Ron Patterson tells us how UniSuper’s Spouse Account helped him “keep it in the family”

Inside this issue:
- Financial advice you can trust
- Meet our Governance and Sustainable Investment team
- Retirement income streams explained
- Our on-campus experience is evolving
- Changes to super

Ever wish there was someone in the know at your workplace who you could talk to about your super?

- Read about our On-Campus Consultants

The on-campus experience

Rob Hern: on top of his game
Message from the CEO

I’m not sure about you, but for me the first weeks of a new year are a treasured time to regroup, take stock and recharge.

During my summer break I enjoyed some time out at my farm with my wife, dogs and friends. That’s the perfect downtime for me. I hope that you too have enjoyed your semester break—if you’ve been fortunate to have one—and are moving into 2015 with renewed energy and zest for whatever lies ahead.

While enjoying the warmth and sense of community that Summer brings, at UniSuper we’re also ramping up for another year of building on an excellent fund for those in higher education and research. Some of the key projects we’ll be focusing on over coming months include:

REFINING OUR ONLINE SOLUTIONS FOR BOTH MEMBERS AND EMPLOYERS
This means delivering new functionality for members to manage their accounts through MemberOnline, and a more streamlined, integrated online portal for our 40 participating employers.

ENHANCING OUR PRODUCTS TO MEET THE SECTOR’S UNIQUE NEEDS
We’ll soon be offering non-lapsing binding death benefit nominations, further insurance enhancements, and changes to our fee structure that aim to provide members with low balances or intermittent employment patterns (some unique to higher education) improved value from their accounts. We’re also exploring potential new products, including an innovative approach to defined benefits.

LOOKING TO THE FUTURE, TO HELP YOU ENJOY YOURS
Some of our Accumulation 1 and 2 members will receive personalised Retirement income projections within this month’s benefit statement. Based on current savings patterns, these projections are designed to show the member’s estimated super lump sum at retirement and how much annual income it’s likely to provide. For many people, knowing how much super is enough is a mystery, and we’re confident that this project will go a long way to answering this question and empowering members to make more informed choices.

That’s just a taste of what’s on our horizon for the year. In case you’ve just joined us—or missed the news—I’d also encourage you to enjoy some of the new features we introduced in 2014. You can now access six interactive
calculators to help you explore and manage your account, tailor your contributions strategy, select your investments and project your income in retirement. Access them at unisuper.com.au/calculators.

If you’d like to chat with someone in person at your workplace about your super, our on-campus consultants are now servicing over 30 universities. They are available to provide general advice and information about your account and UniSuper benefits. I’m really proud of this service, which has grown since 2013 and has become very popular. We soon hope to service the remaining eight universities. Read more about our on-campus consultants on pages 17 to 19, and check your employer’s website to see if one is available near you.

I hope you enjoy this edition of Super Informed, and wish you an excellent new year.

Kevin O'Sullivan

RECOGNITION FOR UNISUPER
UniSuper was awarded Workplace Super Product of the Year—Deluxe Choice at November’s SelectingSuper Awards.1 The award is given to the best SelectingSuper AAA-rated product for consistency of investment performance, value for money, insurance offering, product features, and overall quality as assessed by Rainmaker’s research team.

What’s it like to manage some of the most significant issues around the assets UniSuper invests in?

Very satisfying, according to Manager, Governance and Sustainable Investment Talieh Williams and Senior Investment Analyst Sarah Angliss, who oversee environmental, social and governance (ESG) issues for UniSuper’s investment options. Read about how they drove the World Bank’s first issue of green bonds into the Australian market and led the recent changes we made to our sustainable investment options on pages 10 to 11.

1 selectingsuper.com.au/awards
On top of his game

As the School Manager of the School of Sport Science, Exercise and Health at the University of Western Australia, no two days are ever the same for UniSuper member Rob Hurn.

My main roles as School Manager are to manage the financial/budgeting issues for my school and Human Resources, managing admin and technical staff and providing advice to my school members. We receive funds for research grants, school operations, outreach programs and other special projects. I consider the financial aspect an important part of my job because if you’re not managing that properly, things can go downhill very quickly.

Sport Science (UWA) gets involved with a lot of interesting projects and has recently been involved with the Hockeyroos [Australia’s women’s field hockey team]. A lot of people in the team were getting knee reconstructions. Although playing hockey is a non-contact sport, it’s a bit like football—you’re taking evasive action to get away from your opponent, twisting your knee, twisting your leg in the wrong direction. Our researchers were able to devise training and techniques to reduce the risk of injury and to analyse the various players’ actions.

We are also very heavily involved in outreach programs. We have quite a lot of disabled kids that come through various exercise and swimming programs. We’ve also taken on children that have had cancer and helped them with exercises and rehabilitation.

As the School Manager, you have to be prepared for anything because there is always something coming out of left field. We are always looking for better ways to do things and new strategies to solve problems. I transferred from another UWA school to come to a school with three swimming
We are heavily involved in outreach programs. For example, we've taken on children that have had cancer and helped them with exercises and rehabilitation.

Being a financial- oriented person, I am quite interested in my super. I like to decide on the mix of portfolios my super (accumulation fund) is invested in. I have done my share of travelling and I’ve seen most of the places I want to see. I don’t really have the desire to hop in a car (with a caravan) and drive all around Australia.

I’m looking forward to a slow transition to retirement while continuing to work for some time to come. I have been at UWA for 38 years in total and I really enjoy the challenge of coming to work and helping other people.

pools. We used to have a dividing fence between our water polo pool and the rest of the pool areas and there was this old brick wall with rusty metal structures above it which made it look like Alcatraz. I was able to arrange funding to pull down the wall, retile our six-lane pool, fix up the surrounding brick paving and refurbish our change rooms. When the brick wall came down, it was like the Berlin Wall coming down; it made a huge difference and I got a lot of satisfaction from those improvements.
In recent months, we’ve seen a lot of media coverage of scandals involving financial advisers linked to the CBA, Macquarie Bank and now the Westpac Group.

We wanted to take this opportunity to explain how UniSuper Advice’s private client advisers (advisers who provide comprehensive financial advice) work, and how UniSuper Advice’s underpinning operating model sets us apart from many of these retail providers.

**FINANCIAL ADVICE: WHAT THE EXPERTS RECOMMEND**

The quality of financial advice has again come under the microscope with the release of the final policy recommendations of the ‘Financial System Inquiry’ (FSI – fsi.gov.au). While the FSI is a broad-ranging inquiry, it follows in the steps of the Ripoll (2009) Inquiry into financial products and services in Australia, and the ‘Future of Financial Advice’ legislation (the former government’s response to Ripoll’s recommendations). The Inquiry’s final report was released last December¹, and among its 44 recommendations relating to Australia’s financial system are measures aimed to “improve standards of financial advice, by lifting competency and increasing transparency regarding financial advice”.²

“The benefits of improving the quality of advice are significant”, it says. “To achieve this, the Inquiry believes that minimum competency standards should be increased and the current Government process to review these standards should be prioritised.”³

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¹ fsi.gov.au/publications/final-report/
STRATEGIC ADVICE: WHERE UNISUPER STANDS
All of UniSuper Advice’s advisers are paid a salary, with the opportunity to earn a bonus depending on the quality of their advice, activity levels and their level of customer service. Our advisers have no incentive to advise members to invest in any particular institution or product. They do not receive any rewards for recommending UniSuper over another fund, nor for encouraging rollovers into UniSuper.

Our private client advisers provide services exclusively to members and their partners, and are required to provide strategic advice focused on greater retirement outcomes for members, and their partners if applicable, who use our advice service. They firstly meet on a complimentary basis with all potential clients to find out the client’s objectives and determine whether they can help.

How our advisers compare to the minimum requirement

ADVISER WITH MINIMUM REQUIREMENTS
- RG146 compliant: To provide general and personal advice in superannuation, advisers must comply with ASIC’s Regulatory Guide (RG) 146.
- No minimum requirement for experience

UNISUPER ADVICE PRIVATE CLIENT ADVISER
- RG146 compliant
- At least seven years’ experience as an adviser
- 90% of our private client advisers are CFP® professionals. This includes:
  - satisfying requirements in respect of the four ‘Es’: ethics, education, experience and examination
  - a minimum of 40 hours of relevant ongoing education per year.

* CFP®, CERTIFIED FINANCIAL PLANNER® are certification marks owned outside the U.S. by Financial Planning Standards Board Ltd. Financial Planning Association of Australia Limited is the marks licensing authority for the CFP Marks in Australia, through agreement with FPSB.
They won’t proceed with advice unless they can be sure their advice will deliver benefits or savings in excess of the advice fee.

We do find that often, given UniSuper’s competitive pricing and top-quartile returns\(^1\), UniSuper is the best option for the client. For our Defined Benefit Division (DBD) members, the complexities are often best understood by our advisers, who are experts on strategies that work with the DBD.

That said, our advisers do sometimes recommend that clients invest outside of UniSuper. If a recommended external super, investment or insurance product generates a commission for the adviser, that commission will be returned to the member in full.

**EDUCATION AND EXPERIENCE**

UniSuper Advice requires its advisers to achieve a high standard of relevant education. Most of our advisers have tertiary qualifications, many in financial planning or related disciplines, and as at 1 February 2015, 90% of our private client advisers have the internationally recognised certification of CFP\(^*\) professionals. To obtain this certification, advisers must satisfy requirements in respect of four ‘E’s’: ethics, education, experience and examination. To maintain the certification, advisers must participate in a minimum of 40 hours per annum of relevant ongoing education.

UniSuper Advice also seeks to employ advisers with a minimum of seven years advising experience and requires membership of a professional association such as the Financial Planning Association.

**QUALITY ASSURANCE**

Every ‘Statement of Advice’ is reviewed before it is presented to a client. We believe it is important to check the advice for technical accuracy, comprehensiveness and clarity of communication before a client receives it. This process ensures that advice is as useful and accessible as possible.

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\(^1\) Past performance is not an indicator of future performance.

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**UniSuper Advice: A Financial Planning Association (FPA) Professional Partner**

By recognising us as a FPA Professional Partner, the FPA recognises that UniSuper Advice is committed to upholding its full suite of professional regulations, which incorporate a set of ethical principles, practice standards and range of professional conduct rules.

To read the FPA Code of Professional Practice and Code of Ethics that their members adhere to, go to fpa.asn.au/standards.

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**MORE INFORMATION**

As well as comprehensive advice, we offer limited, over-the-phone personal advice on up to two issues related directly to your UniSuper account. If you have any questions about our advice services, please contact UniSuper Advice on 1300 331 685 or via email at advice@unisuper.com.au.
Here’s what some of UniSuper Advice’s clients have said...

‘The advice provided by Adam McCarthy was detailed and most helpful as it has been in previous meetings with Adam. I would recommend his assistance to any prospective client.’
_uniSuper member Jim D’Arcy_

‘I was happy with the financial advice, I was confident in the advice I received and found the adviser helpful and professional.’
_uniSuper member Greg Robinson_

‘I dealt with Stephen Henshall at UniSuper in the Perth office. From the moment I met with him, my experiences have been overwhelmingly positive. He has guided both my husband and I through a consolidation of our portfolios, and at all times was there to assist. In fact, he provided assistance in gathering all the forms and seeing the process through to its conclusion. He answered emails and telephone calls promptly and everything was attended to efficiently. I am most grateful of the service provided to me and it was worth every cent. I am only sorry that I did not seek this advice before.’
_uniSuper member Lynne Cohen_

‘A positive experience attending regularly to receive specific advice targeted to individual financial circumstances. I valued the one-on-one interaction that spoke directly to my needs. Overall, a targeted and enlightening service.’
_uniSuper member Bruce Davey_

‘The adviser provided a very comprehensive and informative service. He put a lot of effort into preparing and explaining anything I was unclear about. I was very satisfied with the financial advice experience.’
_uniSuper member Jan Wright_
Meet our Governance and Sustainable Investment team

Talieh Williams and Sarah Angliss from our Governance and Sustainable Investment team give us an insight into their world.

WHAT DO YOU DO AS PART OF UNISUPER’S INVESTMENT TEAM?
We are primarily environmental, social and governance (ESG) specialists and provide technical support to the broader investment team. We make sure ESG issues are considered as part of UniSuper’s investment process across all our options. We also help manage UniSuper’s three sustainable options (Sustainable Balanced, Sustainable High Growth and Global Environmental Opportunities).

UniSuper takes its duty as a responsible investor and good corporate citizen very seriously, and an important part of this is analysing ESG issues across our investments. From our experience, we know that companies which consistently manage their ESG issues well (and are constantly trying to improve), generally perform well over the long term. This can mean a better total return outcome for our members, which is why it’s such an important focus for us.¹

WHAT DOES A TYPICAL DAY LOOK LIKE FOR YOU?
A typical day generally involves considerable research analysis and engagement. Many ESG issues can be highly emotional for various stakeholders, such as coal seam gas and fossil fuels in general. Thus, conducting analysis and meeting with many different action groups and stakeholders can assist in deciphering much of the misinformation around these issues. As fiduciaries we have to be balanced in our assessments.

The ‘engagement’ part of our day can include meeting with directors or chairmen of companies (where UniSuper is a shareholder) on various issues including occupational health and safety performance, executive remuneration and stakeholder engagement.

We also work closely with UniSuper’s Member Services teams to respond to member queries about why UniSuper invests in a particular company. Members are becoming more engaged with this aspect of their super, and we’re getting more and more queries on this topic. We also meet with civil society groups directly to discuss topical issues such as climate change.

We regularly engage with our portfolio managers (internal and external) on their views on ESG risks, and collaborate with our superannuation peers—we know our voice can sometimes make a difference; a united voice even more so.

¹ Past performance is not an indicator of future performance.
What drives you at work?

First and foremost, our members. Our goal is to ensure the ongoing sustainability of member returns by making sure ESG issues are identified and managed appropriately. This can involve significant risk management because if managed poorly, ESG issues can negatively impact investment performance and subsequently, member returns.

We are in the privileged position of working to understand how ESG issues impact the investment portfolio and seeking to drive change within companies and the broader market when we identify issues. We get to work behind the scenes on live issues that people read about in the newspaper and matter to the community. We also get to learn on a daily basis—from the people we work with or the many individuals we meet in doing our jobs—and then apply that knowledge in practice.

We feel very privileged to be part of UniSuper’s strong investment team. The team is very collegiate, highly motivated and deals daily with interesting issues and challenges on behalf of our members. It’s immensely satisfying to be able to take part in the debate and thought leadership essential to remain abreast of all the issues (e.g. ESG) that go with being a large allocator of capital and a fiduciary responsible for our members’ life savings.

Everyone in the team really enjoys their job and believes in what they do—the first question we always ask is: “Is this in our members’ best interests?”

What has been the most satisfying thing you have worked on?

It’s been particularly rewarding this year to introduce refinements to our sustainable investment options. These options are now positioned as industry leaders and respond directly to the expectations and wishes of a number of our members. To be able to offer our members options that contribute positively to society such as through investment in World Bank green bonds (which fund projects that focus on climate solutions as well as alleviating poverty and improving local economies in developing countries) is very rewarding. It demonstrates the commitment of the entire investment team at UniSuper to challenging the status quo and delivering innovative investment solutions to our members.

Learn more

See how UniSuper is committed to investing responsibly and stay up-to-date with the latest investment news by visiting unisuper.com.au/investments, and look at your Benefit statement for how your investments have performed.
Keeping it in the family

It was a busy Sunday afternoon when we visited UniSuper members Ron and Dale Patterson at their home in Perth for our photo shoot. Having returned from church, Ron and Dale’s immediate family—two daughters, son, son-in-law, daughter-in-law and four grandchildren—had assembled at their home for their usual Sunday lunch.

Dale (‘Grandale’ to her grandchildren) said: “This is a normal day for a Sunday. We’re just more dressed up!” As the photographer shot images of another Sunday tradition—playing together in the nearby park—it was clear that having the opportunity to spend more time with their family is one of the perks of retirement for Ron and Dale.

“We’re fairly family oriented anyway, but now that we’re retired, we spend a lot of time with our grandchildren. Our extended family’s pretty spread out over Western Australia, so, we also spend more time travelling to see them in the country”, said Ron, who worked at Curtin University for over 40 years as a Senior Systems Engineer (Computer Networking) prior to his retirement.

Two years later, at a seminar on retirement planning, Ron realised it was worth investigating spouse accounts further.

“I didn’t think about it very much at the time because my wife’s super was being paid into another fund and neither of us was looking at retirement then”, he said.

Ron’s journey to retirement is a reminder of how life doesn’t always go as expected. His original plan was to retire at 65, but a change in his work situation saw him retire three years earlier.

“It made sense to me to have one organisation look after our combined finances”, he said.

Two of the big attractions of UniSuper are its relatively low management costs and good returns on investments. I had super with another company, as my wife did, and UniSuper showed better returns on investment.”

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PLANNING FOR RETIREMENT

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“I wanted a pension payment not only for myself, but also for my wife. By setting up a UniSuper Spouse Account, I could consolidate my funds and set up two UniSuper Flexi Pensions to provide the necessary income streams for us going forward.”

Ron says that while there was “a bit of messing around” with paperwork, overall the way the process was handled went very well.

“Once the accounts were operational, everything settled down and we now receive fortnightly payments,” he said.

With their finances sorted, and their health in “reasonable shape”, Ron and Dale are now enjoying their retirement—with their family, of course!

MORE INFORMATION
To find out more about UniSuper Spouse Accounts, go to unisuper.com.au/spouse, or see the Spouse Account Product Disclosure Statement.
Retirement income streams
— cutting through the noise

If you’re approaching retirement, you’re probably increasingly aware of the barrage of retirement income stream ads trying to sell you a silver bullet solution for a comfortable retirement.

Despite all the promises of golden eggs, blue-sky, storm-free days allowing you to cruise in your roadster, the reality is when it comes to converting your accumulated superannuation benefit to a retirement income stream, there are two main pension products available: account-based pensions and annuity-style income streams. This article provides a plain-English overview of these two options.

ACCOUNT-BASED PENSIONS: CHOICE AND CONTROL
Also known as ‘allocated’ pensions, account-based pensions are a common way for retirees to invest their retirement savings and receive regular payments. They allow you to choose the way your pension is invested and also give you the flexibility to change the amount of regular income you receive (within minimum and, in some cases, maximum levels set by law) and to make additional withdrawals from your account if needed.¹

CHARACTERISTICS OF ACCOUNT-BASED PENSIONS
Once you’ve established your account-based pension, the value of your account moves up and down based on performance of your investment options, fees and how much you’re withdrawing. UniSuper’s Flexi Pension is an account-based pension. Your pension will continue until your account balance is exhausted or you close your account.

Any remaining balance in an account-based pension can revert to one of your dependants (e.g. your ‘spouse’—as defined by superannuation law) as an income stream or be paid as a lump sum to your dependant(s) or legal personal representative (of your estate) if you pass away.

¹ If you take an account-based pension under transition to retirement (TTR) rules, you can only make additional withdrawals under very limited circumstances.
ACCOUNT-BASED PENSIONS MIGHT APPEAL IF: | THEY MIGHT NOT BE YOUR PREFERENCE IF:
--- | ---
✔️ I like the idea of regular income payments which I can vary (within minimum and, in some cases, maximum levels set by law) as my circumstances change.
✔️ I like the flexibility of being able to select and vary my pension investments.
✔️ I can access my funds and even close down my pension if I need to.

ANNUIITY-STYLE INCOME STREAMS MIGHT APPEAL IF: | THEY MIGHT NOT BE YOUR PREFERENCE IF:
--- | ---
✔️ I like the idea of fixed regular income payments.
✔️ I don’t want to worry about managing my income stream and investment market volatility concerns me.
✔️ I’m concerned about exhausting all of my superannuation benefit before I pass away.

ANNUITY-STYLE INCOME STREAMS: REGULAR PENSION PAYMENTS AT A FIXED RATE

Annuities or annuity-style income streams provide regular pension payments at a fixed rate, commonly indexed each year for a fixed term or for life, regardless of the performance of investment markets.

CHARACTERISTICS OF ANNUITY-STYLE INCOME STREAMS

These income streams can be purchased using superannuation money or ordinary money; however buying one with super money may be a tax-effective approach. Our Commercial Rate Indexed Pension is one example of this type of income stream.

Annuities offer regular pension payments for the rest of your life or for a fixed term. They may allow the pension to revert to your spouse if you pass away. Some annuities may provide some or all of your money back at the end of the fixed term or on your death (known as a residual capital value or RCV) or pay no money back at all (known as nil RCV). You might also be able to have your income stream indexed annually (i.e. increased) in line with CPI or another figure.
Income stream providers consider the characteristics of their annuity, the amount you are investing, their current expectations for interest rates and investment markets and their fees and costs before quoting how much annual income they can pay to you.

You’ll need to consider their offer carefully and decide whether this income is sufficient or whether the characteristics of the offer are suitable for you. Once you’ve accepted their offer, there is very little left for you to do. Pension payments will be made into your bank account as per the terms of the annuity and regardless of investment market performance. The income stream provider will then manage your money from that point forward, and the risk you bear is limited to that provider’s default.

Once you’ve made a commitment to this type of product, your funds are pretty much locked in. You might have a small window after your annuity starts to withdraw lump sums. Once that window closes, further withdrawals (apart from your regular payments) aren’t possible unless the product you choose allows it.

At UniSuper, we don’t believe in a silver bullet that can ‘guarantee’ the best outcome for funding your retirement. There are lots of features on offer with both annuity-style and account-based pensions. These can be confusing and costly if the wrong choice is made. They can also impact your tax position and Centrelink entitlements.

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**UniSuper Advice can help**

If you are approaching retirement and starting to wrestle with these issues, we strongly encourage you to seek professional financial advice. A short appointment with a well-informed adviser could improve your financial outcomes for the many years to come.

Our highly qualified and experienced advisers operate Australia-wide and provide professional advice motivated exclusively by what is best for you.

If you’re interested in discussing your circumstances with an adviser, please call us on **1300 331 685** or email advice@unisuper.com.au.
After successfully launching our first on-campus service in October 2013, our network of on-campus offices and consultants has grown dramatically. At the time of writing, on-campus consultants were servicing over 30 universities across the country, representing more than 100,000 members.

Retirement planning, making extra contributions, understanding your insurance… Have you ever felt confused about super and wished you could sit down and chat with someone in the know who can explain the facts and give you some general advice? Well, you can! On-campus consultants are here to help.

It is expected that by mid-2015, an on-campus consultant will be available to UniSuper members at all Australian universities through either a permanent presence on campus, scheduled on-site appointments, or the use of technology such as video conferencing.
THE STORY SO FAR
We launched our first on-campus service in late 2013. The concept started with just one consultant shared between University of Technology (Sydney) and the University of Sydney to help employees with a variety of super-related queries.

Lee Surace was that first on-campus consultant, and is still in the role. “I didn’t know what to expect when I went out on campus. Was I going to be sitting there waiting for people to come and see me? It was more people just wanting to understand a little more about their super. It’s been wonderful.”

The overwhelming success of the on-campus service in Sydney led to a roll out of on-campus offices Australia wide.

“We are so incredibly proud of how this service is being embraced by our members and how far it’s come in just over 12 months”, says Jack McCartney, Executive Manager, Advice & Employer Relationships.

And no task is too small for our on-campus consultants, as a very senior staff member at UNSW discovered when he popped into the on-campus office to meet with UniSuper’s Lachlan McLean.

“Dear Lachlan”, he emailed after the meeting. “Thank you very much for your expert help and assistance in helping me to understand my UniSuper statement today! I also really appreciated your time, patience and skill in using plain English to demystify it all for me. It all makes sense now. I feel really relieved and reassured, thanks to you!”

BECAUSE IT’S EASIER TO TALK TO SOMEONE FACE-TO-FACE
So whether you’ve got general super queries or you’re just wondering about our products or services, why not contact your on-campus consultant?

Your on-campus consultant can:
• provide information about your membership
• explain how to set up access to your account online
• help you understand super contributions and caps
• give you general information about how to make additional contributions, salary sacrifice or combine your different super accounts
• help answer general questions about our forms or paperwork.

FINDING US
You can find your nearest on-campus consultant on our website at unisuper.com.au/employers/universities or go to your dedicated university webpage for further details.

Don’t have access to an on-campus consultant at your workplace? Help is still at hand. If you’re after general advice or would like to arrange an appointment with one of our UniSuper financial advisers, you can call UniSuper Advice on 1300 331 685 between 8.30am and 5.30pm Monday to Friday (Melbourne time).

You can also visit our website unisuper.com.au for upcoming live webinars, view a list of seminars available to you, or call 1800 331 685 to speak to a member services consultant.
UniSuper member Michael Arkins first heard about the on-campus office at his university from a contact in Human Resources. Wanting to have a general discussion with someone in the know about his impending retirement and the options available to him, he arranged a meeting with on-campus consultant Tricia Bailly.

“Tricia has a very warm personality and made us [my wife and I] feel immediately at ease”, said Michael.

“We went through the UniSuper Flexi Pension booklet and received answers to general questions in a very pragmatic and illustrative manner. At no time did Tricia give us advice and was at pains to emphasise this. We didn’t do anything we hadn’t already decided to do, that is set up a Flexi Pension. More importantly we came away happy that we could trust UniSuper and had faith in their professionalism. If not for Tricia, and, obliquely, [UniSuper financial advisers] Derek and Greg, we would have felt like another small fish in a big UniSuper Pond.”
Changes to super

Legislative update

REGISTER OF FINANCIAL ADVISERS
The Government has announced that it will establish an enhanced, industry-wide public register of financial advisers that will include details such as:

- name, registration number, status, and experience
- qualifications
- licensee, previous licensees/authorised representatives and business name
- the product areas the adviser can provide advice on
- any bans, disqualifications or enforceable undertakings
- details around ownership of the financial services licensee and, where applicable, disclosure of the ultimate parent company.

At this time, the register is expected to be up and running by March 2015.

CHANGES TO EXCESS CONCESSIONAL CONTRIBUTIONS CAP
The Australian Tax Office (ATO) began sending excess concessional contributions assessment notices in November 2014 to affected members.

As advised in previous editions of Super Informed, from 1 July 2013, those who exceed their concessional contributions cap will have the excess amount included in their assessable income, and taxed at their marginal tax rate, plus an interest charge.

If you are affected by this change, you can choose to release up to 85% of your excess contributions from your accumulation account/component. If you choose to release an amount, the ATO will issue your nominated super fund with an excess concessional contributions release authority. We will then process the request and pay the amount to be released to the ATO.

UniSuper update

CHANGE TO ELIGIBILITY FOR TRANSITION TO RETIREMENT (TTR) FOR DBD MEMBERS
Due to the recent improvement in the financial position of the DBD, we have removed the requirement that DBD members who have attained preservation age reduce their work hours by 20% before using their defined benefit component to invest in a Flexi Pension as part of a TTR strategy.

The latest actuarial report—released November last year—confirms that the Vested Benefit Index is over 100% as at 30 June 2014. For more details, see the DBD update at unisuper.com.au/dbdupdate.

ENHANCING DIVERSIFICATION FOR OUR SUSTAINABLE OPTIONS
In the August 2014 edition of Super Informed, we announced coming changes to our Sustainable Balanced and Sustainable High Growth investment options. Among other changes announced, we’ve started using a customised Dow Jones Sustainability World Index (DJSI) and Dow Jones Sustainability Australia Index (DJSI Australia) to exclude companies with material exposure to tobacco, alcohol, gambling, weapons and fossil fuel exploration and production (as assessed by a third party).
As a result of customising the DJSI Australia for UniSuper, the number of Australian companies in which the sustainable options may invest is reduced.

To enhance diversification within the Australian Shares allocation for the portfolio, UniSuper may choose to include additional companies from the S&P/ASX 200 Index in the sustainable options, provided such companies rank highly according to a sustainability assessment. At all times, the majority of the Australian portfolio in which the sustainable options invest will be comprised of companies included in the DJSI Australia.

**DEFAULT DRAWDOWN ORDER**

When we introduced our Diversified Credit Income investment option on 1 September 2014, we also changed the default drawdown order of our options. If you are a pension member and are receiving regular payments or lump-sum withdrawals, please be aware that the default drawdown order that has applied since 1 September 2014 for members who haven’t made a choice about which options their payments or withdrawals are made from is:

1. Cash
2. Australian Bond
3. Capital Stable
4. Conservative Balanced
5. Diversified Credit Income
6. Balanced
7. Sustainable Balanced
8. Growth
9. High Growth
10. Sustainable High Growth
11. Listed Property
12. Australian Shares
13. International Shares
14. Global Environmental Opportunities
15. Australian Equity Income, and

Effective 1 September 2014, we also re-named the Socially Responsible Balanced and Socially Responsible High Growth investment options as Sustainable Balanced and Sustainable High Growth respectively.

Amendments to the UniSuper Regulations were made to give effect to the introduction of the Diversified Credit Income option and changes to the names of our sustainable investment options.

**Important updates**

The following other amendments have been made to the UniSuper Trust Deed and Regulations, which together govern how the fund operates.

**CLARIFY THE PROVISIONS FOR THE PAYMENT OF DISABLED CHILD PENSIONS ARISING FROM THE DEATH OF PARTICULAR DBD MEMBERS – EFFECTIVE 3 JANUARY 2015**

UniSuper’s Trust Deed provides for the payment of disabled child pensions through the DBD where the DBD member was still working for a UniSuper participating employer at the time of their death. Previously, the pension payable to the disabled child was calculated as a percentage of the pension that the member would have been entitled to receive at age 65.

To allow for the possibility that the member may work beyond age 65, the provision was amended to ensure that, where the member dies after age 65, the disabled child pension will be calculated as a percentage of the pension the member would have been entitled to at that age.
REFLECT THE REMOVAL OF INBUILT DEATH, TERMINAL MEDICAL CONDITION, DISABLEMENT AND TEMPORARY INCAPACITY BENEFITS (‘INBUILT BENEFITS’) FOR ACCUMULATION 2 MEMBERS – EFFECTIVE 3 JANUARY 2015

In October 2014, we wrote to Accumulation 2 members to notify them of the transition of their inbuilt death, terminal medical condition, disablement and temporary incapacity benefits—which are self-insured by UniSuper—to an externally insured arrangement with TAL Life Limited (TAL) from 3 January 2015.

This transition occurred as a result of the Government’s Stronger Super reforms that mean super funds can no longer self-insure inbuilt benefits for Accumulation 2 members. As a result, the inbuilt benefits of Accumulation 2 members ceased on 3 January 2015 and transitioned to Death, Total and Permanent Disablement (TPD) and Income Protection cover through our external insurer, TAL.

To reflect this transition, UniSuper’s Trust Deed and Regulations have been amended to delete references to the inbuilt death, terminal medical condition, disablement and temporary incapacity benefits (collectively referred to as inbuilt benefits) for Accumulation 2 members.

To find out more about these and other related changes, see unisuper.com.au/insurance/my-insurance, or the relevant product disclosure statement (PDS) available at unisuper.com.au/pds.

CLARIFY THE DEFINITION OF SALARY FOR DBD AND ACCUMULATION 2 MEMBERS – EFFECTIVE 3 JANUARY 2015

Contributions payable regarding DBD and Accumulation 2 members are paid as a percentage of the member’s ‘salary’, and components of the DBD formula are also based on the definition of ‘salary’. The definition of ‘salary’ in the Trust Deed has been re-formatted to make it clearer, while retaining the original meaning.

A number of other housekeeping type amendments were made to the Trust Deed to:

• remove redundant provisions
• correct typographical errors
• insert missing headings
• correct out-of-date legislative cross-references.

TO INCORPORATE THE ‘CLAUSE 34’ DECISION TO CHANGE THE DEFINITION OF ‘BENEFIT SALARY’ IN RESPECT OF THE BENEFIT PROVISIONS OF AFFECTED DBD MEMBERS – EFFECTIVE DATE 1 JANUARY 2015

Under Clause 34 of the Trust Deed, on 25 July 2013 the Board made a decision to reduce the rate at which DBD benefits accrue on and after 1 January 2015. These changes were explained in a letter from the Trustee dated 1 August 2013. Amendments have been made to the UniSuper Regulations to reflect these changes.

REFLECT VARIOUS FEES AND COST CHANGES – EFFECTIVE 1 JANUARY 2015

The Regulations have been amended to reflect the Trustee’s decision to make the following fee changes:

• reduce the switch fee for the second and any subsequent switch in a financial year for DBD, Accumulation 1, Accumulation 2, Spouse Account and Flexi Pension members from $20 to $16.50. The first switch in a financial year remains free.

• change the frequency at which the administration fee for Accumulation 1, Accumulation 2 and Spouse Account members is deducted, from quarterly to monthly.
increase the administration fee for the Defined Benefit Division from $213 p.a. to $218 p.a. and the Defined Benefit Indexed Pension and Commercial Rate Indexed Pension from $289 p.a. to $296 p.a.

For information on other fees and costs that apply to your product type, please see the relevant product disclosure statement, which is available at unisuper.com.au/pds or by calling 1800 331 685.

CLARIFY THE GOVERNING RULES THAT APPLY TO THE PAYMENT OF TEMPORARY ALLOWANCES TO DBD AND ACCUMULATION 2 MEMBERS – EFFECTIVE 18 APRIL 2015

Under the UniSuper Trust Deed, temporary allowances are treated differently to other salary in the formula used to calculate the benefits of DBD members—while the allowance is excluded from the member’s benefit salary, it increases the member’s service fraction. This is to ensure that members get fair but not disproportionate benefit from allowances paid over relatively short periods within their membership.

The Trust Deed empowers the Trustee to determine whether allowances are temporary in nature, and provides that allowances to be paid for periods of less than five years are generally temporary allowances. The UniSuper Regulations have been amended to clarify how the Trustee will apply these rules.

The amendments clarify that the nature of an allowance is to be assessed at the commencement of the allowance, and is considered a temporary allowance where:

- it is stated to be payable for a fixed term of less than five years, or
- no fixed term of payment is stated but it is expected to be payable for a period of less than five years (e.g. because it is linked to the performance of a temporary task or temporary relocation to a particular area, which are expected to last for less than five years).

Allowances which have been reasonably assessed by the Trustee to be temporary allowances at commencement will not be re-assessed retrospectively with the benefit of hindsight if it transpires that the allowance is paid for longer than five years.

Allowances which are to be paid for the duration of a member’s employment will not be treated as temporary allowances just because the term of employment is less than five years.

These changes do not affect the rules applying to pre-retirement contracts.

MAKE REGULATION CHANGES OF A HOUSEKEEPING NATURE – EFFECTIVE 1 SEPTEMBER 2014

These changes include:

- updating the description of the interest rate charged on late employer contributions
- clarifying the Regulation that applies to the commutation of pensions
- correcting outdated references to legislative provisions.

INTERESTED IN READING OUR ANNUAL REPORT?

Our annual report details our investment returns, assets, investment managers, financials and Board details for the 2013/14 financial year. If you’d like a copy, go to the ‘Forms and Documents’ section of our website at unisuper.com.au/forms-and-documents.