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Message from the CEO

Welcome to the first edition of *Super Informed* for 2013.



→ Terry C. McCredden, CEO of UniSuper

Change is on the way

A number of superannuation reforms are on the horizon, and we've started 2013 with some changes of our own.

We're launching our enhanced website, which you can read about on page 12. The new site features people like you—employees of the higher education and research sector—and we're happy to be sharing more about our members' careers and achievements.

We know you value updates about changes that may affect your super, so we've included the latest news on pages 7 and 8.

However, we're also aware that information overload can cause some members to put off important decisions. If this sounds like you, you're not alone.

A recent study found that while many Australians say they most need financial advice on super and retirement, less than half are getting it.¹ You may think you don't have enough money to warrant advice, or that it may be costly—but as you'll see on pages 9 to 11, financial advice can be well worth it.



DBD update

As you would be aware, the financial position of the DBD continues to be an absolute priority for the Board and my management team.

The monitoring period in respect of the 31 December 2008 actuarial review ended on 31 December 2012. The article on pages 4 and 5 explains the process from here and how you can stay up to date. It's important to note that, at this stage, no decision has been made as to whether or not benefit reductions are required.

I know this is an unsettling time for some members, but I would like to assure you that UniSuper is carefully monitoring and managing the financial position of the DBD, taking expert advice and planning for a range of possible outcomes. And, as always, we have the best interests of all members as our paramount consideration. I thank you for your support through this challenging time.

I hope you enjoy this newsletter. We value your feedback, so please contact us with your thoughts.

Warm regards

Terry C. McCredden
Chief Executive Officer

¹ Access to Financial Advice in Australia, ASIC 2010

Update on the financial position of the **DBD**

The monitoring period in respect of the 31 December 2008 actuarial report ended as at 31 December 2012. Monitoring periods under Clause 34 of the Trust Deed are designed to give the Board a mechanism to help protect the financial position of the DBD. You can find out more about Clause 34 of the Trust Deed and these monitoring periods at www.unisuper.com.au/dbdupdate.

What is the process from here?

UniSuper's Actuary is now preparing a report examining the financial position of the DBD as at 31 December 2012—the date the monitoring period ended. This report will also consider the likely outlook for the DBD's financial position over the short, medium and longer term. Once this report is completed, the Actuary will provide it to UniSuper's Board. The Board then has six months from the date it receives the report to make a decision as to whether or not benefit reductions are required. No action can be taken under Clause 34 until after the Board has received the Actuary's report.

Pension members should be aware that, if benefit reductions were required, one of the factors that the Board would consider would be the legitimate expectations of pensioners. For example, the Board could decide to cease to adjust pensions in line with CPI for a period of time, or they could be adjusted by less than CPI, rather than reducing the amounts currently paid.

If benefit reductions were required, they would need to be made on a basis that is fair and equitable across DBD members and pensioners as a whole.

What is the current financial position of the DBD?

The financial position of the DBD is best measured by two indices—the Accrued Benefits Index (ABI) and the Vested Benefits Index (VBI). A precise measure of these indices is taken at the end of each quarter and reported for members at www.unisuper.com.au/dbdupdate. This website also provides definitions of the ABI and VBI.

The 31 December 2012 figures will not be finalised until the Actuary completes his report. Approximations of the ABI and VBI were taken at 19 December 2012. The estimates were 97.5% for the ABI and 90.5% for the VBI. As usual, the finalised figures will be published at www.unisuper.com.au/dbdupdate once the Actuary's report is available.

The financial position of the DBD continues to be an absolute priority for UniSuper. As such, extensive contingency planning is underway by both the Board and Management of UniSuper to ensure they are ready to act and continue providing adequate service and information to members, regardless of what the outcome may be.

More information

The best place to get the latest updates on the financial position of the DBD is to visit the dedicated section of our website at www.unisuper.com.au/dbdupdate. Of course, once the Board has made a decision as to whether or not benefit reductions are required under Clause 34, we will write to all DBD members and provide full details.



Important changes

The following amendments have been made to the UniSuper Trust Deed and Regulations which govern how the Fund operates.

Amendments to the UniSuper Trust Deed

CLARIFY WHEN UNISUPER MEMBERSHIP STARTS

Effective from 23 November 2012

This amendment clarifies that membership starts as soon as contributions are accepted from a UniSuper participating employer on behalf of an employee, regardless of which division the contributions go into. This amendment confirms that it is not always necessary for UniSuper to receive an application form for membership to commence.

CONFIRM POWER FOR THE TRUSTEE TO TRANSFER DEFINED BENEFIT DIVISION (DBD) MEMBERS WHO HAVEN'T PROVIDED THEIR TFN TO ACCUMULATION 2

Effective date to be determined by the Board

This amendment confirms that the Trustee may transfer a DBD member who hasn't provided their tax file number (TFN) to Accumulation 2.

Under superannuation law, the Trustee can't accept member (after-tax) contributions from members who don't provide their TFN. Also, any employer contributions made on behalf of these members are taxed at a higher rate.

This means that where a DBD member doesn't provide their TFN, the DBD does not receive all the contributions needed to fund the member's benefit, and the Trustee needs to pay higher tax than it would otherwise pay.

The amendment is designed to ensure that the majority of DBD members are not adversely affected as a result of some members not providing their TFN.

Amendments to the UniSuper Regulations

EXTEND THE PERIOD IN WHICH MEMBERS MAY TRANSFER FROM THE DBD TO ACCUMULATION 2

Effective from 1 November 2012

Since 1 November 2012, eligible DBD members have had an extra 12 months to decide whether to remain in the DBD or transfer to Accumulation 2. This means that all new DBD members who join from 1 November 2012 now have 24 months to elect to transfer to Accumulation 2.

Existing DBD members who were within their first 12 months of membership and were yet to make a decision as at 1 November 2012, were given a 12-month extension from the date their original election period was due to expire.

DBD members who ceased employment within their applicable election period (without making an election) and were then transferred to Accumulation 1 will have 24 months to decide whether to transfer to Accumulation 2 if they subsequently re-join the DBD in the future.

CLARIFY THE RULES APPLICABLE TO CONTRIBUTION FLEXIBILITY APPLICATIONS

To take effect from 1 April 2013 or a later date set by the Board

DBD and Accumulation 2 members are generally required to make member contributions of at least 7% of their salary, but may reduce this rate under contribution flexibility arrangements.

This amendment confirms that, generally, contribution flexibility applications must be made in writing and will take effect from the pay period following the processing of the *Contribution Flexibility Application form*. The Trustee may vary these rules where member contributions have been reduced in the absence of an application, or before an application was processed.

CLARIFY THE TREATMENT OF DBD MEMBERS WHOSE BENEFITS ARE IN DEFERRAL AND WHO RE-COMMENCE AS CONTRIBUTING MEMBERS

To take effect from 1 April 2013 or a later date set by the Board

When a DBD member ceases to be a contributing member in the DBD (e.g. when they cease employment in an eligible role), they generally have 90 days from the date of cessation to elect whether to defer their entitlements in the DBD or transfer them to Accumulation 1. If the member doesn't make an election within this period, their benefits are transferred to Accumulation 1.

This amendment confirms that when a DBD member whose benefits are deferred recommences as a contributing member, the member's benefits will cease to be deferred and continue to accrue in the DBD, regardless of whether recommencement occurs within or after the option period. The amendment also confirms that such members will cease to have the right to transfer to Accumulation 1 once they've recommenced in the DBD.

CLARIFY THE WAY INVESTMENT RETURNS ARE APPLIED WHEN PAYMENTS ARE RECEIVED FROM AN EMPLOYER ON DIFFERENT DATES TO FUND ONE CONTRIBUTION FILE

To take effect from 1 April 2013 or a later date set by the Board

When employers contribute to UniSuper they provide contribution files setting out the members to whom the payment relates, and the amounts to be contributed for each member.

Where more than one receipt is received from an employer on different dates to cover a single contribution file, this amendment ensures that investment returns are applied to members' Accumulation 1, Accumulation 2 or Spouse accounts from the date of the later receipt.

CONFIRM THE SCOPE OF THE TRUSTEE'S POWER TO ESTABLISH RESERVES

Effective from 1 January 2013

As mentioned in the August 2012 edition of *Super Informed*, the Trustee has established an operational risk reserve from 1 January 2013, in line with the Government's Stronger Super reforms.

The amendment clarifies the Trustee's broad scope reserve-making power.

Financial advice: is it worth your while?

How much have you invested in your—or your children's—education? Think school and university fees, books and computers, and even trips to museums. And how much have you invested in your health and fitness, through gym memberships, private health insurance and doctors' fees?

Many people don't question the value of a solid education and quality healthcare. They are investments for the future, after all.

Interestingly, though, many Australians don't seem to be as prepared to devote as much to their financial future. According to a recent study commissioned by ASIC¹,

for Australians, common behaviour regarding complex financial decisions includes:

- ❖ switching off, and either putting off a decision or deferring it to someone else because of information overload
- ❖ making less-than-optimal choices, often because of overconfidence or a lack of self-control.



❖ Roger Brewer, University of Technology, Sydney

¹ National Financial Literacy Strategy, ASIC 2011



If you're interested in arranging an initial appointment with a qualified adviser from UniSuper Advice, please contact us on **1300 331 685**

For more information about UniSuper Advice, visit:
www.unisuper.com.au/advice

The study found this comes despite us having to make more financial decisions than ever, with the growing complexity and range of financial products available and the responsibility we face in funding our own retirements.

Advice can be well worth the money

As many as 80% of adult Australians have never seen a financial adviser, with many thinking they don't have enough money to be advised on, or that financial advice would be too expensive.²

However, a recent report commissioned by the Financial Planning Association and the Industry Super Network³ found that as well as providing benefits to the individual, financial advice can benefit society more broadly too. These general benefits include reduced debt, increasing the level of disposable income that can help an economy become more productive, and more people having a better understanding of the level of savings and insurance cover they need, which can lead to fewer people relying on welfare.

Super and retirement advice

With an ageing population putting pressure on support services for retirees, financial literacy is becoming increasingly important if Australians hope to be able to fund the retirement lifestyle they want.

Australians have already identified super (and retirement) as an area they have the greatest need of advice for, although only 40% at the most are getting it.²

"Advice helps demystify super, and other more complex financial topics, and helps you see the bigger picture," says UniSuper Head of Advice Strategy and Services, Sam Rubin.

"It's only when you sit with an adviser who takes you through everything that you start to consider things you've never even thought of."

"It's empowering to have someone help you understand your finances, because it helps give you an idea of what you can do to drive your financial future," he said.

We've extended our Helpline hours

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Making an enquiry about your super just got easier with the extension of our Helpline operating hours. Our new hours (Australian Eastern Time) are:

General Helpline: 1800 331 685
Monday to Thursday, 8.30am – 7.00pm
Friday, 8.30am – 6.30pm

Financial Advice Centre: 1300 331 685
Monday to Friday, 8:30am – 5:30pm

² Access to Financial Advice in Australia, ASIC 2010
³ Value of IFFP Advice, Rice Warner 2011



A new year, a **new website** for UniSuper members

UniSuper's website is receiving a makeover. We're releasing an improved website that makes it easier and faster for you to find information about your super. Here are four great reasons to visit the new www.unisuper.com.au

1 MORE RELEVANT INFORMATION

'New to UniSuper', 'Grow your super', 'Planning for retirement' and 'Pensions': our new information categories put all the information you need about your super at your fingertips—no matter what stage of life you're at.

2 EASIER TO TRACK INVESTMENTS

Get a quick snapshot of how your investments are performing by adjusting date ranges and viewing investment options separately or together with our new interactive investment graphs.

3 A ONE-STOP SUPER SHOP

Our new 'Learning Centre' contains a range of easy-to-understand information about aspects of super—such as taxes and how interest works—as well as our existing range of tutorials, calculators, videos and fact sheets.

4 REAL MEMBERS, REAL STORIES

We're proud of our long association with the higher education and research sector in which you work. To celebrate this partnership, our new site features photos of our members and the places where you work—you may even see some familiar faces!

New UniSuper webinars

Do you work on a small university campus where UniSuper seminars aren't regularly held, or live in an area beyond the reach of our seminar program, such as regional Australia or overseas? With the launch of 'webinars'—our new live, online seminars for members—there's no need for you to miss out on our highly-popular seminars any longer.

You can now participate in webinars on popular seminar topics like Understanding Contributions & Caps and Retirement Planning from the convenience of your own computer.

Run by our experienced education presenters, UniSuper Advice financial advisers and guest speakers where relevant, our webinars bring you the same quality information that members enjoy at our face-to-face seminars.

Once you register, you'll receive simple instructions to stream the webinar live online.

No matter what stage you're at, you can learn about topics that are most relevant to you. Here's a sample:

- ...❖ New UniSuper members can gain an overview of the fund (UniSuper 101—An Introduction).
- ...❖ Find out how you can benefit from a UniSuper pension and the Government Age Pension (Retirement Planning & Centrelink).
- ...❖ Learn why women typically have a significantly lower level of retirement savings than men—and what you can do about it (Superannuation for Women).
- ...❖ See how much you can contribute to your super without having to pay additional tax (Understanding Contributions & Caps).

For a full list of upcoming webinars and to register for a session, visit www.unisuper.com.au/webinars. Places are limited, so be sure to register early to avoid disappointment!

Meet a UniSuper member:

Laureate Professor Marshall Lightowlers

Drop in to Professor Marshall Lightowlers' workplace at the University of Melbourne's Werribee campus, and you may feel like you've been transported to the country—thanks to all the farm animals such as sheep and pigs you're likely to see.



Professor Lightowlers and colleague Dr Charles Gauci, The University of Melbourne



These animals share space with the parasitologist for good reason—he and his colleagues are developing vaccines that prevent sheep and pigs from being infected with tapeworm parasites. In humans, these parasites contribute to diseases called Hydatid disease and neurocysticercosis (NCC).

Hydatid disease is a potentially fatal condition that causes cysts to form in vital organs such as the liver, and NCC is a disease of the nervous system that produces seizures and is the main cause of acquired epilepsy in adults. “The diseases are transmitted by livestock—sheep (Hydatid disease) and pigs (neurocysticercosis),” explains Professor Lightowlers. “They are mainly problems in developing countries where there is little money available to develop new treatments for humans.”

Working with international collaborators, Professor Lightowlers and his team have focused on developing an effective vaccine for animals as it's a lot cheaper to vaccinate animals than humans. Testing the vaccine sometimes takes Professor Lightowlers away

from his computer—where he typically spends his days applying for grants and writing grant reports and articles for publication—and to exotic locations that include Cameroon, Tanzania, Peru and Argentina.

The results of Professor Lightowlers' field trials in these countries have been overwhelmingly positive. “The vaccines are the most effective of all existing vaccines for any parasite infections,” he says. “In a field test of our vaccine in Cameroon, it completely eliminated transmission of the disease.”

In 1998 Professor Lightowlers was awarded the Bancroft-Mackerras Medal of The Australian Society for Parasitology for “an outstanding contribution to the science of parasitology.” With results like these, it won't be long before this award-winning scientist starts looking for a new challenge.



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Our new paper stock

You may have noticed something different about this issue of *Super Informed*—that's because it's been printed on different paper.

We decided to change the paper we use following a review of the options available. We know that looking after the environment is very important to you, as it is to us, so environmental impact was a key factor in our decision. When we included cost and quality, a paper stock called 'ecoStar Silk' was the clear winner.

ecoStar Silk is made of 100% recycled post-consumer waste. As well as being an economical alternative and providing a superior finish, our new paper comes with impressive environmental credentials and is FSC certified.

This document has been prepared by UniSuper Management Pty Ltd (USM) ABN 91 006 961 799, AFSL No. 235907 on behalf of UniSuper Limited (Trustee), ABN 54 006 027 121 the Trustee of UniSuper (Fund) ABN 91 385 943 850. USM is the administrator of the Fund and is licensed to provide financial advice, which is provided under the name of UniSuper Advice. For further information about UniSuper Advice, please visit the UniSuper website at www.unisuper.com.au, access the Financial Services Guide; and for any further enquires, please contact the UniSuper Helpline on 1800 331 685.

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