Lutheran Super
You're valued

Your 2014 super update

Consolidate your super online today

If you have more than one super account, consolidating your super into your Lutheran Super account may save you by paying just one set of fees, as well as simplifying your super savings with only one account to keep track of. Taking a few minutes to bring all of your super together now could make a difference in the future.

You can consolidate online today; no hassles or paper forms.

How do I get started?

You'll need details of the accounts you wish to bring together – you can find these on your previous fund's benefit statement:

- The fund name or ABN
- Your membership or account number.

If we don't hold your tax file number (TFN) you won't be able to make an online rollover request. You can check (and update) your TFN on the **Your current details** page after you have signed into your Lutheran Super account.

Rollover in five easy steps

- **Sign in** to your Lutheran Super account and navigate to the **Contributions> Rollovers/Transfers in** page.
- Search by **Fund name** or **Fund ABN**, select the fund you want and click **Next Step**.
- Enter your **membership** or **account number** from your previous fund.
- Specify how much you'd like to rollover – the whole account balance or a partial amount – and make sure you've read and understood the **Important information**, then click **Next Step**.
- Review details of your request before clicking **Submit**.

Once you've submitted your request, you'll receive a receipt number showing details of the request. We'll let you know when your request is complete.

Inside you'll find:

- Consolidate your super online today
- Changes to the contributions caps from 1 July 2014
- Superannuation Guarantee rate increases
- Women and super – the gap widens
- Making the most of your super with a transition to retirement income stream
- Daunted by money decisions? Might be time to get some advice
- Investment market round up
- Have a question?

When your consolidation has been processed, you can see your consolidation history by signing in to your online account.

That's it. Simple. If you have more than one super account to rollover, you'll need to submit a request for each account.

What if I've lost track of my other super?

You can check whether you have lost super or unclaimed money by registering through the **Check your super** page in the **Super** section of the Australian Taxation Office (ATO) website. You'll need your TFN to complete a search. Go to **www.ato.gov.au> Individuals> Find your lost super** and register your details. You can also request a search over the phone by calling the ATO on **13 10 20** during business hours.

Once the ATO has verified your details, you'll receive a list of all your super funds that have your TFN recorded against them and any unclaimed or lost money that the ATO holds for you. If no records are found, you'll also be notified.

If other super account balances are found and you want to transfer them, you can complete an online rollover request through SuperSeeker to transfer it into your Lutheran Super account or do it through the Lutheran Super website. If the search finds unclaimed super in your name, SuperSeeker also provides information on how to claim it from the ATO.

For help with consolidating your super, call the Lutheran Super Helpline on **1800 635 796**.

Changes to contribution caps from 1 July 2014

Limits apply to the amount of contributions that can be made to super each year depending on your age. If the limits are exceeded, extra tax applies to your excess contributions. The before-tax contribution cap (often referred to as the concessional contribution limit) increased from $25,000 to $30,000 from 1 July 2014 for individuals under the age of 50. Before-tax contributions include employer and salary sacrifice contributions.

The higher before-tax contribution cap of $35,000 a year now applies anyone aged 50 or over as at 30 June 2015.

The after-tax contribution cap (or the non-concessional contribution limit) also increased from 1 July 2014 to $180,000 a year or $540,000 over three years under the 'bring forward' rules.

Table 1 shows the change in the caps for this financial year.

Table 1: Annual contribution caps

Before-tax contribution cap	Limit per financial year	
	2013/14	2014/15
Standard limit	$25,000	$30,000
People aged 50 – 59[1]	$25,000	$35,000
People aged 60 or over[1]	$35,000	$35,000
After-tax contribution cap		
Standard limit	$150,000	$180,000
Bring forward limit over three years	$450,000	$540,000

[1] Ages are based on your age as at the end of each financial year i.e. in respect of the 2014/15 financial year, you will be age 50 – 59, or 60 or over as at 30 June 2015.

Superannuation Guarantee rate increases

The minimum rate at which employers must pay compulsory contributions under Superannuation Guarantee (or SG) rules increased on 1 July 2014 from 9.25% to 9.5%.

Under the federal Government's proposal, this rate will remain the same until 30 June 2021. After this date, the rate is due to increase by 0.5% each year until it reaches 12% from 1 July 2025. The revised SG increases are shown in Table 2.

Table 2: Revised Superannuation Guarantee increases

Period	SG rate
1 July 2014 to 30 June 2021	9.5%
1 July 2021 to 30 June 2022	10.0%
1 July 2022 to 30 June 2023	10.5%
1 July 2023 to 30 June 2024	11.0%
1 July 2024 to 30 June 2025	11.5%
From 1 July 2025	12.0%

In light of these SG rate changes you may want to review your super generally which may include whether to make any additional super contributions. If you're unsure how much super you will have at retirement and how long it will last, use the Retirement planner under the Planning tools section on the Fund's website, www.lutheransuper.com.au. For advice about making additional contributions, you can speak to a licensed financial adviser at no cost over the phone by calling the Lutheran Super Helpline on **1800 635 796**.

Women and super – the gap widens over time

Did you know that research shows that women retire with only 59% of the super savings of men?[1]

While career breaks contribute to this shortfall, as well as women caring for children or elderly parents, often the difference in pay between men and women also compounds the issue. This has ramifications not only for women but the Australian economy as a whole.

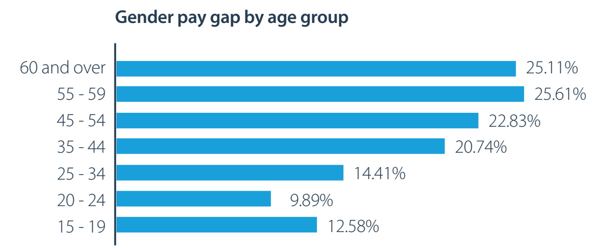
Some facts and figures

A woman working full time, earning an average salary, with no interruptions or career breaks, will have $207,181 less super at retirement than a man in exactly the same situation[1]. If career breaks are factored in, this gap widens.

Research suggests that the difference in super balances at retirement between men and women has less to do with savings, or time spent in the workforce than with the pay gap between men and women. Many factors influence the pay gap – which is currently 17.5% – but the main one is that in many instances, men and women aren't paid the same amount for the same work[2].

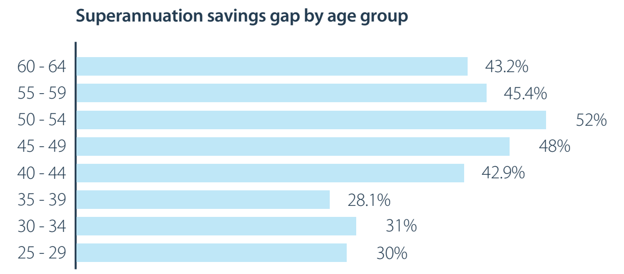
Graphs 1 and 2 show how the wage gap becomes more pronounced as women age especially after age 35, as does the impact on super savings.

Graph 1



Gender pay gap based on mean weekly earnings of full-time employees in main job, by age group and by sex: ABS (2012), *Employee Earnings, Benefits and Trade Union Membership, Australia, August 2012*, cat No. 6310.0 viewed at September 3, 2013 *http://www.abs.gov.au/ausstats/abs@.nsf/mf/6310.0*

Graph 2



Source: Clare, R (2011), *Developments in the level and distribution of retirement savings*, ASFA Research and Resource Centre, *http://www.superanuation.asn.au/ArticleDocuments/116/rc1109-LevelAndDistributionOfRetirementSavings.pdf.aspx*

Source: https://www.wgea.gov.au/sites/default/files/20130905_FS_gender_pay_gap%20_by_age.pdf

Whilst universal change is required to address the pay gap, at an individual level women can carefully consider their own financial situation and what they can do to improve their financial situation in retirement.

So what can you do?

Speaking to a financial adviser can be a great first step in looking at ways to increase your super savings. All Lutheran Super members have access to personal financial advice at no cost over the phone through the Helpline.

Additional contributions (within the annual limits) may be beneficial, regardless of whether you're male or female.

It's easy to put off taking action, but the figures are sobering. Research conducted by Deloitte[3] suggests that to achieve a comfortable retirement[4] women may need to put away an additional 7.5% in contributions to super over their working lifetime, compared with men, who may need to be putting away an additional 5.4% over their working lifetime. According the ASFA Retirement Standard[4], a comfortable retirement requires a lump sum of $510,000 for a couple and $430,000 for a single individual assuming some age pension payments are received.

Let's take the example of Judy, age 40. She earns $70,000 a year and makes a 7.5% additional before-tax super contribution on a monthly basis that adds $371.87 into super after contributions tax has been deducted. However, as super is only taxed at a rate of 15%, and her contribution is made before-tax, the reduction to Judy's take home pay is only $295.31, or just over $68 a week. If Judy contributes until age 65, she will add an extra $111,561 in contributions alone in her super over 25 years. If Judy's super earns an average of 5% a year over this time, her extra contributions could add more than $186,000 to her retirement savings. Of course investment returns may be positive or negative and there is no guarantee that Judy will earn an average of 5% a year on her investments. Not everyone can afford to salary sacrifice this much every week but it helps to show the impact extra contributions can have. Even small amounts may add up over time. You should seek financial advice to see if making additional voluntary contributions is right for your own personal circumstances.

Compare the benefits of making before-tax salary sacrifice contributions and after-tax contributions using the Salary sacrifice/co-contributions calculator on the Lutheran Super website. If you'd like advice about putting extra payments to your super, you can call the Lutheran Super Helpline to speak to a licensed financial adviser at no cost.

1. *Women's SuperSummit Report*, AIST, Women In Super, February 2014
2. *What's choice got to do with it?* The Australia Institute, Prue Cameron 2 August 2013 http://www.tai.org.au/content/whats-choice-got-do-it-0
3. *Dynamics of the Australian Superannuation System The next 20 years: 2013 – 2033*, Deloitte Actuaries & Consultants, September 2013)
4. *ASFA Retirement Standard*, December quarter 2014 https://www.superannuation.asn.au/resources/retirement standard

Making the most of your super with a transition to retirement income stream

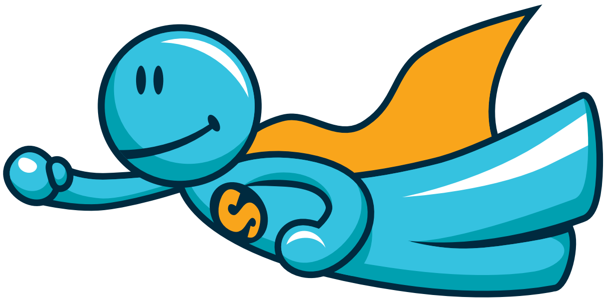
If you're aged 55 or older, still working and want to make the most of your super, a transition to retirement income stream (TRIS) offers flexibility and some attractive tax benefits.

How does a TRIS work?

Generally, a TRIS gives you the option to maximise before-tax super contributions (up to annual limits) using a salary-sacrifice arrangement while replacing this income with a more tax effective income in the form of a super pension.

Depending on your individual circumstances and your retirement and savings goals, there are three ways a TRIS can be used:

1. To provide extra income while working the same hours (which can be helpful to accelerate debt repayment before you stop work)
2. To maximise before-tax super contributions (and tax benefits) while maintaining your income
3. To maintain your income while reducing your working hours as you move into your retirement.



A TRIS works in the same way as an account based pension, except that it cannot be cashed out as a lump sum. Your payment amounts must also be within specified minimum and maximum amounts based on your age.

There are no restrictions on work hours or how much you earn.

To start a TRIS with Lutheran Super, you will need to use some of your existing super account balance (with a minimum initial investment of $50,000).

What are the advantages of a TRIS?

If you are aged 60 or over, TRIS payments are tax-free.

If you are between age 55 and 59, some portions of your TRIS payments may also be tax free depending on the components of your super. However, the taxable portion of your payments is taxed at your marginal rate but you receive a 15% tax off-set. Another key advantage is that the investment earnings on a TRIS are tax-free, compared with investment earnings on your super which normally attract up to 15% tax.

In many cases, this means you pay less tax on the income you receive from a TRIS than you would on the same income from salary, which makes using a transition to retirement income stream a tax-effective way to boost your super balance or reduce your working hours.

Seek advice from a financial expert

If you would like to start a TRIS, you need to determine whether it is appropriate for your circumstances. There are many things to consider to be sure you have structured your transition to retirement income stream to suit your personal financial goals and circumstances.

This is when advice from a retirement expert is important, so we recommend that you seek guidance from a licensed or appropriately authorised financial adviser before you start. For more information, you can speak to a financial adviser over the phone at no cost by calling the Lutheran Super Helpline.

For more detailed financial advice, Johnston Grocke can assist you with Lutheran Super's TRIS and can help you to determine whether it is the right approach for you. They will also help to structure your TRIS to achieve the outcomes you want.

For an appointment to meet with a financial adviser, call **1800 007 920** or email lutheransuper@jgg.com.au for more information.

Daunted by financial decisions? Might be time to get financial advice

The financial decisions you make now can have a major impact on your lifestyle in retirement – and the age at which you can choose to stop working.

You may be looking to boost your super savings, or get a better understanding of your financial situation and how to juggle multiple financial commitments to make sure you are as comfortable as possible. It may be a great time to get professional advice and set a plan to make your money work hard for you both now and in the future.

We are delighted to offer you access to a range of financial advice services.

Advice through the Lutheran Super Helpline at no cost

Simple advice about your super is available to you as a Lutheran Super member on a range of common questions such as:

- Should I make additional contributions and should this be from before or after tax salary?
- What is the right investment option for me?
- Do I have the right level of insurance cover?
- How am I tracking for retirement? How much will I be likely to have in retirement?

Call the Helpline to speak to an adviser. There is no cost to you for simple advice.

Want more detailed advice?

If you're looking for more comprehensive personal advice, then you can make an appointment with Johnston Grocke.

The licensed financial advisers at Johnston Grocke can help you with wealth building strategies, effectively transitioning to retirement, how to manage your money if you're looking at buying a property, or even taxation advice.

Their role is to advise members on how to achieve the best possible outcome for them.

Email lutheransuper@jgg.com.au for more information or call **1800 007 920**.

Not sure what type of advice you need?

If you are not sure about the kind of advice you need, then simply call the Lutheran Helpline on **1800 635 796**.

Investment market round up

December capped off an eventful year in financial markets, with the key theme being a dramatic fall in oil prices, down 18.9% in December alone. One year ago, this would've seemed almost unfathomable. A sample of forecasters taken by Bloomberg at the end of 2013 showed the median oil price forecast for the end of the 2014 was $95.30, with the range varying from $70 to $114, all way off the $53.45 closing price per barrel.

Lower oil prices are a benefit for consumers and many producers, but unwelcome for energy companies, and energy exporting countries. Australia is exposed to both of these factors, though overall, we expect to benefit from this trend.

Elsewhere, 2014 was broadly a positive year for markets, though economic divergence became apparent as we progressed through the year. While early in the year, many were debating whether slowing growth in the US in the first quarter were signs of a stalling recovery, or just due to severe winter, it became clear that it was the latter, as strong gains continued to be made in the labour market, and US growth accelerated to a very healthy pace through the remaining three quarters.

While growth in the US improved and exceeded expectations, other major economies were less fortunate. Europe continued to battle deflation and weak demand, while Japan's recovery was taken off track by a 3% increase in the Consumption Tax (like the GST) and Chinese growth decelerated.

Emerging markets fared (much) better than some had forecast at the beginning of the year, with a common view at the time that many emerging markets were heading for a crisis. Only Russia has come close, though in circumstances very different to those many had earlier conceived.

The diverging economic trends between Australia and the United States, combined with falling commodity prices and narrowing interest rate spreads, also led to the Australian dollar falling further in 2014, down 8.5% (versus the USD). While this is something we had been expecting for most of the year, the dollar actually rose early in first quarter, before remaining relatively steady until September, when it began a strong downward trend, falling through to year end. It is worth noting that much of the depreciation was due to US dollar strength, with the US dollar ending the year higher against all major currencies. On a trade weighted basis, the Australian dollar only declined around 3.5%, as it gained against the Euro and Yen, though depreciated against the Pound and New Zealand dollar.

Looking ahead

Looking to the year ahead, it is interesting to note how many investors have almost identical outlooks as they did at the start of 2014, anticipating further gains for US shares and the US dollar, challenges for emerging markets and economies with large commodity exposures like Australia, and higher bond yields. In some respects, there is a sense of déjà vu as so many 2014 outlooks carried the same themes. Many of these did prove correct, such as higher global equities and a lower Australian dollar, while oil price and bond yield forecasts were clearly wrong. Fortunately we were on the right side of many of these developments in 2014. Nevertheless, markets are always changing, so we look forward to another challenging and hopefully rewarding year ahead.

Source: *December 2014 capped off an eventful year in the economy & markets*, Russell Clarke, 11 January 2015 Australian investment management snapshot, http://blogs.mercer.com/InvestmentsPortfolioManagementSnapshotAustralia/Lists/Posts

Have a question?

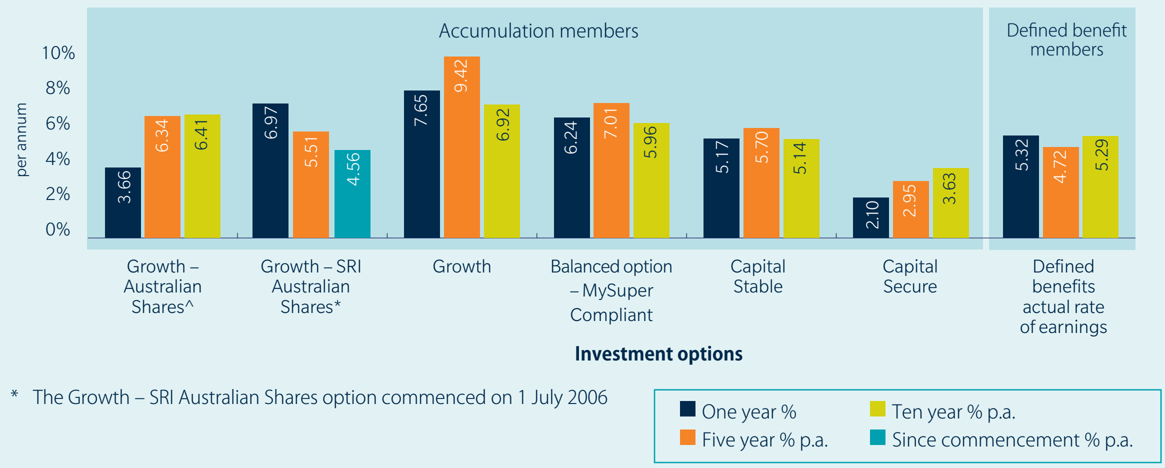
If you need assistance with your super or would like to speak to a financial adviser for limited personal advice, call the Lutheran Super Helpline on 1800 635 796. Or visit the website, www.lutheransuper.com.au for latest news, information and investment updates.

You can also send a query online by visiting the website, clicking the 'Contact us' tab and completing the online enquiry form.

Lutheran Super performance to 31 December 2014

The following graphs show the investment performance, after tax and fees, for all the Lutheran Super investment options for one, five and ten years to 31 December 2014. Graph 1 shows returns for members with superannuation accounts and graph 2 shows the returns for account-based pension.

Graph 1: Lutheran Super investment returns to 31 December 2014 for superannuation members



* The Growth – SRI Australian Shares option commenced on 1 July 2006

Graph 2: Lutheran Super investment returns to 31 December 2014 for pension members

Lutheran Super pension investment options became available from 1 July 2008, so the ten year average returns are not available. The average annual returns for one, five years and since commencement are shown.