

SUPER INFO

Summer 2013-2014



Welcome to the Summer 2013-2014 edition of Super Info

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Investment Market and Performance update

This update is provided by Mercer.

As 2013 came to a close the economic headwinds that have dominated markets in recent years appeared to be easing, particularly in developed economies, though concerns remain over emerging markets and Australian.

This time last year, we saw shares and other "growth" asset markets rallying strongly, sustaining the momentum begun in the latter part of 2012. By the end of March 2013, the prolonged downturn in global growth appeared to be well and truly behind us.

Despite markets faltering in late May and June, amid concerns over the withdrawal of stimulus in the US and a slowdown in China, the global recovery gathered significant momentum once more from August last year. Even the US Federal Reserve's announcement in December that it would begin "tapering" bond purchases made little impact because the market expected it.

The year that was

According to superannuation research group SuperRatings, median Balanced options produced positive returns in 10 out of 12 months and finished the calendar year with a 16.3% gain, the best result recorded since the company began tracking superannuation fund returns in 2000.

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Over the 2013 calendar year, the **Scheme's** Growth option's portfolio returned 14.8% net of taxes and fees.

The performance of Growth assets was the key driver of returns throughout the year. SuperRatings figures show the median superannuation Australian Shares options returned 20.2% for the year, in line with the return on the local S&P/ASX 200 Accumulation Index. International equity markets also performed strongly, particularly as a result of a falling Australian dollar.

The median superannuation International Shares option returned 36.0% for the year, compared to a 49.2% in the MSCI World Accumulation Index in Australian dollar terms. The Australian dollar fell by some - 13.9% compared to the US Greenback over the year.

Overall, members in more aggressive style investment options benefited the most from these gains.

The outlook for 2014

Looking ahead several key barriers to economic growth and markets over the past few years appear to be easing. Growth in the US finally appears to be on a stable uptrend while developed economy household and consumer balance sheets are strong. However, much of this is already priced in to the markets. Subsequently, for shares to continue to run higher, corporate earnings must increase.

Risks to the downside could arise from emerging markets if foreign investors reverse capital flows too quickly, or if China's economy slows dramatically. Further, we are less sanguine on domestic than international conditions. We expect the mining investment capex boom will soon peak, forming a drag on growth, and whilst resource exports will increase, commodity prices are trending down. With fiscal policy constrained, and consumer spending and residential investment yet to move above long-term averages, it is not yet clear what will restore growth to trend levels in Australia.

For the time being, this continues to support our preference for overseas over domestic shares. Nevertheless, we will continue to monitor conditions closely on an ongoing basis.

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Here's to a long life: Aussies living longer than ever

Life expectancy has risen to a new high for all Australians, but some states are doing better than others.

Australians are living longer than at any time, the Australian Bureau of Statistics (ABS) says, as death rates fall to a record low.

According to the ABS, Australia's life expectancy estimates are at their highest level, and remain among the highest in the world.

The combined male and female figure of 82 years, while a little lower than Japan and Hong Kong, is higher than Canada, New Zealand, the United Kingdom and the United States, says the ABS Director of Demography, Bjorn Jarvis.

"A boy born today could expect to live 79.9 years, while a girl could expect to live 84.3 years," he said.

The Australian Capital Territory has the highest life expectancy at birth, with 81.2 years for males and 85.1 years for females.

The lowest life expectancy is in the Northern Territory, at 74.7 years for males and 80 years for females.

“For those approaching retirement age, say 65 years, males could expect to live a further 19 years and females a further 22 years.”

While there were 147,098 deaths registered in Australia in 2012, the standardised death rate fell to 5.5 deaths per 1,000 people, the lowest rate ever recorded in Australia.

In 2002, the death rate was 6.8 deaths per 1,000 people.

This decrease over the past 10 years was greater for males (around two deaths per 1,000 males) than for females (around one death per 1,000 females).

Over the past 10 years, life expectancy at birth has improved by 2.5 years for males and 1.7 years for females.

Standardised death rates enable the comparison of death rates between populations with different age structures by relating them to a standard population (currently, the age distribution of all persons in the Australian population at 30 June 2001).

The world's most expensive cities

For the first time an Australian city appears in the top 10 of Mercer's annual cost of living survey.

The survey, conducted in March 2013, covers 214 cities across five continents and measures the cost of more than 200 items including housing, transport, food and entertainment. It is designed to help multinational companies and governments determine allowances for employees working overseas.

New York is used as the base city – all other cities are compared against it – and the cost of individual items are expressed in US dollars.

According to the report Sydney property prices combined with the high Australian dollar pushed the NSW capital to the top of the pile – expats living in Sydney pay an average \$US3,304 per month for a luxury two-bedroom unfurnished apartment.

The survey shows the cost of a movie ticket in Sydney was \$19.62, compared to \$9.28 in Singapore. And the cost of a fast food hamburger meal in Sydney was \$9.24, almost triple what you would pay in Hong Kong.

Angola's capital city Luanda topped the list with monthly accommodation rental costs triple that of Sydney's. Next came Moscow, Tokyo, N'Djamena in Chad, Singapore, Hong Kong and the three Swiss cities of Geneva, Zurich and Bern.

Sydney rounds out the top 10 and is the most expensive expatriate destination in the Pacific region.

Melbourne and Perth ranked in the top 20 costliest cities to live while Canberra, Brisbane and Adelaide all finished in the top 40, largely due to the high Australian dollar which was well above parity with the \$US at the time of the survey.

Enduring Powers of Guardianship

Medical Powers of Attorney

It is now possible to give directions about the medical treatment and lifestyle that we desire, so that if a lack of mental capacity makes us unable to tell people what we want, someone of our choice can decide for us.

The options include:

- Enduring Power of Guardianship appointing a person as guardian to make medical and lifestyle decisions;
- Medical Power of Attorney appointing a person as medical agent to make medical decisions;
- Section 7 Direction that applies when a person is in the final stages of a terminal illness or in a persistent vegetative state.

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These documents differ from Powers of Attorney in that Powers of Attorney deal only with financial and business affairs.

If the above matters are attended to while a person is able to indicate his or her wishes about lifestyle and medical treatment, the person's family is relieved from making such decisions in times of crisis.

Enduring Power of Guardianship

This document enables a person to appoint an Enduring Guardian to make decisions about the wellbeing, lifestyle and medical and dental care and treatment of the donor. However, if a medical agent has also been appointed and is reasonably available, the medical agent will take priority.

The directions contained in the document might include:

- which doctor is to treat the person;
- what treatment or medication a person should receive;
- with whom the person might associate;
- the maintenance or withdrawal of life support.

One or more people may be appointed to act as the Enduring Guardian. If two or more people are appointed, the document must stipulate whether they are to act together or individually.

A Power of Guardianship can be exercised only when the donor is mentally incapacitated and any decision by the Enduring Guardian should be as close as possible to the decision that the donor would have made.

Medical Power of Attorney

This document enables a person to appoint one or more medical agents to make decisions about his or her medical or dental treatment.

Only one person can act at any given time and if two or more agents are appointed then they must be listed to indicate their order of priority.

The document can contain expressed conditions and directions about medical treatment.

The medical agent cannot be the doctor of the donor or any other person involved professionally in the medical care or treatment of the donor.

Section 7 Direction

Under the Consent to Medical Treatment and Palliative Care Act it is possible to give specific directions about the medical treatment to be administered or withheld if the person is in the final stages of a terminal illness or in a persistent vegetative state.

The wishes expressed in the direction must be acted upon.

Information provided by Mellor Olsson, Lawyers.

Important Check List Reminder

- 1 Change of Address** Have you advised the Scheme of your change of address?
- 2 Nomination of Beneficiary Form** Is your Nomination of Beneficiary form up to date?
- 3 Leave Without Pay** Are you going on Leave without Pay? If so, all your insurance cover may cease.
- 4 Long Term Sick leave** Members under age 60, is your sick leave due to run out?
- 5 Maternity leave** Are you going on maternity leave and when will wages cease - as your insurances will be affected.
- 6 Working less than 15 hours per week** For members working less than 15 hours per week, your insurance cover will be reduced to Death insurance only.

Death insurance will cease if you are working less than 10 hours per week.
- 7 Salary Sacrifice Forms** Please ensure you send in **original** signed Salary Sacrifice forms to this office. If you fax your copies in, we still need the originals to be signed off by the employer before forwarding to Shared Services.

**Please advise the Scheme on any of the above and contact the Manager, Mr Alan Kent on 8204 3826 for any clarification you may require. Information is also available in the Member Benefit Guide on the website www.samfs.superfacts.com.*

Note: *If you are on extended leave at any time, you can always access the Super Info on the website www.samfs.superfacts.com.*