Inside this issue:

- Message from the CEO
- Why it’s important to think about your insurance
- Changes to insurance definitions
- How Australia’s retirement system rates globally
- Changes to super

UniSuper member and head of a new research centre at the Australian Catholic University Sandra Jones tells us how a series of radio ads promoting alcohol to minors spurred her to action.
Message from the CEO

A year ago I wrote my first message as UniSuper’s new CEO. It’s amazing to think that a year has already passed since I first took over the reins of this great fund! My first year at UniSuper has been immensely rewarding, and I’m looking forward to the challenges and opportunities ahead.

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 6 to 9.

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 9 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

CEO Kevin O’Sullivan
Social marketing for change

UniSuper member and head of a new research centre at the Australian Catholic University Professor Sandra Jones explains how she and her team harness the power of advertising to address contemporary health and social concerns.

I was working in a commercial marketing role and pondering the contribution I wanted to make to the world. Shortly after the birth of my first son I heard a series of radio advertisements for a pre-mixed alcohol product that positioned alcohol as the solution to adolescent stress, and I knew that I didn’t want my son to grow up in an environment that communicated that kind of message to children.

Advertising is an immensely powerful, and insidious, force that is so ubiquitous we often don’t even consciously recognise it as advertising. Most of us believe we’re immune to advertising’s effects but it has a substantial impact on our behaviour.

In one study we found that parents are more likely to choose a food product for their child and rate it as healthy when they see a parent-targeted ad rather than a child-targeted ad for the same product. That’s how powerful slight changes in words and images can be.

Over the last decade, my team and I have developed, implemented and evaluated social marketing programs in areas as diverse as sun protection, asthma management, mental health, organ donation, cancer prevention, cold and flu prevention and dementia risk reduction.

Social marketing refers to using the principles and practices of commercial marketing to bring about positive behavioural change. It’s not just ‘advertising’ or ‘education’, but really understanding the target market and what can motivate them to make voluntary changes.

I’m currently working on a whole-of-community intervention to target underage drinking. The intervention is funded by an Australian Research Council Future Fellowship and while it’s in its early stages, we’re already seeing changes in the conversations around underage drinking and teenagers developing the confidence to choose not to drink.

My family insists that my ideal retirement looks just like my life now—that I love my work so much I will keep doing what I am doing until I fall asleep at my desk one day and they carry me out in a box!
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>
<thead>
<tr>
<th>Option snapshot</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAUNCH DATE</strong></td>
</tr>
<tr>
<td>1 September 2014</td>
</tr>
<tr>
<td><strong>PERFORMANCE OBJECTIVE</strong></td>
</tr>
<tr>
<td>To achieve returns (after Fund taxes and investment fees) of at least 1.5% + CPI over the suggested timeframe.</td>
</tr>
<tr>
<td><strong>STRATEGIC ASSET ALLOCATION</strong></td>
</tr>
<tr>
<td>100% Diversified Credit comprising 65% Global Credit and 35% Australian and New Zealand Credit. These are the target allocations. Actual allocations may deviate by +/- 20%.</td>
</tr>
<tr>
<td><strong>SECTOR BREAKDOWN</strong></td>
</tr>
<tr>
<td>Global Credit 65%</td>
</tr>
<tr>
<td>Australian and New Zealand Credit 35%</td>
</tr>
<tr>
<td><strong>FREQUENCY OF NEGATIVE RETURNS</strong></td>
</tr>
<tr>
<td>Four years in a 20-year period</td>
</tr>
<tr>
<td><strong>SUMMARY RISK LEVEL</strong></td>
</tr>
<tr>
<td>High*</td>
</tr>
<tr>
<td><strong>MINIMUM SUGGESTED TIMEFRAME FOR INVESTMENT</strong></td>
</tr>
<tr>
<td>Four years</td>
</tr>
<tr>
<td><strong>INDIRECT COST RATIO</strong></td>
</tr>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

* 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 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.

ADDDING 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.

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:

- **RETIEMENT 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

Insurance is a topic many of us would rather not think about—after all, who wants to consider suffering from a serious illness or injury and being unable to work? But as we take on more financial and personal responsibilities throughout our lives, it pays to make sure we protect what’s dear to us.

Derek Gascoigne, a financial adviser with UniSuper Advice, answers some of the questions 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.

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.

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 12 to 14 for more information.
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.

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 13), 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>
<td></td>
</tr>
<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>
<td></td>
<td></td>
</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>X</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. 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.
Coming soon: Changes to insurance arrangements for Accumulation 2 members

The ‘Stronger Super’ legislative changes also mean that UniSuper will no longer be allowed to self-insure benefits for accumulation members. This means that if you’re an Accumulation 2 member, we’ll need to transition your inbuilt death, disablement and temporary incapacity benefits to unitised Death, Total & Permanent Disablement (TPD) and Income Protection cover with our external insurer TAL. This transition will take place in early 2015.

Accumulation 2 members will have the flexibility to opt out, scale up or down, or mix and match the level and type of cover they have to suit their personal circumstances.

A brief outline of some of the changes that will occur on the transition to unitised cover is set out in the table below.

<table>
<thead>
<tr>
<th>INBUILT BENEFITS</th>
<th>TAL UNITISED COVER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover is salary based</td>
<td>Cover is age based</td>
</tr>
<tr>
<td>Temporary incapacity: Paid as an income stream</td>
<td>Income protection: Paid as an income stream</td>
</tr>
<tr>
<td>Death cover up to age 60: Paid as a lump-sum death benefit</td>
<td>Death cover up to age 75: Paid as a lump-sum death benefit</td>
</tr>
<tr>
<td>Disablement cover to age 65: Paid as an income stream</td>
<td>TPD cover to age 70: Paid as a lump-sum benefit</td>
</tr>
<tr>
<td>Cover can only continue for 90 days after ceasing employment</td>
<td>Cover can continue after ceasing employment (as long as there are sufficient funds to pay premiums)</td>
</tr>
</tbody>
</table>

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.

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, Cp2, 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. Although we only ranked fourth in the long-term sustainability of our existing system, we have strengths in the wide coverage of compulsory super, the size of pension assets,
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, 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.

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.

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.

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
- choosing 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.
Remember two-cent pieces?

Whatever happened to all those bronze two-cent coins when they were removed from circulation in 1992? You might be interested to know that they were melted down to make the bronze medals awarded at the 2000 Summer Olympics.

Even without two-cent coins, for $19.92 in 1992—the year the government introduced compulsory superannuation for most Australians—you could walk away from the shops with a bulging bag of groceries. That much would buy you milk, cheese, a kilo of rump steak, some sauce and bread to go with it, and a nice block of chocolate for dessert.1

It might feel a little depressing to think of what $19.92 would fetch at the shops now, just 22 years later (perhaps not even the steak!), but that amount can still have a big impact on your super savings over time.

A LITTLE BIT OVER TIME REALLY DOES ADD UP

With uncertainty about proposed future increases to the age at which Australians can access the Age Pension, many people are now giving more thought to their personal retirement savings. That naturally leads to the sometimes scary question of ‘Will I have enough?”.

Our online calculators at www.unisuper.com.au/calculators can give you an idea as to whether your savings are on track. Remember it won’t take into account all of your personal circumstances so you should always consider obtaining financial advice before making any decisions about your super. We encourage you to use our calculators to inform your discussion with your financial adviser.

If you spot a shortfall and want to boost your super, some of the strategies you may explore are making regular before or after-tax contributions, making occasional one-off payments, or a mix-and-match approach over time as your taxable income changes.

Let’s explore just one of the ways of growing your super—small, regular after-tax contributions.

To learn more about shaving a little off your spending and saving a little more, the Government’s MoneySmart site offers helpful savings and budgeting tips as well as a compound interest calculator where you can input different amounts, investment returns and time periods to see the difference your savings could make. See ‘Managing your money’ at www.moneysmart.gov.au.

1 In Sydney, based on the average retail prices of selected items compiled by the Australian Bureau of Statistics (December quarter 1992). 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. Past performance is not an indication of future performance.

Amanda is 32 and decides to forgo buying take-away lunch and coffee one day each week in order to have a bit more cash to contribute to her super account.

She directs that $20 saving each week ($19.92 rounded up to the nearest whole dollar) into her UniSuper Accumulation 1 account. Her opening balance is $50,000.

As shown in the figure below, if we assume average investment returns of 5% p.a., after 20 years Amanda’s savings will grow to over $167,000 with this little bit extra (before tax and fees).2

If she makes no extra contributions to her super, with the same opening balance of $50,000 earning average investment returns of 5% p.a., her balance would grow to over $132,600 over the same 20-year period (before taxes and fees).4

That’s over $34,000 extra in her account from just $20 per week, and doesn’t even factor in her superannuation guarantee (employer) contributions, which weren’t taken into account for either scenario.

THE BEAUTY OF COMPOUNDING

Even if Amanda stopped making those extra contributions after 20 years at age 52, the effect of compound interest doesn’t stop. Compound interest is basically ‘interest on your interest’ and is why you may end up with more through contributing less if you do it over a longer period of time and start earlier rather than right before you retire.

THE EFFECT OF SAVING $20 A WEEK FOR 20 YEARS ON AN INITIAL SUPER BALANCE OF $50,000

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1 These projections were calculated using ASIC’s online compound interest calculator: www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/compound-interest-calculator. Data assumes an investment return of 5% p.a. (default rate used by MoneySmart calculator). No allowance has been made for taxation or investment fees and charges. Lower investment returns and/or periods of market volatility, and the factoring in of taxation or investment fees and charges would affect the analysis and could change the comparison. This example is for illustrative purposes only and does not relate to any of UniSuper’s investment options. Figures are not in today’s dollars and have not been adjusted to reflect the likely impact of future inflation.
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 increase by 0.25% to 9.5%, and is proposed to remain at this rate until 1 July 2023. From 1 July 2025, when the qualifying age of 67 will apply, the 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.

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 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.

A budget proposal has increased the rate of the Medicare levy to 2% on 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.

**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 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.

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.

*For more information on superannuation developments, go to www.unisuper.com.au.*

**Forms and brochures**

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**


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](http://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.

<table>
<thead>
<tr>
<th>OPTION</th>
<th>PREVIOUS RISK RATING</th>
<th>NEW RISK RATING</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Shares</td>
<td>Very High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(6 negative years in 20)</td>
<td>(5 negative years in 20)</td>
</tr>
<tr>
<td>International Shares</td>
<td>Very High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(6 negative years in 20)</td>
<td>(5 negative years in 20)</td>
</tr>
<tr>
<td>Global Companies in Asia</td>
<td>Very High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(6 negative years in 20)</td>
<td>(5 negative years in 20)</td>
</tr>
<tr>
<td>Global Environmental Opportunities</td>
<td>Very High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(6 negative years in 20)</td>
<td>(5 negative years in 20)</td>
</tr>
<tr>
<td>Growth</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(5 negative years in 20)</td>
<td>(4 negative years in 20)</td>
</tr>
<tr>
<td>Listed Property</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>(5 negative years in 20)</td>
<td>(4 negative years in 20)</td>
</tr>
</tbody>
</table>

**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](http://www.unisuper.com.au).

**STRATEGIC ASSET ALLOCATIONS FOR MSUPER**

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

- **Property 9%** (0%–21.5%)
- **Infrastructure and Private Equity 5%** (0%–17.5%)
- **International Shares 20%** (7.5%–32.5%)
- **Cash & Fixed Interest 30%** (17.5%–42.5%)
- **Australian Shares 36%** (23.5%–48.5%)
- **Growth 70%** (57.5%–82.5%)
- **Defensive 30%** (17.5%–42.5%)
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.