



# SA METROPOLITAN FIRE SERVICE SUPERANNUATION SCHEME

Spring 2011

## SUPER INFO

*This Newsletter is issued by SA Metropolitan Fire Service Superannuation Pty Ltd ACN 068 821 750,  
99 Wakefield Street, Adelaide 5000.*

**Welcome** to the Spring 2011 edition of Super Info.

### Are your affairs in order?

Death or serious injury is not something we like to sit and contemplate but by planning now you can save a lot of heartache for your loved ones.

The term 'estate planning' might sound like you need to be wealthy, but you don't need to be rich to plan for the future.

A good estate plan covers not only the money and assets you leave behind but also details things such as a guardian for your children and what should happen to you if you become incapacitated.

### Create a Will

The most common part of an estate plan is a Will. A Will can include items of:

- financial value – houses, cars, shares or cash;
- sentimental value – books, furniture or photos;
- guardianship for your children.

A Will is important because without it, your estate may be divided in a way you had not planned. For example, if you die without a Will and have a spouse and children, your spouse won't necessarily get your complete estate.

### Complete your super death benefit nomination

Your superannuation is most likely your biggest asset outside of your house. It is possible for you to inform the Trustee of where you would like your super to go by filling out a death benefit nomination form.

You should also revise your nomination each time your personal circumstances change (such as if you marry, divorce or have a child).

### Create a living Will

By creating a living Will, you can detail your wishes in the event of you being on life support or if you need medical intervention. Without a living Will, your family may disagree about treatment, which could cause considerable distress.

### Create a power of attorney or power of guardianship

There are generally two types of power of attorney/power of guardianship documents that deal with these issues:

- *Financial* – you appoint a person to act on your behalf on all financial matters such as paying your bills and selling assets.
- *Health care* – you appoint a person to make medical decisions on your behalf and can discuss your health issues and care with your medical professionals.

These types of documents are important should you become incapacitated. Be sure to discuss your wishes with the people you nominate beforehand so they can act appropriately.

### See a professional

Getting your affairs in order doesn't have to be difficult. Get professional assistance from a financial adviser, an estate planner or a solicitor – you'll find it makes things a lot less complicated.

# SUPER INFO

Spring 2011

## Protect your family's finances

It's always a good idea to insure items of value and there aren't many things more valuable than your income. But a surprising number of people have little or no insurance that would protect their finances if they couldn't work. For some, this could end up being a very costly mistake.

As a starting point, you should know about the types of insurance cover\* the Scheme provides:-

- Insurance cover that will pay a lump sum if you die or can never work again – generally called death and total and permanent disablement (TPD) cover.
- Insurance cover that will pay you the majority of your SAMFS salary if you're not able to work for a period – generally called income protection.

*\* Please note that this refers to Permanent employees of SAMFS only. Retained Fire-fighters have death only cover.*

## Why two insurance policies?

If you die or are totally and permanently disabled, your family are likely to suffer financial stress, compounding their emotional stress as they struggle with expenses in the absence of your income. Death and TPD cover provides a lump sum to help your family with things such as the mortgage, other debt, education expenses and medical expenses.

A less serious illness or injury can also put significant strain on your finances, which is where total and temporary disablement (TTD) cover comes in. It pays up to 75 per cent of your income for a specified period while you're unable to work. This allows you and your family to meet the day-to-day living expenses which still need to be covered regardless of whether or not you're earning an income.

## Benefits of insurance through your employer's super plan

There are a number of benefits to holding your insurance through your super account.

- Automatic acceptance – you don't have to go through any medical checks to receive standard insurance cover automatically when you start work.
- Premiums are not deducted from your account – they are an expense to the Scheme.

## Retirement age to access your super

To access your super savings, generally you need to have permanently retired from work and have reached your preservation age. Your preservation age is 55 if you were born before 1 July 1960. Higher preservation ages apply to younger people.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
1 July 1964 or after	60

## Tax on withdrawals

Super benefits paid in cash from a taxed fund (like SA Metro Fire Super) will generally be tax-free for those aged 60 or over.

For those aged under 60 years and who are eligible to receive their benefit, the tax treatment of lump-sum withdrawals is divided into a tax-free and a taxable component.

Components	Tax treatment if under 60
Tax-free	No tax payable
Taxable	If aged under 55, taxed at 21.5%
	If aged between preservation age and 59 years, the first \$165,000 tax free and the balance is taxed at 16.5% (this is a life-time limit which is indexed).

## Anti-Money Laundering

Under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, we must identify, monitor and manage the risk that the fund may be used to launder money or finance terrorism. As a result, you may need to provide proof of identity before you withdraw your benefit from the Scheme. At a minimum, this will be identification to confirm your name, date of birth and address.

We also monitor transactions for potential money laundering or terrorism financing activities and to report any suspicious matters to AUSTRAC. In following these procedures, members' privacy entitlements are respected.

To safeguard the security of your benefit on any withdrawal, we will request certified copies of documents that prove your identity. To certify documents you will need to:

- take the original documents and photocopies to a person listed below for him/her to certify that the copy is a true and correct copy of the original.
- the certification must include the name, address, occupation, telephone number and registration number (if applicable) of the certifying authority.

Authorised Persons include:

- justice of the peace or bail justice
- barrister or solicitor of the supreme court
- member of the police force
- registered medical practitioner
- dentist
- veterinary practitioner
- pharmacist
- bank branch manager
- minister of religion
- teacher
- chartered or certified practising accountant
- commissioner for Oaths (Northern Territory)
- permanent employee of Australia Post with two or more years of continuous service

- finance company officer with two or more years of continuous service (with one or more finance companies)
- officer with, or authorised representative of, a holder of an Australian Financial Service Licence (AFSL), having five or more years continuous service with one or more licensees
- person qualified to witness affidavits
- notary public officer
- registrar or deputy registrar of a court
- person enrolled on the roll of a State or Territory supreme court or the high court of Australia, as a legal practitioner
- Australian consular officer or an Australian diplomatic officer
- magistrate or judge of a court, and
- chief executive officer of a Commonwealth court.

## Investment commentary - 31 October 2011

*Provided by Mercer. The information in this article does not necessarily reflect the views of the Trustee.*

**October saw investors showing strong support for equity markets across the board, as global indices rallied from the previous months sell-off.**

Locally, investor confidence was buoyed by the future prospect of an RBA interest rate cut, and progress towards a resolution to European debt concerns. This positive sentiment drove investment flows out of cash and bond investments, curtailing their impressive run of positive returns over the calendar year thus far.

**Significant developments over the month were:**

- Early in the month, the Board of the Reserve Bank of Australia decided to leave the cash rate unchanged at 4.75%. Members agreed that should the September inflation figure soften as expected, monetary policy would have scope to stimulate demand in the future.

# SUPER INFO

Spring 2011

- The consumer price index (CPI) figure was released towards the end of October. The September quarter underlying inflation figure moderated compared to the June figure, with an increase of 0.6% qoq and 3.5% yoy.
- Unemployment remained steady at 5.2% on a seasonally adjusted basis.
- The US Federal Reserve released their Beige Book, which provides a snapshot of regional business conditions. The report suggested a slowing US economic growth, with the survey concluding that although some sectors of the economy showed modest growth, soft labour hiring, muted consumer spending and stagnating wage growth still provided considerable headwinds.
- European leaders held crisis talks in Brussels, with two key outcomes: the European Financial Stability Funds financial scope was significantly increased, and private investors agreed to take considerably larger haircuts on Greek issued Euro debt.
- Chinese economic growth slowed for the second consecutive quarter (2.3% qoq and 9.1% yoy), providing supporting evidence that measures taken by the PBOC to control inflation have been effective.
- Commodities had a good month, with most energy and precious metals rebounding strongly after a poor month in September. Particularly strong returns were made by oil, which returned +17.7% for the month finishing at US\$93.2/bbl. Gold also bounced positively, with the spot price settling at US\$1,724.4/oz bringing the monthly return to 6.6%.

## Australian Shares

The benchmark S&P/ASX 300 Index snapped its six-month losing streak, returning 7.2% for the month, which was the largest monthly return since March 2009.

Large Caps (+6.9%) underperformed that Mid Cap (+9.6%) and Small Cap (+7.9%) counterparts.

The Energy sector rebounded from the sharp decline in previous months, returning +12.2%. Local Financial stocks ex property (+10.3%) were boosted by positive news in Europe regarding bank recapitalisations and debt assurances made by the EFSF. Not surprisingly, energy and financials made up the best individual stocks, with investors holding Iluka Resources (+29.7%), National Australia Bank (+15.5%) and QBE Insurance (+15.4%) benefitting most from the market rally.

Consumer Staples (+0.3%) and the Telecommunications (-0.1%) sector had a flat month after their September heights, and subsequently were the lowest returning sectors for the month.

## Overseas Shares

On a hedged basis, the MSCI World ex Australia Index returned +8.6% for the month. An appreciating \$A relative to major currencies saw unhedged investors give-up some of these gains, as the unhedged index returned 0.8% for the month. Based on the S&P Developed ex-Australia Large Mid-Cap Growth and Value Indices, Value stocks (+1.0%) performed marginally better than Growth stocks (+0.9%) over the month, in \$A terms.

In the US, the S&P 500 Composite Index was up 10.9%, the Dow Jones Industrials Index returned +9.7% and the NASDAQ Composite Index +11.1%, in local currency terms.

On the back of apparent progress towards a resolution to Europe's sovereign debt woes, most European indices surged. The FTSE 100 (UK) returned +8.2%, the DAX 30 (Germany) +11.6% and the CAC 40 (France) +8.7% in local currency terms.

In Asia, the Chinese Shanghai Composite Index returned +4.6%, Hong Kongs Hang Seng +12.9%, Indias BSE 500 Index +5.9% and the TOPIX (Japan) returned +0.4% in local currency terms. The MSCI Emerging Markets Index was up 3.7% in A\$ terms.

## Property

Domestic REITs as measured by the benchmark S&P/ASX 300 Property Index finished the month up 3.8%. The FTSE EPRA/NAREIT Global Index (Global REITs) returned +3.2% on a hedged basis.

## Fixed Interest

The local UBS Australia Composite Bond Index finished down 0.6%. Overseas, the Citigroup World Government Bond (ex - Australia) returned -0.3%, whilst the Barclays Capital Global Aggregate Bond Index was up 0.3%, both on a hedged basis.

## Currency

The local currency appreciated against all major currencies. During October, the \$A returned +9.2% against the US dollar, parring its September losses, +10.4% against the Yen, +5.4% against the Pound Sterling and +5.0% versus the Euro. On a trade weighted basis, the Australian dollar appreciated by 6.2%.

*This information has been prepared by Mercer (Australia) Pty Ltd ABN 32 005 315 917 for general information only. The information does not take into account your personal objectives, financial situation or needs. Therefore, you should not act on this information if you have not considered the appropriateness of this information to your personal objectives, financial situation and needs. You should consult a licensed or appropriately authorised financial adviser before making any financial decision.*

## Melbourne Mercer Global Pension Index

Australia's retirement income system has jumped up the ranks in the latest global comparison of pension systems from the Australian Centre for Financial Studies and Mercer. Australia was placed second, behind only the Netherlands.

The index showed many of the world's retirement income systems are under significant stress and even the most advanced systems require ongoing reform to ensure they are able to cope with the increasing pressures of ageing populations.

## Raising the economic potential of senior Australians

Australians are living longer, healthier lives and in the last 100 years, life expectancies have increased by almost 20 years. By 2050, it is predicted Australia will have over 50,000 people aged over 100 (currently, we have about 3,700).

The first report from the Government's Advisory Panel on the Economic Potential of Senior Australians explores developing work trends among senior Australians and changes to consumerism and expectations. The Panel continues to consult, and invites submissions – details can be found within the report.

## A window into the future: Understanding and predicting longevity

Unprecedented increases in life expectancy experienced in recent decades have been consistently underestimated, causing funding difficulties for employers, insurers and governments.

While increasing life expectancy is one of the success stories of the 20<sup>th</sup> and 21<sup>st</sup> centuries, this has resulted in significant financial challenges for employers, and governments in supporting increasingly older populations.

Latest research suggests governments, employers and re/insurers will need to work together to achieve a long-term, sustainable infrastructure for retirement provision.

## Your Scheme has these advisers

These people provide assistance to the Trustee:

### Accounting and tax services

Sharyn Long Chartered Accountants  
Level 6, 216 Georges Terrace  
Perth WA 6000

### Superannuation consulting

Mercer (Australia) Pty Ltd  
Level 5, 108 North Terrace  
Adelaide SA 5000

## **Administration**

Mercer (Australia) Pty Ltd  
33 Exhibition Street  
Melbourne VIC 3000

## **Death and Disablement Insurance**

AMP Life Limited  
33 Alfred Street  
Sydney NSW 2000

## **Auditing Services**

Auditor-General's Department  
200 Victoria Square  
Adelaide SA 5000

## **Actuary**

Mr Laurie Brett  
Brett & Watson Pty Ltd  
157 Grenfell Street  
Adelaide SA 5000

## **Legal**

DMAW Lawyers  
Level 3, 80 King William Street  
Adelaide SA 5000

## **Mercer Legal**

33 Exhibition Street  
Melbourne VIC 3000

## **Investment Manager**

Funds SA  
63 Pirie Street  
Adelaide SA 5000

## **Alan Kent Manager**

**Important Notice:** *The information in this Newsletter is for educational purposes only and is not intended to be advice. It has been prepared without taking account of your personal objectives, financial situation or needs. Therefore, before acting upon any of the information in this Newsletter, you should consider its appropriateness having regard to your objectives, personal situation and needs. It is recommended that you seek professional financial advice from a licensed or appropriately authorised financial adviser before making any decisions in respect to your membership of the Scheme. Please note that there are no guarantees of the investment performance of the Scheme's assets and the value of your investment in the Scheme may rise or fall from time to time. You should also note that past performance is not an indicator of future performance. For further information about the Scheme, you should read and consider the Scheme's Member Benefit Guide which you can obtain by calling the Manager on (08) 8204 3826*