

SUPER INFO

Summer 2012-2013



Welcome to the Summer 2012-2013 edition of Super Info

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What does 2013 hold for us?

Stronger Super

The Government is legislating the Stronger Super reforms. The reforms are set to deliver to Australians with basic defined contribution (accumulation) accounts the commission-free, low cost super products that accumulation members of our Scheme already enjoy.

Key changes:

- No commissions on default super arrangements. This means that any super fund that an employer chooses will need to be free of commissions by 2017.
- MySuper products can be offered from 1 January 2014. They are commission free and low cost. The main difference is that the additional features, such as investment choice, are limited to help people compare costs.
- SuperStream aims to upgrade the back office of super, making the processing of everyday transactions easier, cheaper and faster for members and employers.
- The reforms will also help people to combine their super into one account and locate lost super by streamlining the process between funds. The aim is to reduce Australia's 33 million super accounts (June 2010).

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Bill Shorten, Assistant Treasurer and Minister for Financial Services and Superannuation, has also committed to continuing to work with industry, employers and employee and consumer groups in developing the legislation around the Stronger Super reforms.

Most of the Stronger Super reforms do not apply to Defined Benefit funds but will impact default arrangements for Retained Fire-fighters. We will provide more information later in the year.

Advance Notice – Voluntary Insurance Cover to be available this Autumn

An important component of our recent Group Life Insurance review which resulted in a large reduction of our premiums was the establishment of additional voluntary death and disablement insurance for Defined Benefit Members.

This means that if you want additional death and total and permanent disablement cover to top up the default amount you already have in place, you can buy it from the Scheme at very competitive rates.

You will need to complete a personal statement regarding your health and you will also need to have sufficient funds in your accumulation account to pay the premium (you might choose to make a contribution to fund the premium).

Detailed information will be provided in the Autumn Super Info once all of our establishment tasks for this additional benefit have been finalised with our insurer and administrator.

Forgotten your PIN?

Call the Helpline on 1300 132 573 and one of our friendly consultants will assist you.

Investment Market and Performance Update

This update is provided by Mercer.

Superannuation investors were generally rewarded by resurgent growth markets in 2012 with many funds posting double digit returns for the calendar year.

The Scheme's Growth investment option recorded a total return of 10.7% from 1 July 2012 to 31 January 2013 and 12.4% for 1 year to the same date. Performance for the 5 years to the 31 January 2013 stands at 1.9% per annum.

According to superannuation research company SuperRatings, "balanced funds" – those with exposure to growth assets of between 60% and 76% - have rebounded since the onset of the Global Financial Crisis and now sit more than 3% above peak balances reached in October 2007.

Super Ratings figures show that year-end returns for "balanced funds" have been positive for eight years from the past 10.

Mercer's quarterly investment report shows most asset classes finished the 2012 calendar year in positive territory but it was the resurgence in 'growth assets' like Australian and Overseas shares that drove the double-digit gains.

The Australian Shares asset class benchmark², for example, finished the year up 19.7% after returning 6.8% over the final three months of 2012 on the back of positive economic news out of China and strong foreign demand for local stocks.

Despite familiar headwinds from the US and Europe, Overseas Shares also performed strongly, with benchmark³ returns of 2.5% for the December quarter and 14.1% for the year.

On the other hand, the Australian Sovereign Bonds benchmark⁴ delivered their third consecutive negative monthly return in December as investor appetite for defensive assets continued to wane.

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Benchmark⁵ returns for Cash and term deposits continued to drift down, returning just 0.9% for the December quarter and 4.0% for the year.

Global growth picked up in the second half of 2012, reflecting the easiest economic conditions since the global financial crisis and significant policy actions by central banks.

But with the Eurozone still mired in recession and economic issues in the US yet to be fully resolved, the recovery is likely to remain tentative at least until mid-2013.

Past performance is not a reliable indicator of future performance.

¹ Total returns are expressed after investment management fee and taxes (but not administration or other fees)

² Australian Shares benchmark: S&P/ASX 300 Accumulation Index

³ Overseas Shares benchmark: MSCI World Index (ex Australia)

⁴ Australian Sovereign Bonds benchmark: UBSW Australian Treasury Bond Index 0+ (All Maturities) Index

⁵ Cash benchmark: UBSWA Bank Bill Index

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Parked and Spouse members – fee indexation deferred until April

Parked and Spouse members currently pay an administration fee of \$3.83 per week, deducted from their Super accounts. This fee is normally indexed each 1 January in line with changes in Average Weekly Ordinary Time Earnings (AWOTE) as at 31 August, as advised by the Australian Bureau of Statistics (ABS).

The ABS has now decided to publish the AWOTE numbers each May and November only, with the November 2012 figures being released by 28 February 2013. Accordingly the Scheme has decided to defer the

indexation that would normally have occurred as at 1 January 2013 to 1 April 2013, using the November 2012 AWOTE numbers.

In summary, these fees will now be indexed as at 1 April each year, using the AWOTE numbers as at the previous 30 November.

We will confirm the new fees from 1 April in the Autumn Super Info.

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.