UPFRONT

Short on time? Here’s a quick rundown of things to know.

Changes to super
New super rules came in on 1 July 2017. See page 17 or go to unisuper.com.au/budget for more.

In case you missed it
On 1 July 2017, the qualifying age for Age Pension increased from 65 to 65 and a half years. The qualifying age for Age Pension will then increase by six months every two years, reaching 67 by 1 July 2023.

For your next trivia night ...
Pre-Federation colonies changed the financial year from the calendar year to a year ending 30 June on the following dates: Victoria in 1870, South Australia in 1874, Queensland in 1875, Western Australia in 1892, New South Wales in 1895 and Tasmania in 1904. The Commonwealth followed suit from its inception in 1901.

We’re not the only ones!
Australia shares the same financial year as the Bahamas, Bangladesh, Kenya, Egypt, Pakistan, Puerto Rico, New Zealand, and Uganda.

Have you tuned in to our podcast? Subscribe to Super Informed Radio on the Apple Podcasts app or on SoundCloud.
3 FINANCE APPS WORTH CHECKING OUT

1 TrackMy Spend
ASIC’s app takes the headache out of budgeting. You enter your total budget and add your expenses as you make them.

2 Splitwise
Ever gone away or out for a meal and had trouble keeping tabs on who paid for what? Splitwise makes it easy.

3 Pocketbook
This app sorts your spending into categories like clothes, groceries and fuel—showing you where money’s being spent. It also syncs with your bank account.

TRAIN YOUR BRAIN
Prof. Michael Ridding from The University of Adelaide’s work in cognitive reserve goes a step to explain why some people experience symptoms of Alzheimer’s and dementia, while others remain sharp of mind.

@MichaelRidding

WORD UP
Professor of Linguistics Kate Burridge from Monash University builds a compelling case for bringing back some very old-school words like humbuggery, snollygoster and roorback—all commonly-used words once upon a time.

@ProfCCollins

HEALTH
Professor Clare Collins from the University of Newcastle helps make food and nutrition research ‘digestible.’ Nutrition advice from her column on ‘The Conversation’ includes what to eat or avoid if you’re prone to getting headaches.

Got a story to tell? We love hearing about your lives and so do our readers! Drop us a line at superinformed@unisuper.com.au if you’d like to be contacted for a member profile in the future, or to share news of your research.
A word from our CEO

WELCOME

We have a strong voice in the industry, and we use it to lobby for positive change on your behalf.

Having spent most of my career in super, I’ve become used to the Government’s changes to super rules. But I still appreciate that from outside looking in, it’s a bit unsettling for members to hear of the relatively significant Government-driven changes to super, most of which are outlined from page 17. If you’re feeling a bit rattled, try to take comfort that the Government’s strong attention to super shows its importance to the nation and millions of Australians.

Australia’s super system now comprises a $2.3 trillion1 pool of investments, with super being the largest asset most people own outside their family home. That’s one of the strongest drivers for me in my role—knowing that what the UniSuper team does helps protect and build this significant asset for the 400,000 plus members of this fine fund.

Being one of Australia’s biggest super funds—managing over $60 billion of members’ savings—means we have a strong voice in the industry, and we use it to lobby for positive change and continuous improvement on your behalf. Recent conversations we’ve weighed in on include the Government’s Framework for Comprehensive Income Products for Retirement and the Insurance in Superannuation Working Group. These debates, and many more, are helping shape the future of Australia’s retirement system.

Closer to home, we’ve been hard at work building further MemberOnline enhancements to expand the features available for managing your account online. New features include the ability to verify your identity quickly and easily online (where you’re required to provide proof of ID), single login for members with more than one UniSuper account, and large strides away from paper application forms with a new online process for joining the fund.

Another initiative worth highlighting is opening UniSuper up to members’ families. We remain firmly committed to the higher education and research sector, but we’ll soon be opening our doors to the family of UniSuper members with Personal Accounts coming later this year.

An accumulation-style super account, Personal Accounts will allow your family to benefit from the strong returns2, diverse investment options, and competitive fees you currently enjoy. We’ll let you know when this new product launches.

Past performance is not an indicator of future performance.

UniSuper created its Global Environmental Opportunities (GEO) investment option in 2012. It gives you the ability to invest in companies delivering solutions to environmental challenges and focuses on alternative energy, sustainable water, green building, pollution prevention and clean technology.

We recently made an industry-leading decision to manage the GEO option ourselves and adopt an active investment management approach. This means we’ll have more oversight of environmental, social and corporate governance (ESG) issues than we did before.

The new investment framework for the GEO option now directly aligns with five of the United Nations (UN) 17 Sustainable Development Goals:

- alternative energy (SDG13)
- energy efficiency (SDG13)
- green building (SDG11)
- sustainable water (SDG6)
- pollution prevention (SDG 12 and 15).

Read more at unisuper.com.au/responsible.

"An accumulation-style super account, Personal Accounts will allow your family to benefit from the strong returns, diverse investment options, and competitive fees you currently enjoy."

Speaking of diversity, I’ll finish with a few quirky facts you might enjoy:

- Our 400,000 members have 101,000 different surnames. The most common? Smith.
- More of you share a 21st September birthday than any other day. The fewest share 29 February and Boxing Day (26 December).
- Almost 200 UniSuper members are over 90 years old, and three are over 100.
- 58% of our members are female, 42% male.

Kevin O’Sullivan

2 Past performance is not an indicator of future performance.
MEET EMERITUS PROFESSOR ROBERT CUMMINS

What is it that makes us happy? We talk to UniSuper member Emeritus Professor Robert Cummins about the ‘golden triangle of happiness’ and the three key ingredients to happiness.

You’ve spent the past 17 years surveying people across Australia to produce the Australian Unity Wellbeing Index. What have you been studying? Our research concerns the science of happiness. Surprisingly, it comes in two forms: emotional happiness (the familiar, brief feeling of positivity following a nice experience) and mood happiness (caused genetically, as a stable, weak background positive feeling). Thoughts about our self usually include mood happiness, which is why people normally feel good about themselves.

What have you found? Everyone has their own set-point level for mood happiness—analogous to our set-point for body temperature. We also have a protective, homeostatic system, which attempts to return our feelings to set-point after a strong positive or negative experience.

What is the ‘golden triangle of happiness’? We’ve identified three elements feeding the happiness protective system:

1. Money, when used to prevent or recover from negative experiences.
2. An intimate, sharing and caring relationship.
3. A sense of purpose in what we achieve each day.

Does more money mean greater levels of happiness? As a population average, the answer is ‘yes’. However, the law of diminishing returns applies. For people earning less than $30,000, an additional $6,000 (a 20% rise) is associated with a one percentage point rise in happiness. For those earning $101,000-150,000, a one point rise requires an additional $350,000 (a 250% rise).

Does life get better with age? On average, happiness decreases from young-adulthood to middle age. This is likely caused by the burden of children, mortgage, and a routine job. However, at around 55-65 years this trend reverses and happiness starts to rise. This rise continues into old age provided that no source of major threat appears, such as one involving the golden triangle resources.

What drew you to studying quality of life and happiness? In 1992, I joined a research project with two of the leading happiness researchers of that time. Both from Melbourne University, Professors Alex Wearing and Bruce Headey had discovered that following a strong change in happiness (due to some life event), happiness levels normally return to normal. This collaboration set me on my current research path.

What would your ideal retirement look like? The full set of the golden triangle resources—enough money to avoid worrying about the bills, an intimate partner who shares daily life, and looking forward each day to re-engaging an activity that is personally important and meaningful.

WANT TO LEARN MORE ABOUT CREATING A FULFILLING RETIREMENT?
Visit unisuper.com.au/planning-for-retirement
If you had to think about which companies might be making substantial inroads into environmental sustainability, an airport mightn’t immediately spring to mind. But Adelaide Airport Limited, in which UniSuper owns a 49% share, is doing just that—in 2016 becoming the first Australian airport recognised by the global Airport Carbon Accreditation program and cementing its place as an aviation leader in sustainability.
When super returns meet environmental returns
In 2016, Adelaide Airport Limited (AAL) finished installing a multi-million dollar solar photovoltaic system, at the time making it the largest airport solar rooftop system in Australia.

Just over a year later, the installation is already achieving its desired effect—cutting the airport’s carbon footprint. It’s expected to eliminate about 915 tonnes of CO2e annually and generate around 8.5% of the company’s total electricity use.

The system is also paying financial dividends, generating a return on investment of 13.1%, with a ‘payback’ period of eight years. It’s a sound result, and an especially important metric for commercial renewable projects.

AAL Managing Director Mark Young says the significant capital investment in the solar rooftop system was justified on the basis of the many benefits to the overall business.

“The financial benefits include reducing utility costs and mitigating the risk of rises in electricity costs—a material issue for South Australian business in the immediate future.

“Other benefits include achieving our 2019 carbon reduction target, increasing energy self-sufficiency, meeting investor environmental, social and corporate governance (ESG) risk expectations, as well as enhancing Adelaide Airport’s brand,” he says. The rooftop system will also assist the South Australian Government’s Renewable Energy Target—to produce 50% of the state’s power by renewables by 2025.

CAPTAINS OF INDUSTRY

Since the installation, AAL has been approached by numerous companies seeking to learn about the business case development, including tendering processes and technology trends.

“We’ve been keen to share our insights with others to support the expansion of commercial-scale solar in South Australia and nationally—whether it’s driven by a commitment to reduce carbon emissions, drive down operational cost, or both,” Young says.

The solar installation was also useful for the company’s future planning due to the evolving nature of such projects. “While we eventually settled on a different system design to the one we originally proposed, the process required we swiftly improve our understanding of solar technology.

“It gave us the knowledge to have more productive negotiations throughout the tender phase and ultimately deliver Board approval,” he says.

NEW DEPARTURES

AAL is in the process of conducting high-level feasibility assessments on a number of other potential projects, including ground-mounted solar at Parafield Airport, other rooftop systems, and waste-to-energy technology for accepting terminal and operations waste at Adelaide Airport.

“We were also recently awarded $1 million from the South Australian Government’s Future Mobility Lab Fund for the introduction of electric autonomous buses at Adelaide Airport.

“A detailed feasibility assessment is underway and, if the outcomes are supported, it will provide a shuttle service between the terminal and long-term car park, replacing the current diesel-powered bus fleet,” Young says.

“The [solar photovoltaic] array will enable us to achieve our carbon goal in the space of a single year.”
CARBON REDUCTIONS IN FULL FLIGHT
Young says such projects help to deliver on the company’s goals to reduce per-passenger electricity consumption by 10% and related greenhouse gas emissions by 2019.

“With the operation of the solar PV array since March 2016, we are well on the way to achieving this goal—and in fact, the array will enable us to achieve our carbon goal in the space of a single year,” he says.

Over the past five years, the company has reduced per passenger electricity consumption in the terminal by 10% and overall per passenger greenhouse gas emissions by 17%.

In achieving year-on-year emission reductions, AAL has focussed primarily on electricity efficiency projects and renewable energy.

In other areas, the company has significantly renewed its vehicle fleet towards more fuel-efficient models, including replacing three petrol cars with the fully electric plug-in Nissan Leaf. It has also run successful forums which have led to initiatives to influence its stakeholders in reducing their carbon footprint, such as aviation taxiing and flight efficiencies that reduce fuel burn and proposals for future introduction of biofuels, among other programs.

HAPPY TRAVELLERS
And it’s also worth remembering the tangible benefits for travellers.

“The project doesn’t just have the potential to offer a low carbon transport solution,” Young says. “[We also believe] it provides superior customer service and showcases an emerging technology.”

UNISUPER’S ENGAGEMENT
As a major direct investor in Adelaide Airport and other major commercial property assets (including Sydney, Auckland and Brisbane airports), UniSuper has influence over—and high visibility of—the companies we invest in. We also directly engage with companies on climate and other environmental risks, ensuring these risks are being managed appropriately. In this way, we look forward to maintaining our mutually-beneficial ongoing relationships with our major investments.

To find out more about what we do in this space, visit unisuper.com.au/responsible-investing.

This isn’t intended to be an endorsement of any securities named above for inclusion in personal portfolios. The above material reflects UniSuper’s view at a particular point in time having regard to factors specific to UniSuper and its overall investment objectives and strategies.
BOOKING AN OVERSEAS HOLIDAY
With more time—and hopefully, money—available, it’s little wonder people view retirement as an opportunity to start checking off their holiday bucket list.

According to the Australian Bureau of Statistics, short-term resident departures exceeded short-term visitor arrivals by 1.7 million movements in the year ended December 2016. In 2016, more Australian residents in older age groups travelled overseas than in 2006, with people aged 60 and over responsible for 17.2% of all departures in 2016. The ten most popular destinations for short-term resident departures included New Zealand, Indonesia, USA, the UK, Thailand, China, Singapore, Japan, Fiji and India.

TAKING UP VOLUNTEER WORK
Whether you’re checking out of the workforce altogether, or just scaling back the number of days you work, the satisfaction gained by 5.8 million Australians—or 31% of the population—volunteering their time to a multitude of causes is significant. Part-time employees are the most likely to volunteer. The reasons cited include helping others/community, personal satisfaction, personal/family involvement and to do something worthwhile.

Canadian research revealed that—perhaps unsurprisingly—the most common reason people don’t volunteer is because they don’t have the time.
3 PURSUING A HOBBY
Whatever you choose to pursue, the extra time afforded by no longer working full time gives you the opportunity to spend more time doing what you love.

According to Roy Morgan Research, as many as one in 10 Australian men aged between 65 and 74 play golf regularly, surpassing the rate of occasional play.5 “There’s a clear correlation with the rise in regular golfing and retirement,” the research states.

With many men checking out of the full-time workforce at age 65, it’s no surprise they use the opportunity to swap irregular weekend rounds with regular participation. Women also play more golf after they reach age 65 but are also more likely to regularly participate in yoga, dancing, aerobics and hiking.

4 DOWNSIZING
When older Australians stop full-time work and retire, many choose to move into a smaller residence with lower maintenance requirements and upkeep costs. The move can provide an opportunity to consolidate belongings and living expenses.

In the Government’s 2017 Federal Budget, the Treasurer proposed a measure for people aged 65 and over to be able to make a non-concessional (after-tax) contribution of up to $300,000 into their super from the sale of their primary residence. While the proposal isn’t yet law and there are likely to be conditions, check unisuper.com.au/budget-2017 for updates as developments occur.

4 SALE

5 SPENDING MORE QUALITY TIME WITH FAMILY AND FRIENDS
One of the most obvious benefits of checking out of the full-time workforce is spending more time with family and friends. According to Mohit Satyanand, “life is too short for a full-time job.” He could “never go back to full-time work,” feeling “too consumed by the love of life and family to chain [himself] to the clock of a daily routine.”6

Food for thought.

Considering reducing the time you spend at work? Call UniSuper Advice on 1800 UADVICE (1800 823 842) to talk about the potential impact on your finances and super when reducing your work hours, and how to plan for an optimal outcome.

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1 Forbes magazine ‘2013 Top 20 Billionaires’
3 Volunteering Australia, volunteeringaustralia.org/nww/
6 Quartz Media (via SBS online), http://bit.ly/2sGWUmO
MEET MUSICIAN, ALEX PERTOUT

Chilean-born Alex Pertout has always had music running through his veins. Professionally, he’s lent his extraordinary talents to several number-one charting singles, albums and even contributed to numerous motion picture scores. The award-winning recording artist, composer, multi-instrumentalist, senior lecturer and UniSuper member gives us an insight into how he got started and his career highlights.

I grew up in Santiago, Chile, in a family environment that celebrated music. My parents were both ardent musical aficionados, so music—and in particular classical music and opera—were part of my daily sound spectrum. We moved to Italy and it was there I became fascinated by Latin American music and started a life-long mission to research this area. When I was 12, we moved to Australia and I became obsessed with percussion instruments, Latin American styles, jazz, orchestral and world music. I studied a wide range of genres that I am still drawn to on a daily basis.

As I was developing my art and reputation, I started to get calls for performances and recording sessions from many producers and artists from diverse styles. As the decades passed, I became a versatile creative and respected percussionist, and was blessed with working in many areas of the music scene. Consequently, I have experience working in pop, jazz, rock, folk, world, theatre, television, soundtracks and orchestral settings.

I love working with the students and emerging artists—talented young people who are eager to learn, keen to take the necessary steps to become the best they can in a tough, competitive environment. It rewards me by mentoring them in unique areas of study and, in turn, inspiring their creative lives.

I was, and still am, inspired by artists such as Mongo Santamaria, Miles Davis, Tito Puente, Pat Metheny, Karaikudi Mani, Inti Illimani, Santana, Sergio Mendes and Steve Reich to name just a handful. I would also add all my current creative and inspirational colleagues, many of whom I collaborate with.

Receiving the ‘International Prize’ at the 2015 Cuban Music Awards for the album Tales to Tell—which I recorded and produced for my project with colleague Nilusha Dassenaike—stands out as one of my proudest moments. Cuba is an amazing musical territory, recognised worldwide for its contribution and wide-ranging influence on global music, especially contemporary music from jazz to pop to everything in between.

As a serious creative practitioner, one of the most important things is to have unconditional devotion to your chosen area. In music, the need to improve is a daily task, so practice and the development of a long-term structured program is crucial. Music is everywhere. Music inspires. Music is healing. Music is life. If you’re devoted, you’ll follow your heart and you will succeed. It’s all here, all around us, you can’t miss it.

My ideal retirement? The trouble with thinking about it is that I will never retire! Strange thinking—that’s creative art practitioners, I guess!

“When I was 12, we moved to Australia and I became obsessed with percussion instruments, Latin American styles, jazz, orchestral and world music.”
When we hear the term ‘granny flat’, we usually think of a self-contained unit attached to a private home—often rented out or used by an elderly relative. It can be a good solution, but like everything, it’s important to consider the detail.

The granny flat arrangement allowed by Centrelink can be a good solution for elderly parents looking for a stable home and family support in retirement.

For social security purposes, the term ‘granny flat right’ is used to assess living situations where money, assets or the title to one’s home have been transferred in exchange for a right to lifetime accommodation. In this case, the person living in the granny flat will most likely not have legal ownership of the property and it’s often an informal family arrangement.

There are no age or family relationship rules or requirements—Centrelink’s ‘granny flat’ exceptions are designed to encourage people to stay out of supported care.

A ‘granny flat right’ can be created in a number of ways, and the value of a granny flat interest will generally be the amount paid (or assets transferred) in exchange for the interest.

However, if an individual only transfers part of the title of their home to another person, a ‘granny flat right’ won’t have been established because the person transferring the home still has legal title to the property. The transfer will be assessed under normal Centrelink ‘gifting rules’ and the transferrer remains a homeowner, with their share of the home an ‘exempt asset’ for Centrelink purposes.

In some cases, social security law specifies that a granny flat interest should be valued at a different amount to the amount paid. This is known as the ‘reasonableness test’.

This test could be used when a person transfers title to their home or pays for construction of the premises, but at the same time transfers additional assets, such as cash. In this case, the value of the home or construction needs to be compared with the amount determined under the reasonableness test. Advice should be sought to determine potential impacts on social security or tax.

When a person has a granny flat interest, special rules apply to determine whether they’re a homeowner for Centrelink income payments. Whether the granny flat is owned or not can impact social security and tax, so again, advice should be sought.

Those living in granny flat arrangements may be eligible to access a Home Care Package (assessed by the Aged Care Assessment Team [ACAT]) regardless of how the granny flat interest was established. This may assist them to live at home for longer and include transport for shopping and appointments, home maintenance or modifications, help with personal care, e.g. dressing.

While a legal document outlining terms and arrangements isn’t mandatory, having evidence drawn up by a solicitor is recommended.

Estate plans should generally be reviewed when the granny flat right is established to ensure assets—including property or money handed over for the granny flat interest—will be distributed in line with your wishes.

Written by Brooke Logan
Advice Technical Consultant
PROTECTING YOURSELF AGAINST FINANCIAL ABUSE

Award-winning journalist John F. Wasik once stated that elder financial abuse could become the crime of the 21st century. So how does it actually happen, and what measures can you put in place to ensure it won’t happen to you or your loved ones?

Financial abuse is the illegal or improper use of a person’s money and/or resources. Generally, victims are in an older demographic and they’re usually taken advantage of by those they trust most.

Financial abuse can occur in many forms, including:

- taking money or property
- forging a person’s signature
- getting a person to sign a deed, Will, or power of attorney through deception, coercion or under influence
- using the person’s property or possessions without permission, or
- promising lifelong care in exchange for money or property and not following through.

Managing your finances can be challenging at the best of times, requiring knowledge, skill and judgement. With a bit of planning, it’s possible to safeguard your money now and into the future. Here are some actions you can take.

Organise your important paperwork. Having an estate plan is important at any age, but particularly as you get older due to the risk of becoming unwell with age. You can’t predict what’s going to happen, but you can plan ahead.

Legal documents—like powers of attorney—will allow you to give financial control to someone you know and trust if you become too sick to make decisions for yourself. Wills allow you to set out who can inherit your wealth when you die. It’s important to seek qualified legal advice when preparing and storing such documents.

Stay alert—guard against fraud. After working for a lifetime, it’s more important than ever to be aware of how quickly scams and fraud can separate you from your hard-earned money. Things to look out for:

- Offers that look too good to be true—‘guaranteed returns’ and ‘no-risk’
- Family pressuring you to give money, act as guarantor or hand over control of your wealth or property
- Tradespeople or sales representatives asking for payment up front before providing goods and services
- Requests for your personal banking information or money.

If in doubt, check the Government’s Scamwatch service at www.scamwatch.gov.au. If you’re feeling pressured and at risk, call the police.

Stay informed and in control. Understanding your financial situation ensures you know how your financial future is looking and helps reduce the risk of financial loss or mismanagement.

Keep on top of your financial position by understanding how much you’ll need in retirement, monitoring and structuring your money appropriately and knowing where it’s located.

“With a bit of planning, it’s possible to safeguard your money now and into the future.”

Written by Natalie Eden
Private Client Adviser
Financial recovery after a relationship breakdown can be particularly difficult for women, especially those with young or dependent children, due to struggles balancing childcare and paid work.1

Whether you turn to family and friends for emotional support or feel you might benefit from seeking professional counselling, don't suffer in silence. You may even have access to a workplace employee assistance program with low-cost or free counselling. Speak to your HR department about what's available.

It might seem like the worst time to spend money on financial advice, when you're more cash-strapped than ever. But it's often the best time to talk to an expert about how you can best manage your new financial situation and plan for the future.

Personal financial advice looks at where you are financially and where you want to be, creating a strategy to help you achieve your goals. Our in-house team of financial advisers can help you rebuild your budget, and create and protect wealth. If the advice you receive relates to your UniSuper account or super-related retirement planning, we may be able to deduct the cost from your super.

If you find you're struggling with bills or debt, you can also access free financial counselling by contacting the National Debt Helpline on 1800 007 007.

If you have a Will, it might need updating to continue reflecting your wishes. You may also want to check any beneficiaries you've nominated to receive your super or any insurance policy benefit payments when you pass away. You can review and update your UniSuper nominations at unisuper.com.au/memberonline.

Protect your loved ones and your income following a relationship breakdown by asking yourself:

→ could you get by financially without an income?
→ could you afford ongoing medical treatment with your current savings?
→ could those who rely on you get by if you died or weren’t able to provide?

Insurance through your super can be an affordable way to gain peace of mind.

For Defined Benefit Division members, any external insurance cover you have through your super comes in addition to inbuilt Death and Disablement benefits. If you're an Accumulation 1, Accumulation 2 or Spouse Account member, check out our Insurance needs calculator at unisuper.com.au/calculators.

You can also take advantage of the free tools and information available at unisuper.com.au/memberonline. MemberOnline allows you to keep track of your super—any time, any day. It's also where you can access MoneySavvy and T. Rowe Price's Money Confident Kids™, free online education programs designed to help you build confidence in managing your broader finances and help kids develop strong money management skills.

You can also give our Budget planner, Retirement adequacy calculator and Contribution planner a try at unisuper.com.au/calculators.

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1 Australian Broadcasting Corporation, http://ab.co/2tE3Ndh
Important updates

CHANGES TO SUPER

Legislative update

2017 FEDERAL BUDGET
In May 2017, the 2017 Federal Budget included a handful of announcements that are likely to affect super in the event that they become law.


2016 FEDERAL BUDGET
In November 2016, the Government passed a number of new super laws that were proposed in the May 2016 Federal Budget. The majority of these new laws took effect from 1 July 2017. These reforms represent some of the most significant changes to the super system in over a decade.

Below is a brief overview of the changes.

$1.6 million transfer balance cap
From 1 July, there’s an indexed limit, or cap, of $1.6 million on the amount of super an individual can transfer into the retirement phase (such as a UniSuper Flexi Pension). If you transfer an amount over the cap, you’ll be subject to an excess transfer balance tax. Any member with a balance between $1.6 - $1.7 million has until 31 December 2017 to bring their balance within the cap. Members with balances of $1.7 million or above need to bring their balance under the cap immediately as they will incur the excess transfer balance tax.

A reduction in the concessional (before-tax) contributions cap
On 1 July 2017, the annual cap on concessional super contributions reduced to $25,000 (indexed) for everyone.

A lower division 293 tax threshold
For the 2017-18 financial year, the threshold at which high income earners pay additional tax on super contributions (known as the ‘Division 293’ tax) will be lowered from $300,000 to $250,000. If your income and relevant super contributions is more than $250,000, you’ll be subject to an additional tax of 15% (over and above the 15% standard rate on contributions).

A lower non-concessional (after-tax) contributions cap
From 1 July 2017, the annual non-concessional (after-tax) contributions cap is $100,000. Anyone with a balance of $1.6 million or above generally can’t make further non-concessional contributions to super. People under age 65 will still be able to ‘bring forward’ up to three years of non-concessional contributions if their balance is under $1.6 million. See the new arrangements in the table on page 18.

Ending the anti-detrimet rule
The Government has removed the anti-detrimet provision for all death benefits paid on or after 1 July 2017. There is a limited transition period for death claims where an individual has passed away before 1 July 2017.

New low income super tax offset
From 1 July 2017, the low income super tax offset replaced the low income superannuation contribution. The measure still provides a super boost of up to $500 per year for people earning an adjusted taxable income of up to $37,000. This avoids the possibility of low income earners paying more tax on their super contributions than their take home pay.

Allowing catch-up concessional contributions
From 1 July 2019, anyone with a total super balance of less than $500,000 can make ‘catch-up’ concessional contributions to their super by carrying forward any unused concessional cap allowance starting from the 2018-19 financial year (for up to five years), if eligible.

Anyone with a total super balance of less than $500,000 before the start of the financial year, who hasn’t fully used their concessional contribution cap for one or more of the past five financial years, can add to their super balance by making additional before-tax contributions, using their concessional cap allowance from the previous year(s).

Note: you can’t utilise unused concessional contributions from the financial year ending 30 June 2018 or prior years.
**Important updates**

**Changes to the spouse contributions tax offset threshold**

Before 1 July 2017, a tax offset of up to $540 was available for individuals who made contributions to their spouse’s super with incomes of up to $13,800. The Government now allows more people to access the offset by extending eligibility to those whose recipient spouses earn up to $37,000 (subject to account balance limits). The tax offset will gradually reduce and will completely phase out once the income level of the recipient spouses reaches $40,000.

**Changes to transition to retirement (TTR) pensions**

On 1 July 2017, the Government removed the tax exempt status of investment earnings from assets that support a TTR pension. These are now taxed up to 15%. The taxed earnings that apply to TTR accounts are the same as those applied to our accumulation investment options. Also, once TTR members turn 65 or let us know they’ve met another condition of full release, they’ll now automatically be transferred into a Flexi Pension account.

<table>
<thead>
<tr>
<th>TOTAL SUPER BALANCE ON 30 JUNE 2017</th>
<th>MAXIMUM NON-CONCESSIONAL CONTRIBUTIONS CAP FOR THE FIRST YEAR</th>
<th>BRING-FORWARD PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $1.4 million</td>
<td>$300,000</td>
<td>3 years</td>
</tr>
<tr>
<td>$1.4 million to less than $1.5 million</td>
<td>$200,000</td>
<td>2 years</td>
</tr>
<tr>
<td>$1.5 million to $1.6 million</td>
<td>$100,000</td>
<td>No bring-forward period, general non-concessional contributions cap applies</td>
</tr>
<tr>
<td>$1.6 million</td>
<td>Nil</td>
<td>n/a</td>
</tr>
</tbody>
</table>

This will affect the fees and costs they pay.

On 1 July 2017, we removed the 0.16% administration fee for all Flexi Pension TTR members, but the investment fees and indirect cost ratio (ICR) for Flexi Pension TTR investment options now include an additional 0.13% per year. For most Flexi Pension members, this will mean a reduction in fees and costs, but this won’t be the case for members with higher account balances. We estimate that fees could be marginally higher for members with balances over $960,000, as the previous 0.16% administration fee was capped at $1,250 per year. However, the additional 0.13% in investment fees and ICR are not capped.

TTR members should also be aware that once they become Flexi Pension members, the balance of their Flexi Pension will count towards their transfer balance account. For more information see the Your guide to pensions – Flexi Pension PDS at unisuper.com.au/pds.

Claiming a tax deduction on your personal contributions

The Government now allows anyone under age 75* to claim an income tax deduction for their personal super contributions (i.e. the 10% work test requirement which previously applied has been removed). Accumulation members will need to lodge a Notice of intent to claim or vary a tax deduction for personal super contributions form—as they do now—to claim the deduction. This form is available at unisuper.com.au/forms.

DBD members can lodge the same form to claim a deduction for contributions made to their accumulation component. Unfortunately, DBD members can’t claim a deduction for contributions made towards their defined benefit component at this stage. We’ve notified the ATO of this. If you have any questions, make an appointment with your local on-campus consultant at unisuper.com.au/campusbookings or call us on 1800 331 685.

You can find more details on about these new super laws by visiting the Australian Taxation Office (ATO) website.

* members aged 65-74 must also meet the work test.
We understand that these changes might seem complex, which is why we’re committed to helping you understand how you might be personally impacted.

Before making any considerable changes to your super or pension, we encourage you to speak with a qualified financial adviser. You can make an appointment with UniSuper Advice on 1800 UADVICE (1800 823 842) or by writing to advice@unisuper.com.au.

**UniSuper update**

**Capital Stable option renamed ‘Conservative’**

Our Capital Stable investment option was renamed the Conservative option, effective 1 July 2017. As one of our pre-mixed options with a diversified portfolio weighted to defensive assets, the Conservative option’s assets are currently valued at just over $2 billion (as at May 2017).

Our Investment Committee regularly reviews the performance, profile and strategy for all UniSuper investment options. This change was made to better-reflect the Conservative option’s current investment strategy and asset allocation.

The Conservative option is designed to suit members seeking exposure to a range of asset classes who are less comfortable with large fluctuations in the value of their investments.

**Changes to investment options**

We’ve made changes to some of our investment options, effective 1 July 2017. See the table overleaf for more information.

In addition, all investment options had the tolerance range for their strategic asset allocation changed from +/-12.5% to +/-15%, except for the Diversified Credit Income option, which now has a tolerance range of +/-20%.

**Enhancements to external insurance cover**

The following enhancements to our external insurance cover took effect from 1 July 2017:

- Members who cease employment and travel or reside overseas will now be covered.
- We’ve changed the rules in relation to what may offset an Income Protection benefit. While overall these changes are positive for members, there may be limited circumstances where a member may be adversely impacted.

**The Regulations have been amended with effect from 1 July 2017 to:**

- more explicitly state relevant regulatory requirements regarding the cashing of death benefits
- reduce the investment switching fee from $13.80 to $13.10 for second and subsequent switches each financial year
- remove the administration asset fee of 0.16% per annum on transition to retirement pensions in the accumulation phase (which will be replaced by the investment fees and indirect cost ratios that apply to accumulation products)
- reflect the re-naming of the ‘Capital Stable’ investment option as ‘Conservative’. Note: The February 2017 edition of Super Informed outlined changes to the Trust Deed which, at the time of printing, did not have an effective date. Those amendments came into effect on 1 March 2017.

**Correction to the Trust Deed**

We’ve corrected a drafting error in the Trust Deed. The changes confirm that certain eligible DBD members who commenced their pension after their 65th birthday (but before reaching age 66) should have indexation applied in the calculation of their initial pension entitlement. We’ve contacted and compensated all members affected by the error.
## CHANGES TO INVESTMENT OPTIONS EFFECTIVE 1 JULY 2017

<table>
<thead>
<tr>
<th></th>
<th>BEFORE 1 JULY 2017</th>
<th>FROM 1 JULY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>Suggested time horizon: one year</td>
<td>Suggested time horizon: very short time horizon (less than one year)</td>
</tr>
<tr>
<td></td>
<td>Risk labelling: negligible negative years in a 20-year period (Low)</td>
<td>Risk labelling: negligible negative years in a 20-year period (Very low)</td>
</tr>
<tr>
<td><strong>Australian Bond</strong></td>
<td>Investment objective: CPI over four years</td>
<td>Investment objective: achieve (after Fund taxes) returns in excess of a relevant government bond index over five years (after adjusting for taxes)</td>
</tr>
<tr>
<td></td>
<td>Suggested time horizon: four years</td>
<td>Suggested time horizon: five years</td>
</tr>
<tr>
<td></td>
<td>Risk labelling: four negative years in a 20-year period (High)</td>
<td>Risk labelling: two negative years in a 20-year period (Medium)</td>
</tr>
<tr>
<td><strong>Conservative</strong></td>
<td>Risk labelling: three negative years in a 20-year period (Medium to High)</td>
<td>Risk labelling: two negative years in a 20-year period (Medium)</td>
</tr>
<tr>
<td></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 15%</td>
<td>→ Australian shares: 15.75%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 8.5%</td>
<td>→ International shares: 9.25%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 6.5%</td>
<td>→ Property: 5.0%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 70%</td>
<td>→ Cash &amp; Fixed Interest: 70%</td>
</tr>
<tr>
<td><strong>Conservative</strong></td>
<td>Suggested time horizon: four years</td>
<td>Suggested time horizon: five years</td>
</tr>
<tr>
<td>Balanced</td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 23.5%</td>
<td>→ Australian shares: 25%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 16%</td>
<td>→ International shares: 17.5%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 10.5%</td>
<td>→ Property: 7.5%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 50%</td>
<td>→ Cash &amp; Fixed Interest: 50%</td>
</tr>
<tr>
<td><strong>Balanced</strong></td>
<td>Return target: CPI + 5.1%</td>
<td>Return target: CPI + 4.6%</td>
</tr>
<tr>
<td>(MySuper)</td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 36%</td>
<td>→ Australian shares: 38%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 20%</td>
<td>→ International shares: 22%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 9%</td>
<td>→ Property: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
</tr>
<tr>
<td></td>
<td>BEFORE 1 JULY 2017</td>
<td>FROM 1 JULY 2017</td>
</tr>
<tr>
<td>--------------------------------</td>
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</tr>
<tr>
<td><strong>Balanced</strong></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 36%</td>
<td>→ Australian shares: 38%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 20%</td>
<td>→ International shares: 22%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 9%</td>
<td>→ Property: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
</tr>
<tr>
<td><strong>Sustainable Balanced</strong></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 42%</td>
<td>→ Australian shares: 45.5%</td>
</tr>
<tr>
<td></td>
<td>→ Australian Listed Property: 3.5%</td>
<td>→ International shares: 24.5%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 24.5%</td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 30%</td>
<td></td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 44%</td>
<td>→ Australian shares: 46.5%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 26%</td>
<td>→ International shares: 28.5%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 10%</td>
<td>→ Property: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Cash &amp; Fixed Interest: 15%</td>
<td>→ Cash &amp; Fixed Interest: 15%</td>
</tr>
<tr>
<td><strong>High Growth</strong></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 57.5%</td>
<td>→ Australian shares: 56.25%</td>
</tr>
<tr>
<td></td>
<td>→ International shares: 27%</td>
<td>→ International shares: 33.75%</td>
</tr>
<tr>
<td></td>
<td>→ Property: 10.5%</td>
<td>→ Property: 5%</td>
</tr>
<tr>
<td></td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
<td>→ Infrastructure &amp; Private Equity: 5%</td>
</tr>
<tr>
<td><strong>Sustainable High Growth</strong></td>
<td>Strategic asset allocation:</td>
<td>Strategic asset allocation:</td>
</tr>
<tr>
<td></td>
<td>→ Australian shares: 60%</td>
<td>→ Australian shares: 65%</td>
</tr>
<tr>
<td></td>
<td>→ Australian Listed Property: 5%</td>
<td>→ International Shares: 35%</td>
</tr>
<tr>
<td></td>
<td>→ International Shares: 35%</td>
<td></td>
</tr>
</tbody>
</table>

**Global Environmental Opportunities**

The investment fee for the financial year ended 30 June 2017 was estimated to be 0.24%.

From 1 July 2017, we anticipate further investment fees including an extra 0.15% per annum compared to the previous financial year.

**Australian Equity Income**

Risk labelling: four negative years in a 20-year period (High)

Risk labelling: five negative years in a 20-year period (High)

**Global Companies in Asia**

Risk labelling: six negative years in a 20-year period (Very High)

Risk labelling: five negative years in a 20-year period (High)
AWARD-WINNING FUND
With a string of awards and high ratings from Australia’s top ratings and research agencies, SuperRatings and Chant West, we’re one of Australia’s most award-winning super funds.

SuperRatings, a superannuation research company, has awarded UniSuper a Platinum Choice rating for its accumulation products, something only the ‘best value for money’ funds receive. Our accumulation products have also achieved a 10-year Platinum Performance rating. Go to www.superratings.com.au for details of its rating criteria. SuperRatings does not issue, sell, guarantee or underwrite this product.

Chant West awarded UniSuper ‘Super Fund of the Year’ in both 2015 and 2016, and ‘Pension Fund of the Year’ in 2017. UniSuper was also awarded ‘Best Fund: Advice Services’ in 2017. UniSuper’s Accumulation 2 product has received a 5 Apples rating. For information about the methodology used, see www.chantwest.com.au.

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