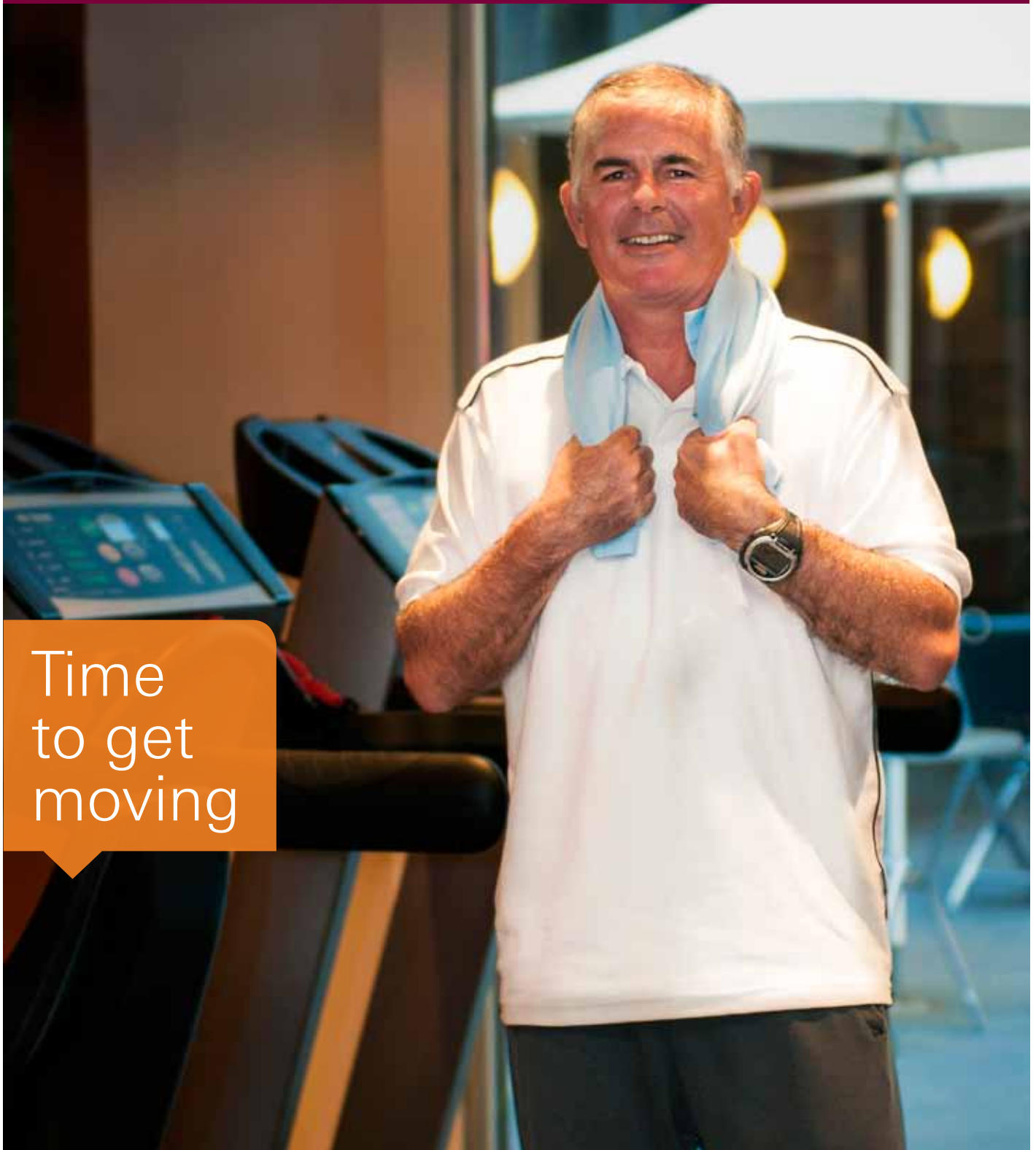


# Retirement in focus

Issue no. 9 – May 2012



Time  
to get  
moving

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**AustralianSuper**  
Retirement Division



# Investment update

The beginning of 2012 has been positive for members, with returns boosted by a strong rally in world share markets.

Approval of a second bailout package for Greece, an improving US economy and easing inflationary concerns in China also lent support to share markets over the quarter. Some of the best performing overseas markets were Japan, the US and Germany.

The Australian share market lagged the major overseas markets, with lower commodity prices and concerns about the growth outlook for China restraining companies in the metals and mining industries. In contrast to previous periods, Australian fixed interest was the worst performing asset class over the quarter.

## Balanced option performance

AustralianSuper's Balanced option for pension members returned 6.1% over the quarter, benefiting from strong gains from Australian and international shares. In the three years to the end of March it had an average annual return of 8.8%, compared to the median balanced option return of 9.9%. (The three-year return for the Balanced option still includes negative returns from some of our unlisted assets during 2009. Returns from these assets tend not to be correlated with returns from shares, so when returns from share markets are low our unlisted assets' returns can be higher, and vice versa.)

## Conservative Balanced option performance

AustralianSuper's Conservative Balanced option for pension members returned 5.0% over the quarter and an average annual return of 8.2% in the three years to 31 March 2012. Higher returns this quarter reflect the rebound in world share markets and solid performance in our global bond portfolio.

## Outlook and investment strategy

While it's pleasing to see some signs of stability returning to the global economy, conditions are likely to remain subdued over 2012. While we expect the global economy to resume its gradual recovery in the medium term, we expect bouts of uncertainty, coupled with share market volatility, to continue in the meantime.

We will be looking for opportunities to increase our investments in Australian and emerging market shares to take advantage of attractive valuations as they arise. We are maintaining our allocation to unlisted assets, such as property and infrastructure, which help to stabilise returns during bouts of share market volatility.



See the latest performance of AustralianSuper's pension investment options at [www.australiansuper.com/performance](http://www.australiansuper.com/performance)



# Higher before-tax super caps on hold

This year's Federal Budget aims to bring the nation's finances 'back in the black'. Some of those savings are coming from freezing before-tax super caps at \$25,000 and slugging high income earners with a 30% contribution tax.

As expected, the Government confirmed the doubling of the super contribution tax to 30% for those earning \$300,000 or more. But of greater significance is the Government's surprise decision to delay the introduction of the higher \$50,000 before-tax contribution cap for over 50s until 1 July 2014.

## Other Budget highlights

- Full and part-time pensioners will get annual increases of \$338 for singles and \$255 for couples to help offset the impact of the carbon price from May this year.
- Pensioners will be encouraged to return to the workforce through bonuses to employers, incentives to tackle age discrimination, help for mature-age jobseekers and re-skilling programs.
- \$3.7 billion for improved aged care, increasing the number of home care packages by 40,000 to reach 100,000 over five years.

## \$25,000 before-tax caps – for everyone

Previously the Government had announced the \$50,000 before-tax contribution cap would continue for those aged 50 or over with less than \$500,000 in super. But in a change of plans, the Government wants to defer this change to 1 July 2014. For the next two years – at least – one flat \$25,000 before-tax contribution cap will apply to everyone, regardless of age.

With the Government previously announcing the caps will be indexed at \$5,000 increments, the higher cap is most likely to be \$55,000 by the time it comes into effect.

Although the two super measures are estimated to deliver total budget savings of about \$2.4 billion over the next four years, the freeze on caps will disrupt many people currently using transition to retirement strategies hoping to accelerate their super savings in the lead up to retirement.

## What should you do?

With super changes coming into effect in less than two months, it's vital you consider carefully your planned contributions, as you may face excess contributions tax if you contribute more than \$25,000 before-tax this coming financial year. If you do go over the limit, you can get some relief from excess tax, but it's effectively a 'one-strike-and-you're-out' opportunity to have excess contributions up to \$10,000 refunded, once only, for first-time breaches. The excess contributions will then be taxed at your marginal tax rate.

## How AustralianSuper can help

AustralianSuper will contact members impacted by the Budget change as soon as it becomes law. If you're over age 50 and currently contribute more than \$25,000 to super, call us for financial advice\* or guidance on changing your contribution strategy for the 2012/2013 financial year, or come along to one of our retirement planning seminars to learn more about how the change will impact on you.

To book a place at a seminar or to get advice, call us on **1300 300 273**.



Read our overview at [www.australiansuper.com/FederalBudget](http://www.australiansuper.com/FederalBudget)

\* These services are provided by third parties. AustralianSuper does not recommend, endorse or accept responsibility or liability for any loss or damage caused by these services. AustralianSuper may invest in third parties but does not receive any commissions from these organisations as a result of members using their services.

# Time to get moving

As we roll into our 50s and beyond, hopefully we're looking great and living proof that age is merely mind over matter. The key to feeling and looking great is to have clear fitness goals and a plan to realise them - every day.

## Why should you get fit?

Whether it's sport, hobbies or just daily life, you need to be fit to keep doing the activities you enjoy.

Belinda Bam, a qualified personal trainer for 10 years, explains: 'Once you're in your 50s, bone density can quickly diminish, making you susceptible to fractures due to falls. Strength training can reverse this process and keep your bones strong. By exercising, you'll not only look better, you'll feel better too.'


Getting fit will improve your cardio vascular endurance, which means a stronger immune system and better circulation. Your functional and core strength will improve, resulting in better posture and less joint pain. Finally, getting fit will help you lose weight, or maintain a healthy weight.

## What about degenerative diseases like cardio vascular disease and type 2 diabetes?

Belinda says maintaining a healthy diet, low in saturated fats combined with regular exercise are key to reducing the risk of chronic diseases. She adds: 'Most of us think sugar is the enemy, but sugar is stored as glycogen and is the body's ready store of energy. If you don't use your sugar stores, the excess will convert to body fat.' As for sports drinks, Belinda is not a fan, unless you're an endurance athlete, working at high intensities over long periods. 'Most of us simply don't train at an elite level. You'll find much of your effort wiped out by having a sports drink after a training session.'

## How can a personal trainer help?

A personal trainer will consider your medical history and fitness level when developing your fitness program and can improve your technique and keep your motivation high. 'Most of us start off exercising with the best of intentions, but we need variety to keep us motivated. A personal trainer keeps you accountable and this can be a great reason to keep training, not to mention having someone to share your accomplishments with you as reach your fitness goals.'



'Once you're in your 50s, bone density can quickly diminish. Strength training can reverse this process and keep your bones strong. You'll not only look better, you'll feel better too.'



What?	Why?	How?
Strength training	<p>You can lose as much as 20-40% of your muscle mass, beginning in your 30s. This muscle loss, often thought to be an irreversible part of ageing, is actually the result of not using the muscles enough.</p> <p>Maintaining lean muscle mass keeps your skeletal system strong and reduces risk of fractures and falls – a key health risk for over 50s.</p>	<ul style="list-style-type: none"> <li>• Pump classes</li> <li>• Free weights</li> <li>• Machine-assisted weights</li> <li>• Group fitness/circuit classes</li> <li>• Personal training</li> </ul>
Cardio training	<p>Many of us focus on our heart rates, but your resting blood pressure is actually a better indicator of risk of stroke or heart attack.</p> <p>Regular, moderate cardio vascular exercise can improve both your resting blood pressure, as well as how quickly your blood pressure returns to normal after physical exertion.</p>	<ul style="list-style-type: none"> <li>• Group fitness/circuit classes</li> <li>• Zumba</li> <li>• Spin cycling</li> <li>• Running, walking, rowing or swimming</li> <li>• Team sports</li> <li>• Personal training</li> </ul>
Stretching	<p>Stretching helps you to maintain a healthy range of movement, improves your posture, prevents injuries and promotes recovery after exercise.</p>	<ul style="list-style-type: none"> <li>• Yoga</li> <li>• Pilates</li> <li>• Swiss ball stretching</li> <li>• Personal training</li> </ul>

*Belinda Bam has worked in the fitness industry for 10 years. As a qualified personal trainer, Belinda has helped many clients achieve their weight loss and fitness goals. Her philosophy is: 'Always have a goal. Whether it's a weight loss goal or a fitness event like a fun run or triathlon, it's easier to stay motivated if you have a specific goal to work towards.'*



Want to get started on your fitness program? Check out Belinda's top tips at [www.australiansuper.com/getmoving](http://www.australiansuper.com/getmoving)



# A GENUINELY FAIRER BANKING ALTERNATIVE. WE BELIEVE EVERYONE DESERVES A BETTER DEAL.

You get real super advantages as an AustralianSuper member. But, did you know you also have a banking advantage?

ME Bank is a 100% Australian-owned, APRA-regulated bank. Established by industry super funds, including AustralianSuper, ME Bank was built to provide a genuine banking alternative – a fairer way to bank.

While AustralianSuper helps you maximise your super for tomorrow, ME Bank helps you get more out of your money today. With ME Bank, you have access to easy-to-understand, award-winning products, many with additional benefits for AustralianSuper members.

## A better deal on home loans.

ME Bank offers a range of flexible home loans which include a discount of up to 0.45% p.a. for members.\*

What's more, ME Bank's standard variable home loan rate for AustralianSuper members has been lower than those of the major banks every month, of every year, since becoming a bank in 2001. Over the last ten years, that equates to a saving of more than \$23,000\* with ME Bank.

In addition, ME Bank's award-winning Member Package now has an Interest Only Home Loan option, which is great for investors, and unlike other banks, you'll get the same market-leading rate regardless of the size of your loan.

## Flexible, fee-free everyday banking.

ME Bank's EveryDay Transaction Account lets you use your own money in-store, online, over the phone, and overseas. You have unlimited free access to more than 3,000 ATMs Australia-wide, as well as free internet and phone banking.

And, ME Bank likes to keep fees low. Some banks may require you to deposit up to \$2,000 a month into the account before waiving account-keeping fees. ME Bank will waive the monthly account-keeping fee for AustralianSuper members who deposit just \$500 per month into their account.†

## More for your savings.

Other banks' term deposit rates can vary dramatically from month-to-month. ME Bank keeps its rates consistent – so there's no nasty surprises if you choose to roll over for another term.

Plus, as a member of AustralianSuper, you receive bonus interest of up to 0.25% p.a.^ with ME Bank's Super Members Term Deposits.

## Great service from real people.


No matter how much you earn or where you live, ME Bank treats you with care and understanding. ME Bank will visit you at home or at work - at a time that suits you. And if you phone, you'll talk to a real person, right here in Australia who'll take the time to talk to you until your query is answered.

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\*Super Members Home Loan (SMHL) interest rates are up to 0.45% p.a. lower than the Members Equity Home Loan interest rates. Data: InfoChoice – compares the ME Bank SMHL Standard Variable Home Loan rate with the standard variable home loan rates of ANZ, CBA, NAB and Westpac on the first day of each month from 01/06/01 – 01/04/12. †\$5 monthly account-keeping fee will be charged if monthly deposit not made. Withdraw cash at any ME Bank, Westpac, St. George, Bank SA and Bank of Melbourne ATM (except ATMs at BP Stations). ^Super Members Term Deposit interest rates include up to 0.25% p.a. more interest than Standard Term Deposit interest rates. Fees and charges may apply. Terms and conditions available on request. This is general information only and you should consider if these products are appropriate for you. Applications for credit are subject to approval. ME Bank holds an Australian Credit Licence 229500 and is the provider of the products mentioned. Members Equity Bank Pty Ltd ABN 56 070 887 679.



Why not enjoy the tax savings and have more super when you retire?

Alison has just turned 55 and has a dream to holiday in Europe. Using a 'transition to retirement' strategy, Alison adds more than \$15,600\* to her super – enough to make her trip a reality without sacrificing any of her take-home pay.

#### How does the strategy work?

If you're 55 and still working, a transition to retirement strategy can save you tax and help you build up your super before you retire.

To start a transition to retirement, you open a pension account with some of your super benefit, whilst keeping your original super account.

You top up your super account with before-tax salary and use your pension to top up your take-home pay.

Why? By putting your before-tax salary into super, you could end up with more super, while your take-home pay stays the same.



Use the Over 55 Savings Planner online at [www.australiansuper.com/calculators](http://www.australiansuper.com/calculators) to see how a transition to retirement strategy could give you a better retirement.

\* Source: AustralianSuper Over 55 savings planner, May 2012. Calculations are based on an annual salary of \$60,000 and a super balance of \$100,000. 2011/12 tax rates are used and include the 1.5% Medicare levy, the low income tax offset, the mature age worker tax offset and, where applicable, the pension tax offset. Figures have been rounded to the nearest whole dollar. This is an example only and should not be taken as financial advice.

# Our goal is to help you retire with as much money as you can.



So we run free retirement seminars - a great first step to get your retirement savings on track.

At our seminars we'll show you how to:

- increase your super
- save tax and turn it into extra super; and
- access Government support.

Seminars run for about 1.5 hours with time afterwards for questions.

Run by AustralianSuper account managers, the seminars are held in the evenings at a location near you.

The seminar program for 2012 is available on our website at [www.australiansuper.com/seminars](http://www.australiansuper.com/seminars) Book your place online or call **1300 300 273**.

We'll also discuss the latest Federal Budget changes to contribution caps.

## How to contact us

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### Benchmark details for page 2.

**Balanced:** SR Pension Median Balanced Option. **Conservative Balanced:** SR Pension Median Conservative Balanced Option. Investment returns are not guaranteed as all investments carry some risk. Super Ratings and Index returns are net of fees. Past performance gives no indication of future returns.

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