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- Bringing you even more investment choice
- Your pension after you’re gone
- What it means to age productively
- Proposed pension changes

A tour leader talks about the thrill of travel

UniSuper member and former Head of Vocal Studies at the University of Adelaide Guila Tiver tells us about being an opera singer and why it’s not always what you’d expect.

Read more on page 4
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/dbdupdate.

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 new online calculator we’ve introduced to give you greater ability to understand and manage your retirement income options.

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
Striking the right note

UniSuper member and former Head of Vocal Studies at the University of Adelaide Guila Tiver has thrilled audiences worldwide in an opera career spanning over 40 years. She spoke with us about her life, and how being a mezzo-soprano has meant she’s played her fair share of ‘witches, bitches and boys’.

It’s great to be able to earn your money doing something you really love and which gives pleasure to other people.

I had my first professional engagement as a principal singer in Basel, Switzerland, at the age of 22. It’s funny, you sort of think of opera as being terribly serious. But in fact, my first opera was a Prokofiev opera where my costume was black velvet hot pants, long over-the-knee boots, a low-cut sort of top with a midriff showing and a long black wig—and I was painted black. It was not quite what I expected.

In Australia, I used to feel quite embarrassed to say I was an opera singer. In Europe, of course, if you’re an opera singer it’s like being a footy star. I think that’s a lot to do with the fact that kids more often grow up with it all around them and it’s not seen as elitist, as it tends to be here.

As a teacher, I’m keen to give my students the tools to not have to go out onstage and just ‘hope for the best’. It was quite a while, towards my late 20s, before I really had any technical understanding about what I was doing. I was ‘winging it’ fairly successfully, but it was a bit haphazard and it’s not a nice feeling to have no real control over how things might go. I really want to give my students the technical security I didn’t have when I started out.

Probably my favourite performance is playing the role of Carmen, which is a great role for a mezzo-soprano. As a mezzo-soprano you tend to play a lot of ‘witches, bitches and boys’, as we say, because of the darker quality of the voice. There’s also a whole tradition in opera where you don’t get a tenor or a bass or a baritone to sing the role of an adolescent male because they sound too mature, so they cast the darker woman’s voice in these roles.

The sexy ladies like Carmen (Carmen) and Delilah (Samson and Delilah) are always fun roles to play—you spend so much time playing the witches and the boys that it’s nice to have a real meaty female role to get your teeth into.

My ideal retirement would be to have time for family and friends, and to travel enough to keep in touch with what’s going on in the world culturally. For example, one winter my husband and I went to Munich, Zürich and Vienna, three of my favourite cities in Europe. We spent a couple of weeks in each city and we saw 23 performances.

"My first opera was a Prokofiev opera where my costume was black velvet hot pants, long over-the-knee boots, a low-cut sort of top with a midriff showing and a long black wig—and I was painted black. It was not quite what I expected."
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.

Option snapshot

**LAUNCH DATE**
1 September 2014

**PERFORMANCE OBJECTIVE**
To achieve returns (after Fund taxes and investment fees) of at least 1.5% + CPI over the suggested timeframe.

**STRATEGIC ASSET ALLOCATION**
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%.

**SECTOR BREAKDOWN**

- Global Credit: 65%
- Australian and New Zealand Credit: 35%

**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 0.29%. 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 SOCALLY 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.

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 pension calculator available now
We’ve launched a new online calculator to help you better understand your retirement income options.

If you still have money in super or are looking to re-evaluate your pension, the nifty Pension income calculator allows you to project how much annual income you may be able to draw down over your estimated retirement period. It also makes it easier to explore the effect of different variables—such as investment returns, pension start dates, target income and changes to the Age Pension—on your pension income.

Also launching later this year will be our Investment choice tool. You’ll be able to explore our investment options and get information to help you build a portfolio that suits your objectives and risk profile. The Investment choice tool will also show how your portfolio would be split between lower and higher risk options.

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.
How will the deeming of account-based pensions affect you? We ask an expert.

Cameron Seidel is a financial adviser with UniSuper Advice who meets UniSuper members on a one-to-one basis to discuss their financial needs. Here he explains the new legislation governing how account-based pensions will be treated under the Age Pension income test.

WHAT IS CHANGING UNDER THE NEW RULES?
At the moment, individuals drawing an account-based pension such as UniSuper’s Flexi Pension receive favourable treatment under the Age Pension income test. This results in only a portion of the pension income being assessed.

The amount of pension income that is exempt from the test is referred to as the ‘deductible amount’ and is calculated by dividing the purchase price (or starting amount) of the account-based pension by the individual’s statistical life expectancy. If the account-based pension holder has nominated a reversionary beneficiary, Centrelink will use the longer of the two life expectancies. If the reversionary beneficiary’s life expectancy is higher, this will result in a greater portion of the account-based pension being assessed under the income test when the deductible amount of $13,636 is subtracted from her annual pension income.

From 1 January 2015, the income test situation will be very different as account-based pensions commenced after this date will be subject to the same deeming rules that apply to financial investments such as shares and cash. The new deeming rules will also apply to account-based pensions commenced prior to 1 January 2015 where account-holders were not in receipt of an eligible government income support payment, such as the Age Pension, prior to 1 January 2015.

WHAT IS DEEMING AND WHY IS IT IMPORTANT?
Deeming rates can be described as artificial interest rates set by Centrelink. The current deeming rate on the first $48,000 of financial investments for singles and $79,600 for couples is 2%, with the deeming rate above these amounts being 3.5%.

To illustrate how the deeming rules will be applied, let’s revisit our previous example. We saw that only a small portion of Martha’s Flexi Pension income was assessable under the income test. But what if Martha instead commenced her Flexi Pension with the same amount of $300,000 from 1 January 2015? In this case, the annual deeming applied to her Flexi Pension income (assuming she’s single) would be $9,780 ($48,000 x 2%) + (($300,000 - $48,000) x 3.5%), So instead of $1,364 of her income being assessed under the income test, $9,780 p.a. would be assessed under the new deeming rules. This could result in Martha receiving a smaller Age Pension.

WILL THE NEW RULES AFFECT ALL PENSION MEMBERS?
The new rules won’t affect members who already have an account-based pension in place before 1 January 2015 and are receiving income support payments such as the Age Pension, Disability Support Pension or Carers’ Payment or Allowance. The Government has indicated that these members will be exempt and continue to be assessed under the existing rules, provided they don’t change superannuation pension products or the person’s income support payment ceases.

Members who begin receiving the Age Pension after 31 December 2014 will generally be subject to the new deeming rules. However, members who already have an account-based pension in place and seamlessly transition to the Age Pension after continuously receiving an income support payment such as the Carer Payment or the Disability Support Pension (i.e. there is no break in payment), will have their account-based pension...
'grandfathered.' This means their existing account-based pension will be exempt from the deeming rules. This is a complex matter and all members are encouraged to seek advice on the implications and potential benefits of having a grandfathered account-based pension.

It’s important to note that members who receive a lifetime indexed pension, like our Defined Benefit Indexed Pension, are currently subject to different rules and won’t be directly affected by this change.

**WHAT ABOUT REVERSIONARY PENSIONS PAID TO A PENSION MEMBER’S DEPENDANT AFTER THEIR DEATH?**

Beneficiary nominations for account-based pensions can be quite a complex area, but members need to be aware that while they might be exempt from deeming, their surviving spouse might not be if their account-based pension is paid as a lump-sum death benefit payment rather than as an ongoing pension. To ensure that exemptions continue to apply to the surviving spouse or dependant, the original account-based pension holder has to have a reversionary beneficiary nomination in place prior to their death so that we can seamlessly continue to pay the pension to the surviving spouse or dependant. Members should seek advice to discuss if it’s worth adding a reversionary beneficiary now.

**HOW ARE THE PROPOSED CHANGES TO THE WAY ELIGIBILITY IS ASSESSED FOR THE COMMONWEALTH SENIORS HEALTH CARD LIKELY TO AFFECT MEMBERS?**

If this proposed change does become law, anyone that commences an account-based pension from 1 January 2015 and applies for the Commonwealth Seniors Health Card (CSHC) will see the deeming rules extended to their account-based pensions for the purposes of the CSHC income test.

Existing CSHC holders will not have their account-based pension income counted towards the income test, provided the card was issued prior to 1 January 2015.

Currently, income from a UniSuper account-based pension income is tax free for members aged 60 or older. As the CSHC income test is based on Adjusted Taxable Income (ATI), none of a member’s account-based pension income is counted towards the CSHC income test.

So while the CSHC has no assets test, the proposed changes mean that from 1 January 2015, a new applicant who has no other taxable income based on current deeming rates would not qualify for a CSHC if their account-based pension exceeds $1,449,143 (for singles) and $2,319,828 (for couples).

To date, there has been no announcement regarding how this proposal may affect Defined Benefit Indexed Pension or Commercial Rate Indexed Pension members.

**WHO CAN RECEIVE A PENSION UPON YOUR DEATH?**

This depends on the type of UniSuper pension you have, as shown.

<table>
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<th>TYPE OF UNISUPER PENSION</th>
<th>BENEFICIARY</th>
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| Flexi Pension            | One of your eligible dependants, including:  
|                          | → your spouse (including legal or de facto spouse of the same or opposite sex)  
|                          | → your child  
|                          | → a financial dependant (at the time of your death), or  
|                          | → a person who is in an interdependency relationship with you (both at the time of nomination and at the time of your death). |
| Commercial Rate Indexed Pension | Single Life Indexed Pension option: No pension is available upon your death.  
|                          | Joint Life Indexed Pension option: a pension is paid to your nominated spouse for the rest of their life (as long as they are still your spouse at the time of your death). |
| Defined Benefit Indexed Pension | 62.5% of your pension is automatically paid to your surviving spouse as a pension for the rest of their life. A benefit may also be paid to your dependent or disabled children. |

Did you know that some pensions can continue to be paid to your surviving spouse or eligible dependant after your death? Read on to find more.

If you worry about how your spouse or dependant will cope financially once you’re gone, you may be reassured to know they might be entitled to receive your death benefit as an income stream (i.e. a pension that provides regular payments) after your death.

Death benefits that are paid from a Flexi Pension to an eligible dependant as an income stream rather than a lump sum (one-off payment) are known as reversionary pensions, and the eligible dependant who receives the pension is referred to as a reversionary beneficiary. If your Flexi Pension is paid to a reversionary beneficiary after your death, they can then manage the account in the same way as you currently do.

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1 You can’t nominate a child aged 18 or older unless they’re between age 18 and 25 and financially dependent on you immediately before your death, or they are disabled within the meaning of the Disability Services Act 1986 (Cwlth).
WHAT DO YOU HAVE TO DO?
Again, this depends on your UniSuper pension membership.

If you’re a Flexi Pension member …
… you need to nominate a reversionary beneficiary by completing the Adding or removing a reversionary beneficiary nomination form, which is available at www.unisuper.com.au/forms-and-documents, or by calling us on 1800 331 685.

If you’re a Commercial Rate Indexed Pension member with a Joint Life option …
… you don’t need to do anything. We will pay a pension to the spouse nominated on your original application form if they’re still your spouse at the time of your death.

If you’re a Defined Benefit Indexed Pension member …
… you don’t need to do anything. We will obtain the details of your spouse or other eligible dependants at the time of your death to determine who will receive a pension.

Important considerations
Before you decide to nominate or remove a reversionary beneficiary, we recommend you speak to a qualified financial adviser as there may be Centrelink/Department of Veterans’ Affairs implications as well as tax implications.

For example, updating or removing a reversionary beneficiary may affect the amount of your pension income that is assessable under the income test. Also, if you’re aged less than 60 when you die and your reversionary beneficiary is aged less than 60 when they receive the pension, their annual pension income may be subject to income tax (however, they may be entitled to a 15% tax offset).

To arrange an appointment with a UniSuper financial adviser, call 1300 331 685 or email advice@unisuper.com.au.

Ageing productively

Dr Tim Adair is Director of the National Seniors Productive Ageing Centre (NSPAC), which is the research arm of National Seniors Australia, the largest membership organisation representing Australians aged 50 and older. Here he writes about the NSPAC’s work, and how the proposed increase in the Age Pension eligibility age fits in with the reality of mature-age employment.

FOCUSING ON THE POSITIVES
The NSPAC seeks to advance knowledge and understanding of all aspects of productive ageing to improve the quality of life of people aged 50 years and over. The term ‘productive ageing’ doesn’t just refer to the contribution of seniors in paid work, but also their broader contribution to society, including through care-giving, volunteering and community participation.

Our research bridges the gap between academic research into ageing, the community and policymakers. This is done through disseminating the latest research to the 200,000 members of National Seniors Australia, and Members of Parliament.

Another popular NSPAC activity is our annual public forum, which showcases the latest research on topics such as healthy living and lifelong learning.

In particular, our research focuses on the positives of an ageing population, rather than the ‘burden’ so often adopted in public discourse. Our research also highlights some of the challenges faced by an ageing population, including increasing health costs, social isolation and barriers to employment.

MATURE-AGED EMPLOYMENT – THE CHALLENGES AND OPPORTUNITIES
Issues surrounding mature-age employment have been at the forefront of public debate since the Federal Government recently announced a plan to increase the eligibility age of the Age Pension to 70 years in 2035. This announcement has understandably caused much concern among large sections of the community.

Although there have been strong increases in mature-age employment in the past decade, data from the Australian Bureau of Statistics show that an unemployed person aged 55 years and older is out of work for an average of 67 weeks compared to 38 weeks for younger workers.1 A recent NSPAC

1 Figures obtained from the Australian Bureau of Statistics for the period November 2013 to April 2014.

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report also showed that only 33% of males and 18% of females aged between 65 and 69 are in paid employment, with significant regional differences across the country.2

Clearly there needs to be more quality employment opportunities to enable mature-age people to remain in employment longer to sufficiently fund their retirement and prevent being shifted to Newstart Allowance or the Disability Support Pension.

UNDERSTANDING THE BARRIERS

Understanding the barriers to mature-age employment participation can inform the development of strategies to provide better opportunities for older job seekers. These barriers include, but are not limited to, ill health and disability, care-giving responsibilities, lack of training opportunities, re-skilling and age discrimination.

An obvious starting point to improve mature-age employment participation is with employers. NSPAC research has found that flexible working arrangements, such as flexible work hours and days and working from home, can facilitate greater workforce engagement of people with health conditions and those with care-giving responsibilities. However, there is a risk of people involuntarily being moved to such non-standard working arrangements.

There is also scope for employers to provide more appropriate working conditions to enable people with health conditions to work longer, especially for people in more physically demanding jobs. More generally, there needs to be improved recognition among many employers of the skills, experience and mentoring abilities that senior workers can bring to a workplace.

To assist employers, NSPAC is developing an online Age Management Toolkit to provide employers with comprehensive and practical information to assist in adopting and improving strategies to recruit and retain mature-age workers. This Toolkit will be released in the middle of the year. NSPAC is also working with prominent Australian companies to develop strategies to increase their mature age workforce.

Further information about NSPAC can be found at productiveageing.com.au. National Seniors Australia provides a strong, independent voice to ensure that the views of older Australians are heard by governments of all levels. More information on how to get involved with the organisation can be found at nationalseniors.com.au.

ABOUT TIM ADAIR

Dr Tim Adair has been Director of the National Seniors Productive Ageing Centre since December 2012. He has extensive experience, both in Australia and overseas, and has worked within government, and the university and private sectors to analyse a range of key policy issues. His research focus includes the quantitative analysis of government programs on health outcomes, and the design and implementation of surveys and other data collections.


From the cradle of civilisation to the Mongolian steppes

There is something about travel that makes us yearn for a plane ticket and the time to explore foreign places.

When we recently asked UniSuper members to share their ideal retirement, it was no surprise that the majority of respondents cited travel as one of their top priorities.

With this in mind, we took some time to chat with Dr Sandy Scott, a former scientist and lecturer with experience in agricultural science, human genetics and teacher training who now leads and develops travel programs for Odyssey Travel. Odyssey specialises in educational tours for individuals aged 50 and older.

“My broad background in biological, agricultural and earth sciences and interest in communicating and interpreting natural environments means I’m able to share my passion in understanding the world about us as we travel”, he says.

Sandy has developed tours for a vast array of countries—the UK, Mongolia, Azerbaijan, Iran, Borneo, Vietnam, Turkey, Ireland, Jordan ... the list goes on. When planning a new tour, Sandy feels it’s important to come up with a unique product that visits sites not included in mass-tourism circuits.

“New programs should not only include less travelled countries, but have new and interesting themes—especially when visiting well-travelled countries like Britain.”
Planning and tour development are some of the most interesting parts of the job for Sandy. Typically, once he has decided on a country or theme, he works on the program objectives and conducts intensive research into the country.

Having worked with Odyssey Travel since 1992, Sandy could fill the pages of multiple guides with his travel narratives and anecdotes, but he manages to narrow it down to a few.

“Meeting an 83-year-old Mongolian grandmother in her ger, (also known as a ‘yurt’, this is a portable dwelling traditionally used by nomads in Central Asia) at a chance stopping during our travel in the Gobi Desert was definitely a memorable experience”, he says.

“Most of the time she sat on a low stool spinning wool and answering our questions through our guide and interpreter. This was after she had served all 12 of us with buttery tea, some hard cheese and a taste of fermented mare’s milk.

“Visiting Fingal’s Cave on Staffa Island off the Isle of Mull in Scotland was also exciting and memorable. The cave is formed of basalt columns and we approached it from the sea in a small boat under wet and blowy conditions!

“Three of my most moving experiences were visiting the monuments of Ephesus in Turkey during the Cradle of Civilization program, Persepolis in Iran for the Persian Heritage program, and the Registan, the heart of the ancient city of Samarkand, on the Silk Road Odyssey program.”

For people interested in creating their own memorable travel moments, Sandy believes Myanmar (Burma), Iceland, Persia (Iran), Jordan, Ecuador and the Pre-historic Britain or Dinosaurs of China tours are some of the up and coming destinations for those with a thirst for adventure.

Sandy says picking the right tour is not just about reading the catalogue description. It’s also important to check the program itinerary and activity rating to make sure it suits your requirements and abilities.

“So if the title and description of a program suit you, and it is at the right time of year, then go ahead – you have nothing to lose!”

*Odyssey Travel is a not-for-profit organisation, which specialises in educational travel programs for over 50s. Odyssey provides tertiary grants and scholarships to those with ability but who do not have the financial resources to study.

The views expressed in this article are those of Dr Sandy Scott and not UniSuper.

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**Do your loved ones know you have a pension with us?**

Transitioning from working to retirement is an exciting time with a lot to consider. Should you take a European cruise or spend a few months up north?

Chill out at home for a while and get your bearings? Downsize from the family home or buy a caravan and take off to no fixed address? Decisions, decisions!

However, now that you’re retired, you probably know that not all the retirement decisions you need to make are fun ones. A lot of them are administrative, budget-focused and can involve talking with a range of financial experts to ensure you are putting the best plan for you into place.

If you’re receiving a UniSuper pension, you may be receiving either a monthly income indexed to CPI, or a pension with the flexibility to stop your pension at any time, choose how to invest your pension account, and elect to receive your pension income at a frequency that suits you, until your balance runs out.

By the time you receive your first pension payment, you will already have done your research so you understand your options. You’ll have assessed any legislative, operational or investment-related risks and also given some thought to your eligibility to receive the Age Pension.

Navigating the tax implications of your pension is also one of those necessary evils that, once completed, can have a significant effect on your overall retirement income.

Among all these questions, there is one that you may not have thought to ask yourself: ‘Does the executor of my estate know that I have a UniSuper pension?’.

For many of us, our executor is a spouse, family member or loved one. Out of respect and consideration for them, it is prudent to tell your executor that you have a pension with us.

**WHAT HAPPENS WHEN PENSIIONS CEASE**

When we are informed that a pension should cease, we put an administrative and claims process into effect. For practical purposes, when the time arrives for your executor to take action on your behalf, it can make things easier on them if they know who was looking after your pension.

We understand that conversations such as these can be hard to have – but keeping your executor informed now gives them one less thing to worry about later.

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**ABOUT DR SANDY SCOTT**

Former scientist and lecturer Dr Sandy Scott uses his research studies in plant ecology, strong interests in geomorphology and history, and wide travel experiences to help travellers interpret natural and cultural landscapes. He has developed Odyssey travel programs in Great Britain and several Asian countries, including Mongolia, Iran and Borneo.
Changes to super

Legislative update

DEEMING OF ACCOUNT-BASED PENSIONS
From 1 January 2015, deemed income from account-based pensions will be counted towards the Centrelink and Department of Veterans’ Affairs income tests that, with the assets tests, are used to assess an individual’s Age or Service Pension entitlement.

Members who already have an account-based pension in place before 1 January 2015 and are receiving a government income support payment—such as the Age Pension, Disability Support Pension or Carer Pension—will continue to be assessed under the existing rules. To find out more, see pages 10 to 12.

MEDIcARE LEVY
The Medicare levy increased from 1.5% to 2% on 1 July 2014. As a result, 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; and pension payments to individuals aged less than 60.

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 taxable income exceeding $180,000.

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—known as 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 on NTCs, see the fact sheets at www.unisuper.com.au/forms-and-brochures.

2014/15 Federal Budget
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.

Budget announcements should not be regarded as final until legislation has been passed. We will continue to keep you updated as developments occur.

PROPOSED PENSION CHANGES
Age Pension qualifying age
It’s expected that the Age Pension qualifying age will gradually increase by six months every two years, reaching a qualifying age of 70 by 1 July 2035.

These increases will only affect people born from 1 July 1958, with the qualifying age of 70 only applying to those born 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.

These 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.

Indexation of the Age Pension
The Age Pension will be linked to inflation from 1 September 2017, when the government proposes to increase pension payments in line with the Consumer Price Index (CPI).

Currently, the Age Pension is indexed to the higher of increases in the CPI, Male Total Average Weekly Earnings, and the Pensioner and Beneficiary Living Cost Index.

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. $340,000 from 2014/15) over a three-year period.

However, it’s important to be aware that the bring-forward rule is triggered 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.

CommonwealthSeniors Health Card eligibility
The government has proposed including untaxed superannuation income when assessing eligibility for the Commonwealth Seniors Health Card (CSHC) from 1 January 2015.

The new measure will only apply to new recipients of the CSHC, which means that existing cardholders are exempt. To find out more, see page 12.

OTHER BUDGET PROPOSALS
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.

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 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.

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.

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

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.

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

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.
SuperRatings, a superannuation research company, has awarded UniSuper a Platinum rating for its Flexi Pension product. 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 Flexi Pension product. For further information about the methodology used by Chant West, see www.chantwest.com.au.

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Prepared by UniSuper Management Pty Ltd (ABN 91 006 961 799, AFSL No. 235907) on behalf of UniSuper Limited, ABN 54 006 027 121, the trustee of UniSuper (ABN 91 385 943 850). UniSuper Management Pty Ltd is the Administrator of the Fund and is licensed to provide financial advice, which is provided under the name of UniSuper Advice. The information in this booklet is of a general nature only and includes general advice. It has been prepared without taking into account your individual objectives, financial situation or needs. Before making any decision in relation to your UniSuper membership, you should consider your personal circumstances, the relevant product disclosure statement (PDS) for your membership category and whether to consult a licensed financial adviser. To obtain a copy of the PDS relevant to your membership category, visit the UniSuper website at www.unisuper.com.au or contact the UniSuper Helpline on 1800 331 685. UniSuper Advice is a service dedicated to UniSuper members and their spouses which is provided by UniSuper Management Pty Ltd, the entity licensed to provide financial advice. For further information about UniSuper Advice, please visit the UniSuper website at www.unisuper.com.au, access the Financial Services Guide and, for any further enquiries, contact the UniSuper Helpline on 1800 331 685. UniSuper is referred to as UniSuper or the Fund. UniSuper Ltd is referred to as UniSuper or the Trustee.