Super Informed

A UniSuper member and Postdoctoral Scientist Dr Courtney McDonald (left) shares her day with us

Inside this issue:

→ Message from the CEO
→ Why it’s important to think about your insurance
→ Who’s on the other side of UniSuper’s Helpline?
→ How Australia’s retirement system rates globally
→ Changes to super

→ New online tools available now

What would you rather have and not need, than need and not have? Turn to page 12 to find out.

→ Bringing you even more investment choice
One priority during this past year has been ensuring that we're best placed to consolidate our position as one of Australia’s leading super funds—and the super fund dedicated to the higher education and research sector. This has included building on the leadership team charged with delivering great value, excellent service and relevant choice to you, our members. We’ve achieved this by expanding roles within an already strong leadership team and appointing additional leaders with extensive skills and experience in the financial services industry.

INNOVATIVE INVESTING

If you’ve read any of our investment updates or articles, you’ll know that our investment approach is a little different from many other funds. Our team was one of the first super funds to move towards internal investment management—which adds value and generates meaningful cost savings for our members. This year, through our Socially Responsible Balanced option, we became the leading Australian investor in World Bank Green Bonds, which fund ‘green’ projects supporting renewable energy, cleaner urban transportation and food security.

In the next few months we're launching a number of positive changes to our socially responsible options in response to changing member expectations and global developments, as well as a new investment option that will provide you with even more investment choice.

The new Diversified Credit Income option has been designed for members who are looking for an option that offers higher expected returns than our Australian Bond option, but does carry a higher level of risk. You can read more about our investment changes on pages 8 to 11.

THE DEFINED BENEFIT DIVISION

There has been a lot of interest in recent years in the financial position of our Defined Benefit Division (DBD). After the end of the ‘2009 monitoring period’, last July the Board confirmed there would be no change to benefits that DBD members accrue to 31 December 2014. To protect the DBD’s ability to pay future benefits, the Board also decided to change the way ‘benefit salary’ is determined for defined benefits to be accrued from 1 January 2015.

If you’re a DBD member looking for more information about your Division, we have a new booklet, UniSuper’s Defined Benefit Division explained, that provides a balanced and easy-to-understand guide to DBD membership advantages and risks. I encourage you to read it at www.unisuper.com.au/dbdunder.

ONLINE DEVELOPMENTS

This year we’ll be forging ahead with our program of ‘digital enhancements’ that, among other things, will deliver an even more user-friendly MemberOnline with greater functions and further streamline our back-end administration.

NEW CALCULATORS

On page 11 you can read about the online calculators we’ve introduced to give you greater ability to understand and manage your super and retirement options. I’m particularly thrilled about our Retirement adequacy calculator which can estimate your future level of annual retirement income. With the government proposing to raise the eligibility age for the Age Pension, the question of retirement adequacy is more important than ever.

For more than three decades we’ve been committed to offering our members viable retirement income options. The retirement needs of Australians have evolved since UniSuper was established in 1983, which is why we’re advocating for policy reform that will give the super industry more flexibility to develop retirement income products that meet the changing needs of retirees.

RUNNING FOR PINK

As well as working hard to deliver greater retirement outcomes for our members, the staff at UniSuper have a fantastic sense of community spirit, which is demonstrated by regular fundraising efforts and participation in community events. In May, I was proud to be part of a UniSuper team that took part in the Mother’s Day Classic that provides a great way to raise funds for breast cancer research. It’s always very inspirational to see so many people participate on the day and help support this great cause. Our team raised over $13,000 and I understand over $5 million was raised internationally.

In closing, I hope you enjoy this edition of Super Informed. With the cold weather upon us, now’s the perfect time to pull up a chair, have a look at your revamped statement and tuck into some enjoyable and informative reading. I’m sure you’ll find something of interest and use to you.

Kevin O’Sullivan

Kevin
UniSuper member Dr Courtney McDonald is a postdoctoral scientist at the Ritchie Centre, part of the Monash Institute of Medical Research in Melbourne. Take a look at a day in her life on Instagram as she works in pre-clinical studies investigating the use of cord blood to prevent cerebral palsy in newborns.

morning read #coffeeneeded

my research in the news #rockstar

data entry #lovinglife

no time for lunch #atdeskagain

power meeting #curingdiseases

I hope the cells are still alive

#TGIF #5pm #knockoff

#instaday
Answering the call

What’s the day like when you work in the contact centre of one of the country’s biggest super funds? Member Services Consultant Samantha Mitchell gives us an insight into the team on the other side of the line when you call our Helpline.

WHAT LED YOU TO WORKING FOR UNISUPER? I had just finished high school and wanted to continue working in customer service, which was my first job. UniSuper seemed to offer the qualities I was looking for in an employer. I knew that UniSuper was well known and highly regarded, and that they treat their staff well.

WHAT DO YOU LOVE ABOUT YOUR JOB? I love that with one phone call I can make a difference to someone who has previously had a bad customer service experience, and advance their knowledge of superannuation.

WHAT ARE SOME OF THE MOST MEMORABLE PHONE CONVERSATIONS YOU’VE HAD WITH MEMBERS? Every phone call is memorable. I like to follow up calls by doing any further investigation that’s needed and then updating the member. Lots of places ask people to call back, but I like to call the member back myself, and they really appreciate this.

WHAT ARE SOME OF THE MORE CHALLENGING PARTS OF THE JOB? Super is always changing, so keeping up to date with legislation and government changes. We have a great learning and development team that gives us the training we need to stay up to speed and answer members’ questions.

WHAT’S THE ‘WOO BOARD’ AND WHAT GOES ON IT? The ‘Woo Board’ isn’t actually a board but a plasma screen that’s up on the wall. During the day it flashes up items that acknowledge and praise good work throughout the team. For instance, when a member calls or emails with positive feedback, this goes up on the board. The board also keep a tally of ‘woos’ and this is shared with the team in meetings.

Tell us about some of the non-super related activities your team do. As a team we try and socialise as much as possible in and outside of work to get to know each other. This can be as small as having an international food day in the office, or as big as competing in Tough Mudder, which is an 18 to 20 km military-style obstacle course. It’s great because it makes for a great atmosphere at work that I think is reflected in the service we provide to our members.

What’s the one thing you would tell younger super members about super? It’s never too early to learn and grow your super. I came into superannuation not knowing a thing about it, but since working here I’ve realised and seen firsthand how important it is to contribute as much as you can come retirement.

If you weren’t working in super, what would you be doing? If I wasn’t working at UniSuper I would either be in the army or working a casual job while completing my studies at university.
Bringing you even more investment choice

We know you’re switched on and want investment choices that match both your savings goals and values. As a result, we’re pleased to announce a range of improvements to our investment options that provide you with more choice.

Coming soon: the new Diversified Credit Income option

Diversified Credit Income, the latest addition to our investment option family, will be launched on 1 September 2014. This option will aim to invest in a range of global, Australian and New Zealand corporate bonds with some flexibility to consider allocations to other securities where appropriate. Corporate bonds are debt securities issued by corporations and income is generated from repayments on those debt securities.

<table>
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<th>Option snapshot</th>
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<tr>
<td><strong>LAUNCH DATE</strong></td>
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<td><strong>PERFORMANCE OBJECTIVE</strong></td>
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<td><strong>STRATEGIC ASSET ALLOCATION</strong></td>
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<tr>
<td><strong>SECTOR BREAKDOWN</strong></td>
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<tr>
<td>Global Credit</td>
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<tr>
<td>Australian and New Zealand Credit</td>
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</table>

| FREQUENCY OF NEGATIVE RETURNS | Four years in a 20-year period |
| SUMMARY RISK LEVEL | High* |
| MINIMUM SUGGESTED TIMEFRAME FOR INVESTMENT | Four years |
| INDIRECT COST RATIO | As this is a new option, it has no track record regarding investment expenses. We estimate that the indirect cost ratio will be in the vicinity of 0.42%. The actual costs may be higher or lower. |

* As per ASFA/FSC standards

INTERESTED IN MAKING THE SWITCH?

Diversified Credit Income will be one of our Sector options, meaning it will mainly invest in a single asset class. Sector options are designed to be used in combination with other single asset classes or Pre-Mixed options to create a unique and diversified asset mix that is aligned with your investment strategy. Being a Sector option, it is not intended to be used in isolation.

If you have an accumulation account or component, you can switch to Diversified Credit Income from 1 September 2014 through MemberOnline at www.unisuper.com.au/mol or by completing an investment choice form, available from our website or by calling us on 1800 331 685. Switching fees may apply. Please see www.unisuper.com.au to learn more.

NEED HELP DECIDING WHICH INVESTMENT OPTIONS ARE RIGHT FOR YOU?

Start or revisit your investment choice journey by going to www.unisuper.com.au/investments where you’ll find the latest information and performance data on all our options, as well as the latest investment news and commentary.
**Enhancing our socially responsible investment options**

Since introducing our first socially responsible investment option over a decade ago, we've been continually looking at our approach to these options to make sure we continue to meet member expectations and keep pace with global developments. In March 2014, we wrote to members invested in at least one of the Socially Responsible Balanced and Socially Responsible High Growth options about changes we’re making to these options. The following changes will take effect from 1 September 2014.

**EXCLUDING CERTAIN SECTORS FROM OUR SOCIALLY RESPONSIBLE OPTIONS**

We’ll be excluding alcohol, gaming and weapons from both options while maintaining our ‘best of sector’ approach to ensure a diversified portfolio. We will also screen companies involved in fossil fuel exploration and production from the portfolio in addition to the screening of tobacco from our mainstream investment portfolio in order to ensure a diversified portfolio. We will also screen companies involved in fossil fuel exploration and production from the portfolio in addition to the screening of tobacco from our mainstream investment portfolio in addition to the screening of tobacco from our mainstream investment portfolios (including our socially responsible options). Any securities within either option which are reclassified into one of these sectors (according to an independent classification system), will be divested within six months.


**RENAMING THE OPTIONS**

The Socially Responsible Balanced and Socially Responsible High Growth options will be respectively renamed to:

→ Sustainable Balanced
→ Sustainable High Growth.

**ADDING LISTED PROPERTY TO OUR SUSTAINABLE OPTIONS**

We’re also increasing the allocation to the Australian Listed Property asset class within the Sustainable Balanced and Sustainable High Growth options as follows:

**Sustainable Balanced**

- Australian Shares: 30.5%
- Australian Listed Property: 15.0%
- International Shares: 24.5%
- Cash and Fixed Interest: 30.0%

**Sustainable High Growth**

- Australian Shares: 43.5%
- Australian Listed Property: 21.5%
- International Shares: 35.0%

The above charts illustrate the new target allocations for both sustainable options. Actual allocations may vary from the above within the tolerance ranges disclosed in our *How we invest your money* and *Investing for the future* booklets.

**SELECTING AUSTRALIAN SHARES AND LISTED PROPERTY**

Only Australian Shares which are included in the Dow Jones Sustainability Indices (DJSI) will be selected for inclusion in either of the two sustainable options, except for Australian Listed Property (which we explain below). Stocks are only included in the DJSI if they meet certain sustainability criteria. However, the amount invested in each of these stocks (their ‘weighting’) may be determined by UniSuper rather than simply adopting the weighting given to those stocks in the DJSI.

An allocation will be made to Australian Listed Property stocks within the two sustainable options in order to enhance diversification. This allocation may be managed by UniSuper on an active basis with securities to be selected from the S&P/ASX200 A-REIT Index (a specialty index for Australian Listed Property). These securities may not be part of the DJSI but will be subject to sustainability criteria determined by UniSuper.

**WILL THESE CHANGES AFFECT PERFORMANCE?**

Sustainable Balanced and Sustainable High Growth will no longer be ‘sector neutral’ because we’ll be divesting from certain sectors. We’ve assessed the suitability of this approach from an investment perspective and, importantly, we’ve looked at the expected real return of the portfolio and the probability of meeting the investment objective over the options’ suggested timeframes.

Based on our analysis, we estimate that the expected real return rate, the possibility of negative returns over a 20-year period, and the chance of meeting the options’ investments objectives will remain about the same as they were before these changes are implemented.

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**New online calculators available now**

We’ve launched new and updated calculators to help you make the most of your super, retirement income and investment choices. Available now are:

- **RETIREMENT ADEQUACY CALCULATOR**
  This calculator lets you work out how much income you may have in retirement, based on your current super balance, and how long it could last. It also shows whether there is likely to be a gap between your estimated and target income and outlines what you can do to give your super a boost.

- **PENSION INCOME CALCULATOR**
  If you’re close to retirement and have a good idea of what your balance will be at retirement, this nifty calculator allows you to project how much annual income you may be able to draw down over your estimated retirement period.

You should speak to a qualified financial adviser before making any decisions about your super. We encourage you to use the online calculators to inform your discussion with your adviser.

Also launching later this year will be our:

- Transition to Retirement (TTR) calculator. Compare different TTR strategies and see which one may be right for you.
- Investment choice tool. Get information to help you build an investment portfolio that suits your objectives and risk profile.

Let’s talk about insurance

When you’re in your 20s, you generally don’t think about becoming sick or injured and the knock-on effect of not being able to work for an income—but it can, and does, happen. Having some level of death, disablement and income protection cover can provide a really good safety net—and peace of mind.

Derek Gascoigne, a financial adviser with UniSuper Advice, answers some of the questions younger UniSuper members commonly ask about insurance.

WHAT INSURANCE COVER CAN I GET FROM UNISUPER?
External insurance cover is available to all eligible members. This cover is provided through the external group insurance policies the Trustee has with TAL Life Limited (the Insurer). So if you satisfied the eligibility criteria when you first joined UniSuper, you may have automatically received one unit of Death & Total and Permanent Disability (TPD) cover. Your current benefit statement will show if you have this cover. If you have automatic cover, you have the flexibility to top up the cover, reduce it to Death-only cover, or opt out altogether.

If you can’t work because you’re totally and permanently disabled or are diagnosed with a terminal illness, Death and TPD cover gives you a lump-sum (one-off) payment if you satisfy the criteria. Your beneficiaries may also receive a lump-sum payment if you die.

If you already have Death and TPD cover through UniSuper, you could also be eligible for Life Events cover, which lets you increase your cover at some of life’s milestones—like taking out a mortgage, getting married or having a baby.

And if you’re an Accumulation 1 or Spouse Account member, you can apply for Income Protection cover, which provides a monthly payment for up to two years if you’re temporarily unable to work.

WHY IS IT IMPORTANT TO BE ADEQUATELY COVERED?
Illness, injury, disablement and premature death can put families under great financial stress. Adequate insurance cover may help you to:
→ ensure debts can continue to be serviced or repaid completely
→ cover the ongoing cost of living and medical expenses
→ pay for a carer for you and/or your children.

HOW CAN I WORK OUT THE LEVEL OF COVER I NEED?
Asking how much cover you need is like asking ‘How long is a piece of string?’ You might want to look at your level of cover with UniSuper and any other cover you may have to see if it’s enough to cover any debts, plus an extra amount to cover such costs as children’s education, carer fees, and medical rehabilitation.

Let’s talk about insurance

Derek Gascoigne has over 14 years’ experience in financial services. He provides strategic financial advice with a focus on optimising benefits for his clients through education and guidance, and assisting them to make more informed decisions about their finances.

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UniSuper Advice can now help you with your insurance choices over the phone, so you can access personal financial advice at a time that suits you. Call UniSuper Advice on 1300 331 685 to find out more.

WHAT ARE THE ADVANTAGES OF HAVING INSURANCE COVER THROUGH YOUR UNISUPER MEMBERSHIP?
UniSuper is able to access insurance cover at ‘group’ or ‘wholesale’ rates. This generally translates to lower premiums compared to what you’d have to pay if you organised similar cover yourself.

Premiums are deducted from your super account, so they’re funded from contributions that have generally been taxed at a lower rate than ordinary ‘take home’ pay.

The last word on insurance is that everyone would rather have it and not need it, than need it and not have it.

DID YOU KNOW?
If you’re a DBD or Accumulation 2 member, you’re also provided with ‘inbuilt benefits’ as part of your UniSuper membership.

From January 2015, the inbuilt benefits of Accumulation 2 members will transition to unitised cover with our external Insurer. We’ve also made some important changes to the definition of Total & Permanent Disablement. See pages 14 to 16 for more information.

This information is of a general nature only. 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 product disclosure statement for your membership category, and whether to consult a licensed financial adviser.
# Changes to insurance definitions

**effective 1 July 2014**

The Total & Permanent Disablement (TPD) definition in the group life policy issued to the Trustee by TAL Life Limited (TAL) has changed, effective 1 July 2014. Members who are not covered by the standard external insurance arrangements with TAL are not affected by this change.

We’ve had to make this and other changes to the policy to comply with legislative requirements as part of the Federal Government’s ‘Stronger Super’ reforms.

Details of the TPD definition change and how it affects members are shown in the table below. To see the full definition and to find out more about these changes, please visit [www.unisuper.com.au/my-insurance](http://www.unisuper.com.au/my-insurance).

## NEW TPD DEFINITION EFFECTIVE 1 JULY 2014

<table>
<thead>
<tr>
<th>IF YOU HAVE TPD COVER UNDER THE STANDARD EXTERNAL ARRANGEMENTS WITH TAL, YOU MAY BE ENTITLED TO A TPD BENEFIT IF:</th>
<th>FOR MEMBERS INSURED PRIOR TO 1 JULY 2014</th>
<th>FOR MEMBERS COMMENCING/RECOMMENCING COVER FROM 1 JULY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. You have suffered ill-health which makes it unlikely that you will engage in gainful employment for which you are reasonably qualified by education, training or experience and, unless an exception applies (see ‘Waiting periods’ on page 15), you have been absent from employment for six consecutive months or, if you were not in employment at the date of disablement, you have otherwise suffered ill-health for six consecutive months; or</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>2. You are unlikely ever to be able to perform at least two activities of daily living; or</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>3. If you were not gainfully employed at the date of disablement but were performing domestic duties:</td>
<td></td>
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<tr>
<td>👆 you are under the care of a doctor;</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>👆 unless an exception applies (see ‘Waiting periods’ below), you have been absent from performing domestic duties for six months; and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>👆 you are disabled to such an extent that you are unlikely to perform domestic duties or engage in gainful employment for which you are reasonably qualified by education, training or experience; or</td>
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</tr>
<tr>
<td>4. You suffer the permanent loss of the use of two limbs or total sight of both eyes or the use of one limb and the sight of one eye.</td>
<td>✔</td>
<td>✗</td>
</tr>
</tbody>
</table>

Please note that members who commence or recommence cover from 1 July 2014, who suffer the permanent loss of the use of two limbs, or the total sight of both eyes or the use of one limb and the sight of one eye, may qualify for a TPD benefit if they satisfy one of the other parts of the definition summarised above.

## OTHER CHANGES

The ‘date of disablement’ definition in the policy has changed and the definitions of ‘cognitive loss’ and ‘everyday working activities’ have been deleted consistent with the new TPD definition.

**WAITING PERIODS**

In the following circumstances, an exemption may apply to the requirement that members be absent from gainful employment or domestic duties or suffer ill-health for six consecutive months:

- they suffer a specific illness as defined in the policy;
- they suffer ‘Whole Person Impairment’ as defined in the policy; or
- for members who commence cover on or after 1 July 2014, their TPD is caused by the permanent loss of two limbs or the total sight of both eyes, or the permanent loss of one limb and the total sight of one eye.

To find out more about these definition changes, please visit [www.unisuper.com.au/my-insurance](http://www.unisuper.com.au/my-insurance). More comprehensive insurance information is available in the product disclosure statement or related insurance documents for your membership category, available on our website or by calling us on 1800 331 685.
Australia’s retirement system gets a B+

The Melbourne Mercer Global Pension Index, a collaboration between government, industry and academia, is now in its sixth year. UniSuper member Professor Deborah Ralston, the Executive Director of the Australian Centre for Financial Studies, an academic partner in the study, gives us the inside story.

THE ‘NUTS AND BOLTS’

The Australian Centre for Financial Studies (ACFS) puts together the annual Melbourne Mercer Global Pension Index under contract to the Victorian Government. We subcontract to Mercer who, under the leadership of Senior Partner Dr David Knox, engage industry experts in each country to collect and interpret data, so it’s not just a desktop piece of research.

ACFS brings together a panel of pension experts to oversee the process, including representatives of AustralianSuper, ACIL Allen Consulting, Cpi2, Oxford University, the University of NSW, the University of Technology, Sydney and Rotman ICPM. My Research Director Professor Kevin Davis and I are involved throughout and we have an extensive international distribution process.

In 2013, the index ranked Australia alongside the Netherlands, giving both a B+. This makes our retirement system the second best in the world after Denmark’s, meaning we have a well-structured system with many good features but some areas for improvement.

OUR STRENGTHS

Since the study began in 2009, Australia has consistently rated as one of the world’s top retirement systems. In 2013, we were second in the adequacy sub-index, due to strong features such as our increasing replacement rate (i.e. the income received in retirement as a percentage of pre-retirement income), flexible super design that allows workers to transfer benefits, the preservation of retirement assets and our super being invested in a good proportion of growth assets.

In 2013, the index ranked Australia alongside the Netherlands, giving both a B+. This makes our retirement system the second best in the world after Denmark’s, meaning we have a well-structured system with many good features but some areas for improvement.

INBUILT BENEFITS | TAL UNUNITISED COVER
--- | ---
Cover is salary based | Cover is age based
Temporary incapacity: Paid as an income stream | Income protection: Paid as an income stream
Death cover up to age 60: Paid as a lump-sum death benefit | Death cover up to age 75: Paid as a lump-sum death benefit
Disability cover up to age 65: Paid as an income stream | TPD cover to age 70: Paid as a lump-sum benefit
Cover can only continue for 90 days after ceasing employment | Cover can continue after ceasing employment (as long as there are sufficient funds to pay premiums)

Accumulation 2 members will receive more detailed information on these changes and what they’ll mean for them in the coming months. We’ll also keep you updated through our website – please visit our My Insurance webpage at www.unisuper.com.au/my-insurance.

IF YOU’RE A DEFINED BENEFIT DIVISION (DBD) MEMBER

You won’t be affected by the transition to external cover and will continue to have inbuilt benefits provided by UniSuper.
OUR RETIREMENT SYSTEM
Australia’s retirement income system comprises:

→ a means-tested Age Pension
→ mandatory employer contributions, which are paid into a regulated super fund
→ additional employer and employee voluntary contributions to regulated super funds.

According to the study 1, we could increase our ranking by:
→ requiring part of a retirement benefit be taken as an income stream
→ increasing the labour force participation of older workers
→ removing legislative barriers to encourage more effective retirement income products.

1 Source: Melbourne Mercer Global Pension Index, October 2013, p. 27

and the ability of older workers to continue to contribute to their retirement savings. We were number one in the integrity sub-index due to the great strength of our regulatory and governance systems.

WHAT WE COULD DO BETTER
One of the greatest points of discussion at the moment is how well we prepare for post-retirement. Indeed, one of the most important areas for improvement lies in providing for some form of income stream (a pension that provides regular payments), instead of a lump sum (taking your super as cash), as part of the retirement benefit. This would increase the adequacy level, as would a 5% increase in the net replacement rate. Our level of sustainability will address itself in some regards, with the natural accumulation of funds and increasing superannuation guarantee (employer) contributions both building pension assets as the system matures. An increase of 10% in the labour force participation of older workers, the other great debate of our time, would also help the system’s sustainability.

‘KNOCKING’ DENMARK FROM ITS TOP SPOT
There is no perfect system in the world. Every country is different and each has its strengths and weaknesses, even Denmark. Having said that, by attending to the points mentioned, we would be well on the way to being No 1!

For more on the Mercer Global Pension Index, visit www.globalpensionindex.com.

Why is providing proof of identity such a big deal?

To help protect your superannuation and prove you are the person to whom the super entitlements belong, you are required by law to provide certified copies of proof of identity (POI) documents when accessing your super and changing your details in certain circumstances. We understand this can sometimes be an onerous task, but recent industry changes may make this process a lot quicker and easier.

If you’re considering transferring super from another super fund to UniSuper, we can process your transfer request without certified POI if you give us your tax file number (TFN) when you make the request.

And if you give us your consent, we can also use your TFN to access the ATO’s ‘SuperMatch’ service to search for other super in your name. What does this mean? Well if you’ve ever changed jobs, there’s a chance you’ll have super with other funds. By giving us your consent, we can do the searching for you and let you know what we have found. And if you’re thinking of transferring your super to UniSuper, we’ll show you how it can be done. To provide your consent, log on to MemberOnline, or call or email us.

There are a number of situations where you are still required to provide certified POI documentation, even if you have previously supplied it to us. These include:
→ you’re transferring super from another super fund and we cannot validate your TFN
→ withdrawing your benefit
→ starting a pension
→ updating your bank account details
→ changing your details
→ receiving a death benefit.

WHO CAN CERTIFY YOUR POI?
We’ve recently expanded our list of people authorised to certify POI documents. Included are licensed or registered dentists, legal and medical practitioners, nurses, pharmacists and teachers employed full time at a school or tertiary institution.

To view the full list and how to correctly certify your documentation, see our Your guide to proof of identity fact sheet at www.unisuper.com.au.

ABOUT DEBORAH RALSTON
Professor Deborah Ralston is the Executive Director of the Australian Centre and a Professor of Finance at Monash University. Her research interests include the impact of financial regulation, the strategy and management of financial institutions, and regional economic development. She is a Fellow of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the CPA Australia.
Changes to super

Legislative update

MEDICARE LEVY
The Medicare levy increased from 1.5% to 2% on 1 July 2014. This increased rate will raise money for the National Disability Insurance Scheme.

As a result of the increase, the withholding rates for certain superannuation payments will go up by 0.5%. This includes the tax payable on super benefits taken by those aged less than 55, or between preservation age and 60; pension payments to individuals aged less than 60; and on concessional contributions paid to individuals who haven’t supplied their tax file number (TFN).

TEMPORARY BUDGET REPAIR LEVY
The government has introduced a temporary Budget Repair Levy of 2% for high-income earners to help bring the budget back to surplus. The levy applies on top of an individual’s marginal tax rate until 30 June 2018. It will then be paid to individuals who haven’t supplied their TFN.

The levy will also affect other tax calculations that are based on the top tax rate, e.g. tax withheld from the super contributions of individuals who have not provided their TFN.

DIVISION 293 TAX
From 1 July 2012 a 15% tax – Division 293 tax – applies to certain concessional contributions of high-income earners whose total income plus concessional contributions within the concessional contributions cap is more than $300,000.

The government has agreed on a method based on notional taxed contributions (NTCs) for valuing contributions to defined benefit funds.

For more information on NTCs, see the fact sheets available at www.unisuper.com.au/forms-and-brochures.

Budget proposals

You will recall that the Abbott Government delivered its first Budget in May. While many of the speculated changes did not go ahead – e.g. an increase in the age at which individuals can access their super – several announcements do affect superannuation and pensions.

You should not regard Budget announcements as final until legislation has been passed. We will provide updates as developments occur.

LOW INCOME SUPERANNUATION CONTRIBUTION
The government has confirmed its policy to repeal the low income superannuation contribution (LISC), a government payment of up to $500 to help low income earners save for retirement. The decision to repeal the LISC is tied to the repeal of the mining tax which, at the time of going to print, has not been passed into law.

SUPERANNUATION GUARANTEE RATE CHANGES
Effective 1 July 2014, the compulsory rate of superannuation guarantee (SG) increased by 0.25% to 9.5%, and is proposed to remain at this rate until 30 June 2018. It will then increase by 0.5% each year until it reaches 12% on 1 July 2022.

Contributions caps

The contributions caps that apply to concessional and non-concessional contributions increased on 1 July 2014. This means that you can now contribute more to your super at favourable tax rates.

CONCESSIONAL CONTRIBUTIONS CAP
The concessional contributions cap is $30,000 (up from $25,000) from 1 July 2014. If you’re aged 49 years or older on 30 June 2014, you are eligible for a higher cap of $35,000 from 1 July 2014.

NON-CONCESSIONAL CONTRIBUTIONS CAP
The non-concessional contributions cap has increased to $180,000 from 2014/15 onwards. This means that under the ‘bring-forward rule’, you may be able to make non-concessional contributions of up to $540,000 over a three-year period. The rule allows individuals aged less than 65 to make non-concessional contributions of up to three times their non-concessional contributions cap (i.e. $540,000 from 2014/15) over a three-year period.

However, it’s important to be aware that the bring-forward rule is triggered in the financial year in which non-concessional contributions exceed the contributions cap. Therefore, if you triggered the rule in 2013/14 or 2012/13, you will not be eligible for the higher three-year cap.

TREATMENT OF EXCESS NON-CONCESSIONAL CONTRIBUTIONS
The Government has proposed giving individuals who breach their non-concessional contributions cap from 1 July 2013 the option to withdraw the excess contributions and any associated earnings from their super.

Currently, super contributions that exceed the non-concessional contributions cap are subject to excess contributions tax which is the top marginal tax rate. With the personal tax already paid on the amount, this means that excess non-concessional contributions are taxed at up to 95%.

Under the Budget proposal, if an individual chooses to withdraw their excess contributions, no excess contributions tax will be payable and any related earnings will be taxed at the individual’s marginal tax rate. The existing rules will continue to apply to individuals who leave their excess contributions in their super.

At the time of going to print, the final details of the policy are yet to be settled and it is unclear how—or if—this measure will apply to Defined Benefit Division members.

AGE PENSION QUALIFYING AGE
It’s expected that the Age Pension qualifying age will gradually increase to 70 by 1 July 2035. This extends an existing policy, introduced by the former government, to increase the Age Pension qualifying age to 67 by 1 July 2023.

From 1 July 2025, when the qualifying age of 67 will apply, the qualifying age will increase by six months every two years, reaching a qualifying age of 70 by 1 July 2035.
The increases will only affect people born from 1 July 1958, with the qualifying age of 70 only applying to those born from 1 July 1965.

UniSuper update

OPERATIONAL RISK FINANCIAL RESERVE
(FORMERLY KNOWN AS OUR OPERATIONAL RISK RESERVE)

We comply with APRA’s Operational Risk Financial Requirements by setting aside a reserve. This is now funded out of new investment-related charges which are included in the indirect cost ratio (ICR) for each investment option. This component of the ICR is currently 0.06% p.a. for each investment option.

We also comply with APRA’s Operational Risk Financial Requirements for the Defined Benefit Division (DBD) by funding and maintaining a reserve valued at 0.25% of DBD assets. This explanation overrides the explanations in our product disclosure statement (PDS). To find out more, see the PDS for your membership category.

INDIRECT COST RATIOS FOR THE YEAR ENDED 30 JUNE 2014

The indirect cost ratios (ICRs) for the year ended 30 June 2014 are now available online at www.unisuper.com.au/investment-costs.

ICRs show the total indirect costs attributed to each of our investment options (excluding the fees that are charged directly to your account) as a percentage of the average net assets of the relevant investment option.

WORKPLACE GENDER EQUALITY AGENCY (WGEA) REPORTING

UniSuper recently submitted its annual report to the WGEA (formerly The Equal Opportunity for Women in the Workplace Agency) as part of its requirements to comply with the Workplace Gender Equality Act 2012 (WGE Act). WGEA is the government statutory authority charged with supporting and improving gender equality in Australian workplaces. Visit our website at www.unisuper.com.au to view the report.

REVISED RISK RATINGS

The risk ratings of several options have been updated following an analysis of updated market data. The changes are summarised in the table below.

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CHANGES TO NTC CALCULATIONS FROM 1 JANUARY 2015

Due to Clause 34 changes being implemented on 1 January 2015, there may be a slight adjustment to how members’ notional taxed contribution (NTC) amounts are calculated from that date. For some members, the ‘New Entrant Rate’ used to determine their annual NTC amount may reduce, which will decrease the likelihood that their NTC will exceed the concessional contributions cap. To learn more about NTCs and how the changes may affect you, see the NTC fact sheets at www.unisuper.com.au.

STRATEGIC ASSET ALLOCATIONS FOR MYSuper

We have reviewed our MySuper investment strategy and the allocations are as follows:

- Australian Shares 36% (23.5%–48.5%)
- International Shares 20% (7.5%–32.5%)
- Growth 70% (37.5%–82.5%)
- Defensive 30% (17.5%–42.5%)
- Cash & Fixed Interest 30% (17.5%–42.5%)
- Infrastructure and Private Equity 5% (0%–17.5%)
- Property 9% (0%–21.5%)
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SuperRatings, a superannuation research company, has awarded UniSuper a Platinum rating for its accumulation products. For details of the rating criteria, go to www.superratings.com.au. SuperRatings does not issue, sell, guarantee or underwrite this product.

Chant West has awarded UniSuper a 5 Apples rating for its accumulation products. For further information about the methodology used by Chant West, see www.chantwest.com.au.

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