would have been under normal circumstances. What would be a relatively simple task for a well person often felt hugely overwhelming.

Gathering the information seemed like a momentous task under the circumstances—even remembering the dates of my doctor’s appointments, hospital stays and sick leave.

At the time it didn’t occur to me that I could ask HR or my doctor for this information—this would’ve saved a lot of time and stress.

It was difficult to know who I could go to for help, who could answer my questions and where I could find the information I needed.

When I found myself claiming a second time, my experience was completely different. UniSuper’s new claims process made the experience so much easier. It makes a huge difference to have one key contact at UniSuper to guide me through the entire process.

Throughout the process my case manager Chris gave me regular updates on how my claim was progressing. If an issue came up, I was able to immediately get clarification rather than waiting and wondering about what I might need to do. Simple things like being told your forms have been received reassure you that things are progressing smoothly.

Chris is very accessible—I have his direct phone number and he always picks up. And if he’s away, his colleagues are always very quick to step in and help me.

The new process allows you to build up trust with your case manager. That continuity is great—they actually know who you are and are familiar with your case.

“Our approach is based on making a real difference in our members’ greatest time of need.”

—Amalia Faba, UniSuper Claims & Insurance Manager
Chris is always extremely patient and explains things very clearly. The information might not be overly difficult to a person who’s well. But, when you’re so unwell, it can become more difficult to follow than normal. He has happily explained the same thing to me over and over until I understood.

As you build a relationship with your case manager, your confidence in the process is reinforced. You feel that as long as you fill in the forms and follow the process everything will go according to plan.

It was an incredible relief when my claim was accepted. The security of receiving regular benefit payments—similar to receiving your salary—is invaluable. It gave me the financial stability to plan for the future during so much uncertainty.

Having a regular income really allows me to focus on my treatment and my recovery—without financial worries hanging over me.

What can members expect from our new case management approach?

Our case managers are committed to providing members with an authentic, human and meaningful experience by:

- taking the time to guide you through your options and the process
- being genuinely interested in your situation and familiar with your case
- progressing your claim as quickly as possible
- answering your calls and emails
- explaining when you don’t understand
- building your trust.

Our efforts to simplify the claims experience are continuing—we’re refining our internal systems and processes even further to help our case managers better meet members’ needs.

DO YOU HAVE ENOUGH COVER?

Most members have insurance cover through their UniSuper membership. Log in to MemberOnline at unisuper.com.au/mol to check the type and amount of cover you have (if any) and change your cover if you need to. Our ‘Insurance needs calculator’ can help if you’re not sure whether your cover is adequate: go to unisuper.com.au/calculators.
Finding the will to look after the ones you love

Thinking about making a Will can be daunting—after all, who wants to think about the end when you’re busy living life? But the benefits of having clear written instructions about what you’d like to happen to your estate speak for themselves.

The good news is that sorting out your affairs needn’t be overly difficult. Here are four steps to help you get started.

1. **TAKE STOCK OF YOUR FINANCES**

It’s a good idea to take stock of what you own to help you work out what needs to be distributed as part of your estate. You can consider material assets such as your property, cars or jewellery and financial assets such as your savings, managed investments and shares.

You should also take a look at your life insurance policies and super or pension to check you’ve nominated a beneficiary. This is particularly important for super and pension benefits as generally they’re not distributed as part of your estate.

By making a binding death benefit nomination for your super, you confirm who you’d like your retirement savings to go to if you pass away and your fund will distribute this money accordingly.¹

Did you know?

We now offer non-lapsing binding death benefit nominations. This means that your nomination won’t expire unless you amend or revoke it. For more information about nominating beneficiaries, visit unisuper.com.au/beneficiaries.

Find out more about nominating beneficiaries at unisuper.com.au/beneficiaries.

¹ You can only nominate a ‘dependant’ and/or your legal personal representative. Visit unisuper.com.au/beneficiaries for more.
2. MAKE A PLAN
This involves deciding who will inherit your estate after you’re gone and thinking about any special conditions around inheritance—and then recording this in your Will. Things to consider include:

› the person appointed to manage your estate (executor)
› guardians of your dependants
› trusts
› donations to charities
› funeral arrangements.

You should also consider powers of attorney—those appointed to look after your finances and/or health decisions if you’re ill and can’t manage these responsibilities—when planning your estate.

You can find out more about making a Will at unisuper.com.au/estateplanning or by visiting the Public Trustee website for your state or territory.

3. SEEK HELP
A Will can be a complex document so it’s worth considering getting help from both a financial adviser and a qualified legal practitioner.

A financial adviser can help you minimise your tax and maximise the benefits for your beneficiaries, while a legal expert can make sure your instructions are clear and your Will is valid.

Importantly, legal requirements differ from state to state so it’s essential that your Will is drafted and executed properly.

4. REVIEW YOUR WILL REGULARLY
It’s a good idea to review your Will and your super beneficiaries periodically to ensure they reflect your wishes—especially in case of changes to your relationship status or a birth or death in the family.

Don’t shy away from making a Will. The decisions you make today can help to secure the financial wellbeing of your loved ones in the future—and make a stressful time easier to bear.
A disruptive call to innovate

Imagine a world in which organisations like Uber provided basic ambulance services. Or Amazon delivered parcels to car boots. UniSuper member and information systems expert Michael Rosemann says it’s vital for organisations to sense such emerging disruptions to their businesses if they’re to succeed in the new digital environment.

During his first press conference, Prime Minister Malcolm Turnbull told Australians they had nothing to fear from disruption: “We have to recognise that the disruption that we see driven by technology, the volatility and change, is our friend ... if we are agile and smart enough to take advantage of it”. With the release late last year of his eagerly awaited ‘innovation statement’, the prime minister placed innovation—which would allow Australians to thrive in a disruptive environment—squarely “at the heart of everything we do”.

But what exactly is a disruptive environment—and should we fear or embrace it?

According to Professor Michael Rosemann—Head of the Information Systems School at Queensland University of Technology—disruptive environments are, “opportunity-rich and fast-changing [arenas] characterised by low entry barriers, rapidly emerging new players, new technologies, new business models and re-conditioned customers”. It’s natural then that disruptive environments attract entrepreneurs and venture capitalists seeking to develop innovative business models centred on an economy of people, not corporations.

Unlike the traditional economy of corporations—that Professor Rosemann says, “puts the design, optimisation and automation of business processes and corporate systems at its core—the economy of people is much more driven by external opportunities rather than internal constraints”. This seismic shift has been made possible by digitisation, which empowers people “to connect, contribute and communicate at a speed and scale never seen before”.

“The arrival of disruptors can, in fact, trigger a renewed focus on corporate innovation and create new compelling customer value propositions.”

“The foundations for this empowerment are powerful and intuitive devices, a fast growing digital literacy, the opportunity to innovate without relying on too many assets and the emergence of a sharing economy in which corporate value chains are disrupted by peer-to-peer interactions”, he explains.

Uber and Airbnb are popular examples of such successful business models. According to Professor Rosemann, they’ve succeeded because they connect citizens who have something to offer (a car or property) with a mass market of consumers (anyone needing a lift or accommodation).
By facilitating the positive network effects of peer-to-peer interactions, Uber and Airbnb can not only source what they need from citizens, but deliver immediate financial benefits to those with sought-after assets.

“The economy of people acknowledges the role of people as co-designers and co-producers and, in return, it opens new so-called ‘micro-revenue’ streams, that is, citizens can derive an income from making contributions to new business models”, he says.

However, while successful disruptors and their users are the ultimate winners, Professor Rosemann says that the organisations “being disrupted” can also succeed in the new environment. “The arrival of disruptors can, in fact, trigger a renewed focus on corporate innovation and creating new compelling customer value propositions”, he explains.

“Organisations in such environments require strong environmental sensing capabilities in order to identify emerging disruptions as early as possible.

“Sensing capabilities, however, are rare as the traditional focus of corporations has been an internal view leading to … a lack of awareness for what is already happening.”

Workers also need to adapt to the new economy, as highlighted by a recent Committee for Economic Development of Australia report that predicts 40% of Australia’s jobs—both low and highly skilled—could be replaced by computerisation and automation within the next 10 to 15 years. However, Professor Rosemann says that by looking after their “educational wellbeing”, workers can help ensure they aren’t left behind.

“It is essential to ensure that the status of one’s own education remains current and is updated in light of the threat that automation (think robots) and machine learning will probably lead to the disappearance of many of the current jobs”.

For his own part, Professor Rosemann is dedicated to understanding the concepts and thinking patterns behind successful disruptions: “Going beyond the surface of impressive innovations and truly unpacking the root causes of success helps develop higher order thinking abilities and to replicate such thinking in different contexts”.

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1 CEDA (2015) *Australia’s future workforce?* CEDA: Melbourne
Changes to super

Legislative update

‘LOST’ AND SMALL BALANCE ACCOUNTS
Parliament has passed legislation to increase the account balance threshold below which small and ‘lost’ member accounts will be required to be transferred to the Commissioner of Taxation.

The threshold goes up from $2,000 to $4,000 from 31 December 2015, and from $4,000 to $6,000 from 31 December 2016.

Did you know ...

The Australian Taxation Office’s SuperMatch tool allows us to find and consolidate your lost, unclaimed and active (where a contribution has been received in the past two years) super accounts—even the ones you may have lost details for.

You’ll need to give us your tax file number (TFN) and your consent if you’d like us to search for your lost super and combine it into one account using SuperMatch. To provide your TFN and consent, simply log in to MemberOnline, call or email us.1

AGE PENSION INDEXED

On 20 September 2015, the Age Pension and related payments were increased in line with changes to the Pensioner and Beneficiary Living Cost Index, the Consumer Price Index and Male Total Average Weekly Earnings benchmark.

The increase means single pensioners will receive a $6.80 boost to their fortnightly payments (or $176.80 a year), while couples will receive an extra $10.20 a fortnight (or $265.20 a year).

<table>
<thead>
<tr>
<th>PENSION RATES PER FORTNIGHT</th>
<th>SINGLE</th>
<th>COUPLE EACH</th>
<th>COUPLE COMBINED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max basic rate</td>
<td>$788.40</td>
<td>$594.30</td>
<td>$1,188.60</td>
</tr>
<tr>
<td>Max pension supplement</td>
<td>$64.50</td>
<td>$48.60</td>
<td>$97.20</td>
</tr>
<tr>
<td>Energy supplement</td>
<td>$14.10</td>
<td>$10.60</td>
<td>$21.20</td>
</tr>
<tr>
<td>Total</td>
<td>$867.00</td>
<td>$653.50</td>
<td>$1,307</td>
</tr>
</tbody>
</table>

Source: Centrelink, Media Release by the Hon Scott Morrison, 20 September 2015

DIGITAL DISCLOSURE

UniSuper welcomes moves by the Australian Securities and Investments Commission (ASIC) to remove barriers to electronic disclosure.

In short, this means we’ll be able to communicate more information digitally to members than ever before—including benefit statements, product disclosure statements, financial services guides and statements of advice. We’ll provide more information to eligible members over the coming months.

1 Before you combine your super, you should check whether your other funds charge exit or withdrawal fees, and how exiting those funds could impact any other entitlements like insurance cover.
TAX SYSTEM DISCUSSION PAPER

In early 2015, the government released a 203-page tax discussion paper, Rethink, outlining its vision for a comprehensive reform of Australia’s tax system. The paper seeks to improve the fairness of the tax system, including superannuation tax concessions.

There has been significant debate about the tax concessions flowing to the superannuation sector. There have also been a number of policy proposals to introduce new taxes on super or limit the amount that can be contributed to super.

At this stage, these are ideas and not announced policies, and the government will release a ‘Green Paper’ with more concrete policy proposals. Any final recommendations are likely to be taken to the next general election.

GOVERNMENT RESPONSE TO THE FINANCIAL SYSTEM INQUIRY (FSI)

The Final Report of the FSI was publicly released in December 2014. The Commonwealth Government released its response in October 2015, accepting the majority of the recommendations and outlining a broad reform agenda that builds on existing measures to improve Australia’s financial system.

Superannuation recommendations formed a key part of the FSI’s Final Report, and the Government put superannuation policy at the heart of its response using the twin themes of ‘choice and security’.

The Government accepted all but two of the 44 recommendations of the FSI’s Final Report, including recommendations to:

- Enshrine in legislation the objective of superannuation
- Require all funds to provide retirement income projections on member statements (where practicable and cost effective). UniSuper is currently rolling out retirement income projections to members. We are one of the few super funds offering both video statement snapshots and retirement income projections
- Replace the default superannuation system with a new competitive process to be devised by the Productivity Commission
- Introduce rules for comprehensive income products for retirement (CIPRs). This will likely involve a combination of underlying products to meet the legislated features—for example, an account-based pension paired with a pooled product that provides longevity risk protection
- Introduce new governance arrangements for super fund trustee boards
- Raise the competency standard of financial advisers across the industry

The Government plans to introduce legislation to give effect to these measures in coming years.
DBD update

Clause 34 of the Trust Deed provides a process to manage the DBD’s financial position, incorporating four-year ‘monitoring periods’ if DBD funding levels drop below certain levels.

A monitoring period concluded on 30 June 2015 with no action taken. There are two remaining concurrent monitoring periods which conclude on 30 June 2016 and 30 June 2017 respectively.

See our DBD update page at unisuper.com.au to learn more.

Important updates

The following other amendments have been made to the UniSuper Regulations, which, together with the UniSuper Trust Deed, govern how the fund operates.

CONFIRMING THE TRUSTEE’S POWER TO CHARGE THE ANNUAL ADMINISTRATION FEE IN PERIODIC INSTALMENTS

The Regulations have been amended to confirm that the Trustee can charge the annual administration fee in periodic instalments. These amendments commenced on 1 January 2016.

REQUIRING TRUSTEE CONSENT FOR DEFINED BENEFIT DIVISION MEMBERS ON LEAVE WITHOUT PAY

The Regulations have been amended to ensure that where Defined Benefit Division (DBD) members on leave without pay wish to make contributions in lieu of the member and employer contributions that would otherwise be payable, the consent of the Trustee to such arrangements is required. These amendments will commence on 1 July 2016.

CORRECTING AN INCORRECT CROSS-REFERENCE

A regulation dealing with the types of benefits payable has been amended to correct an incorrect reference to a clause of the Trust Deed. This amendment commenced on 1 January 2016.

UniSuper update

INVESTMENT SWITCHING

Switching investment options allows members to tailor their investment strategy to suit their savings goals and preferences as they unfold.*

With effect from 1 October 2015, we amended the UniSuper Regulations to introduce enhancements which enable us to process investment switches more frequently.

Switches submitted through MemberOnline are processed more quickly than paper-based switches, and you should consider this before deciding to switch.

See the How we invest your money important information booklet—available at unisuper.com.au/pds—for detailed information about when a switch becomes effective. The booklet also details the risks and other implications associated with switching your investment options.

* Investment choice does not apply to the defined benefit component of a Defined Benefit Division account.
SuperRatings, a superannuation research company, has awarded UniSuper a 10-year Platinum Performance rating for its Accumulation 1 and Accumulation 2 products in 2016.

Go to www.superratings.com.au for details of its rating criteria. SuperRatings does not issue, sell, guarantee or underwrite this product.

Chant West has awarded UniSuper a 5 Apples rating for its Accumulation 1 and Accumulation 2 products in 2016, and 'Super Fund of the Year' and 'Investments Best Fund' in its 2015 awards. For further information about the methodology used by Chant West, see www.chantwest.com.au.

Chant West has given its consent to the inclusion in this document of the references to Chant West and the inclusion of the logos and ratings or awards provided by Chant West in the form and context in which they are included.

Issued by: UniSuper Management Pty Ltd (ABN 91 006 961 799), Australian Financial Services Licence No. 235907 on behalf of UniSuper Limited, ABN 54 006 027 121, the Trustee of UniSuper, Level 35, 385 Bourke St, Melbourne Vic 3000.

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Trustee: UniSuper Limited, ABN 54 006 027 121/MySuper Authorisation No 91385943850448
Date: February 2016

UniSuper Management Pty Ltd is the Administrator of the Fund and is licensed to provide financial advice, which is provided under the name of UniSuper Advice.

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UniSuper Advice is a service dedicated to UniSuper members and their spouses, which is provided by UniSuper Management Pty Ltd, the entity licensed to provide financial advice. For further information about UniSuper Advice, please visit unisuper.com.au, access the Financial Services Guide and, for any further enquiries, contact us on 1800 331 685.

Any views expressed by third parties are those of the third party and not UniSuper.

UniSuper is referred to as UniSuper or the Fund. UniSuper Ltd is referred to as UniSuper or the Trustee.