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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

Who gets your super when you're gone?

Investing and divesting; walking the line
Message from the CEO

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 10, disruption presents opportunities for all. So here’s to a successfully disruptive 2016—may it be all you hope for!

Kerri O’Sullivan
An entrepreneurial scientist

UniSuper member and former Chief Scientist Professor Ian Chubb AC enjoyed an illustrious career that culminated in a Lifetime Achievement Award at the 2015 Australian Financial Review Higher Education Awards. As Chief Scientist, Professor Chubb was a passionate advocate for the role of science in Australia’s innovation and entrepreneurship agenda. Here are some highlights from our recent interview with Professor Chubb.

The genesis of the *Boosting High-Impact Entrepreneurship in Australia* report, published by the Office of the Chief Scientist, was my interest in comparing the education systems of countries considered entrepreneurial against Australia’s. We found that in these countries, entrepreneurship courses are taught by entrepreneurs in their science schools—to science students—rather than in business schools. You need entrepreneurs teaching entrepreneurship, just as you’d hire a physicist to teach physics.

The entire education system needs to be geared towards entrepreneurship. You can’t wait until the end point to suddenly start producing innovation and entrepreneurial ideas. If the school system isn’t helping, leaving entrepreneurship to universities alone is like putting icing on a brick and pretending it’s a Christmas cake.

We need to give our teachers the resources to teach a basic understanding of science—scientific method, history and philosophy of science and the ethics of science. Tony Blair once said that science lets us do more, but it doesn’t tell us whether doing more is right or wrong.

When citizens have to make choices or set the context within which science can legitimately operate, you’d rather that choice be better informed than not well informed.

I’ve tried to consistently make the argument that science, technology and mathematics play a huge part in our everyday lives. Not everyone needs to be a scientist. But if society is going to make rational choices about the options science presents, it needs a higher level of scientific literacy—around what science is, how it works, what the contestability of ideas actually means. In my opinion, communities would make better judgements when they’re required to if their level of scientific understanding was higher than it currently is.

To be a thriving democracy that makes good decisions we need better scientific literacy than we currently have. I think we’ve got to spend more time educating the public about why science is a significant part of Australia’s future and how Australia integrates into the global community—how we generate knowledge and use ideas to develop more ideas. For my generation, I don’t believe it was ever suggested that we’d ever have to do that.

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Arguably, research money is increasingly harder to secure so I think a higher level of patience and resilience is required than was needed when I started out. We still competed for grants, but somehow it seemed easier in those days. There’s also a much larger number of research students, so how we nurture that future generation is a challenge.

When I was doing my PHD the presumption was that I’d get a job exactly like my supervisor’s—and I did. That presumption no longer applies with that degree of confidence because there’s a much bigger pool of people.

I think—and I don’t claim sole credit for it in any way—the debate that we’re having about science and its importance for Australia is much more widespread and significant than it was some years ago. I receive four times as many invitations to speak at events than I can accept—and I give almost 100 speeches a year.

It’s a signal there’s a growing interest in the topic. I think we’ve also produced good publications, and encouraged decent debate around how good we are and how we can improve.

I’d like to stay connected to science in retirement, but on a part-time basis—the role of Chief Scientist was pretty full on. Throughout my life, my work has been my hobby but I’ve been telling people I’m now going to enjoy an occasional sip of Guatemalan rum and sit in a rocking chair! But I don’t imagine I’d want that to last too long!

“If the school system isn’t helping, leaving entrepreneurship to universities is like putting icing on a brick and pretending it’s a Christmas cake.”

FIND OUT MORE
Read more about the Office of the Chief Scientist and Australia’s next Chief Scientist, Dr Alan Finkel, at www.chiefscientist.gov.au.
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 textbooks 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. 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.
Who gets your super when you’re gone?

No one likes to think about what will happen once they’re gone. But it’s important to have a plan in place for your super. After all, you’ve worked hard to grow your super and it could be one of your biggest assets.

The total superannuation assets in Australia were $2 trillion in June 2015—and with super assets growing each year, it’s important to have a plan for your super.¹ Unlike those nominated in your Will, a beneficiary for your super or pension must be a dependant (as defined under superannuation law) or your legal personal representative (your estate).² Let’s take a look at this in more detail.

WHO CAN YOU NOMINATE?

››› Your spouse – including a legal or de facto partner of the opposite or same sex.
››› Your children of any age – can be step-children, adopted or ex-nuptial.
››› The executor of your Will or administrator of your estate – also called your legal personal representative.
››› Anyone you’re in an interdependency relationship with.
››› Anyone who is financially dependent on you.

If the person you wish to nominate isn’t covered by one of the definitions above, you can’t nominate them. Visit unisuper.com.au/beneficiaries for more detailed definitions.

² For some DBD members, UniSuper’s Trust Deed may dictate the benefits and recipients paid upon death.
³ Fund statistics as at 11 November 2015. Across all UniSuper products (Defined Benefit Division, Accumulation 2, Accumulation 1, pensions).
What are your options when making a nomination?

Option 1: Binding nomination
Gives you more peace of mind. You’ll have certainty (provided your beneficiaries are valid) about who’ll receive your benefit.  
There are two types of binding nominations available:
- Lapsing – This will expire after three years. We’ll send you a reminder to confirm your nomination before the expiry date.
- Non-lapsing – This does not expire (unless you amend or revoke it).

You’ll need to complete a Binding death benefit nomination form.

Option 2: Preferred nomination
We’ll use your instructions as a guide to work out who receives your super in the event of your death, but we aren’t ‘bound’ by your nomination. Our Trustee will make the final decision on how your funds are distributed.

You’ll need to log in to MemberOnline to make your preferred nomination or complete a Change of details form—super members.

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4 For some DBD members, UniSuper’s Trust Deed may dictate the benefits and recipients paid upon death.
Option 3: Reversionary nomination (for Flexi Pension members only)

You can nominate a reversionary beneficiary to receive your Flexi Pension as an income stream if you pass away. Our Trustee must pay the remaining balance of your pension according to your instructions (provided your beneficiaries are valid).

You’ll need to complete an *Adding or removing a reversionary beneficiary* form.

Frequently asked questions

**WHAT HAPPENS IF I DON’T NOMINATE ANYONE?**
Our Trustee will use its judgement to determine how your super is distributed and will seek out any valid dependants who may be entitled to your super.

If they don’t find any dependants, the Trustee will likely distribute any funds to your estate.

**WHAT HAPPENS IF I DON’T NOMINATE ANYONE OR HAVE A WILL?**
Our Trustee has sole discretion as to where your funds are allocated. In this situation, they may not know what your preferences may have been. Your super may end up with your ex-spouse or with the State Trustees.

**HOW CAN I MAKE SURE THE RIGHT PEOPLE RECEIVE MY BENEFIT?**
Choosing a binding death benefit nomination can help make sure your super or pension will be paid where and how you want—just as you planned.


**WHERE CAN I GET HELP?**
Each year, the UniSuper Advice team helps members navigate the financial side of important life events. Call UniSuper Advice today on 1300 331 685 to see how we can help you.
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 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.¹ 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”.

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


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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](http://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.

NEED HELP?
For financial advice and help with your estate planning needs, contact UniSuper Advice on 1300 331 685 or email advice@unisuper.com.au.
Making a difference in your greatest time of need

Imagine finding yourself in what feels like a maze of insurance terminology and paperwork. Now imagine facing all of that while you’re dealing with serious illness. UniSuper member Paula from New South Wales knows only too well how it feels to claim an insurance benefit—she’s been through the process twice. Fortunately, UniSuper’s new case management approach made Paula’s second claims experience a whole lot easier.

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.
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”.

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”.

**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.

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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.
Do you receive an Age Pension?

We’ve made it easier for you to fulfil your Centrelink reporting obligations if you receive an Age Pension.

Until now, whenever you’ve received an information request from Centrelink, you’ve had to contact us and wait for your Centrelink Schedule before passing the details on to Centrelink.

Our new streamlined reporting process means there’s less legwork for you.

Flexi Pension members — We’ll send information about your pension directly to Centrelink. So it’s likely you won’t receive any more information requests from Centrelink.

Indexed pension members — Most members will automatically receive a Centrelink Schedule from us at the start of each financial year. You’ll still receive requests from Centrelink—but you’ll be able to provide the details straightaway.

In limited circumstances, we’ll have to stick to the old process. For Flexi Pension members, this could happen if Centrelink’s data doesn’t match our files, or you start your pension after we’ve sent member information to Centrelink. We’ll also have to exclude a handful of indexed pension members from the Centrelink Schedule mail-out if we don’t have all the information we need.

If you fall into this small group of members and receive an information request from Centrelink, just contact us and we’ll send a schedule to you.

If you have any questions, please call us on 1800 331 685 or email pensionsmailbox@unisuper.com.au.
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

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**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).

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**PENSION RATES PER FORTNIGHT**

<table>
<thead>
<tr>
<th></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, Re:think, 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](http://unisuper.com.au) to learn more.

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**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](http://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.

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**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.

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* 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 7-year Platinum Performance rating for its Flexi Pension product 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 Flexi Pension product in 2016, 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.

UniSuper: ABN 91 385 943 850
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.