

SuperUpdate | SPRING17

 **NESS Super**, the industry fund to power your financial future

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NESS Super is now putting all correspondence at your fingertips by delivering all letters and statements to members digitally.

We will send you an email to advise you when correspondence is ready to view online via MemberAccess at nesssuper.com.au

All letters and statements are safely stored online for you to access on the go, anytime and anywhere.

MemberAccess

Register for Member Access, if you haven't already. Go to nesssuper.com.au and click on Super Member Access or Pension Member Access and then click on **Register now**.

New!

Commencing 2017, our mid-year transaction reports (ending 31 December) will now only be delivered to all NESS Super members digitally. You can request a paper statement at no cost and at anytime by calling us on 1800 022 067.



Is your email up-to-date?

Now more than ever it's very important that the email address we have for you is your current personal email and is kept up-to-date. You can update your email address using the Personal Details tab in MemberAccess or by calling us on **1800 022 067**.



Simon Horrod
NESS Super Member Representative
 e: simonh@neca.asn.au
 m: 0414 946 933



Mynas Leontios
NESS Super Employer Representative
 e: mynasl@neca.asn.au
 m: 0448 432 443

At NESS Super, we're here to help you

Large enough to matter, small enough to care. Our NESS Super service team provides a dedicated and personalised service to NESS Super employers and members. We can help with any specific enquiries about your NESS Super membership or superannuation in general. Contact us on **1800 022 067** or by email at nessadmin@aas.com.au. Should you wish to speak or meet with a member of the NESS Super service team feel free to contact us directly.



Investment Commentary

A rewarding year for investors*

Investment markets were strong throughout the financial year. This was particularly the case from November, when markets rallied following the unexpected election of US President Donald Trump. While stronger investor sentiment could be attributed to improved economic conditions and the resultant improvement in corporate earnings, many have credited strong market returns to Trump's presidency, with many believing that a Trump leadership would contribute significantly to the economy as a result of fiscal spending, tax cuts and the deregulation of the financial sector. In Europe, economic recovery continued to be supported by the European Central Bank's bond buying program, which was extended by 9 months until December 2017. UK share market returns lagged the broader European market. Growing uncertainty regarding the path toward 'Brexit' was compounded by the results of the snap election in June, which saw British Prime Minister Theresa May's attempt to consolidate parliamentary influence ahead of Brexit negotiations fail spectacularly, and instead delivering a hung parliament. The Japanese equity market was one of the best performing developed markets, rising 30.2% over the year. This was largely driven by a sharp depreciation of the Japanese Yen against the USD, which strongly increased the competitiveness of Japanese exporting companies.

NESS Super Investment Options

The 2017 financial year has seen continued solid performance by NESS Super.

Our NESS Super investment options have again performed at or above industry medians over three years when compared to similar investment funds, with the exception of Property which was marginally (0.09%) below industry average. Our NESS Pension investment options have also performed above or very marginally below the industry medians over three years when compared to similar investment funds.**

NESS Super Members

Investment Option	Crediting rates for the 2016/17 financial year
Cash	1.98%
Stable	5.64%
NESS MySuper [^]	9.90%
Property	7.71%
High Growth	13.66%
Australian Shares	13.96%
Overseas Shares	16.32%

**Source: Jana Investment Advisers (Super Ratings Survey, 3 years to 30 June 2017).

NESS Super continues to invest members' money on a long term basis. The NESS Super board believes that diversification is essential in the current environment and is investing with this key principle in mind. To this end, NESS Super has diversified its exposure to higher risk assets to include diversifiers to shares such as property, infrastructure and credit securities, which all have the potential to deliver sound long term returns. In addition, we are also keeping a healthy level of cash to maintain the liquidity of the Fund. We believe that over the long term, this strategy will provide members with sound returns.

The performance of the investment options is not guaranteed. The value will vary as it is based on the performance of the assets underlying each investment option. Past performance is not an indicator of future performance.

[^]Formerly known as the Balanced option.

Share markets

Global shares as represented by the MSCI World ex-Australia Index rose 21.2% on a hedged basis (in AUD). Unhedged returns were lower (15.4%) due to an appreciation in the Australian dollar over the year. Emerging markets outperformed developed markets, rising 20.5% (unhedged) for the year.

Australian shares performed strongly for most of the year, buoyed by positive investor sentiment and expectations that the improving global growth would be supportive of commodities markets. Market returns weakened towards the end of the year, led down by the banking sector. The May release of the Federal Budget included a proposal to impose a new levy on major banks, thus weighing on returns. This was compounded by the widespread credit rating downgrade of Australian banks and other financial institutions by major global credit rating agencies, S&P and Moody's. Both agencies cited heightened risks of a sharp correction in Australian property prices.

Property

In the Property sector, Australian Real Estate Investment Trusts (Listed Property Trusts) fell 5.6% over the year. Australian unlisted property outperformed their listed counterparts to generate a strong 12.0% return over the financial year.

Fixed Interest

After several years of strong returns, fixed interest markets were muted over the financial year. Global government bonds (0.5%, hedged into AUD) and Australian government bonds (0.2%) performed poorly as global yields rose over the financial year.

The official Australian cash rate of 1.5% is indicative of historically low interest rates globally.

*Investment Commentary provided by JANA Investment Advisers.

NESS Pension Members

Investment Option	Crediting rates for the 2016/17 financial year
Cash	2.34%
Conservative	5.59%
Cautious	7.94%
Moderate	10.28%
Assertive	11.91%
Aggressive	15.14%



Great news for NESS Super members, your NESS Super insurance just got even better!

To make sure your insurance cover stays competitive, we regularly work with our insurer to bring you the best possible balance of benefits and premiums. We are happy to announce that as a member of NESS Super, you will now get to enjoy improvements to your insurance cover.

Lower insurance premiums*

From 1 July 2017, NESS Super members will pay less for Death, Total and Permanent Disablement (TPD), Temporary Salary Continuance (TSC) and optional long-term Salary Continuance Insurance (SCI) cover, with no reduction in terms and conditions.

While many super funds have increased their insurance premiums in recent years, this is the third year in a row that NESS Super has been able to offer reduced insurance premiums to our members for Death and TPD cover.

Type of insurance cover	Weekly rate per unit of insurance cover to 30 June 2017	New weekly premium rate per unit of insurance cover from 1 July 2017
Death	\$1.31	\$1.27
TPD	\$1.76	\$1.59
TSC	\$0.66	\$0.64

Increase in sums insured*

From 1 July 2017, NESS Super members aged under 45 years will see an increase in the level of 1 unit of Death and TPD cover.

Age last birthday	Death cover (1 unit)	TPD cover (1 unit)	Increase to sum insured (1 unit)
15 - 24	\$103,300	\$103,300	+ \$23,300
25 - 29	\$100,900	\$100,900	+\$20,900
30 - 34	\$89,400	\$89,400	+ \$14,400
35 - 39	\$70,300	\$70,300	+ \$7,800
40 - 44	\$60,700	\$60,700	+ \$3,200

The amount of Death and TPD cover that you receive varies according to your age. Please refer to the table on page 7 of the NESS Super Product Disclosure Statement available at nesssuper.com.au for more information, or call us on **1800 022 067**.

Age last Birthday	TSC & SCI Cover (1 unit) to 30 June 2017	TSC & SCI Cover (1 unit) from 1 July 2017
15 - 65	\$1,200	\$1,275

Improved Salary Continuance for Self-Employed Contractors*

From 1 July 2017, improvement to the calculation of income for self-employed contractors.

Generally, a salary continuance insurance benefit pays you a regular income, based on your salary, if you're unable to work your normal hours due to a serious injury or illness. However, Principals of electrical and communications contractors who are Self-Employed or have a partnership business structure tend to have fluctuations in their monthly income.

NESS Super has negotiated improved terms with our insurer.

Your existing benefit before 1 July 2017 took into account in determining your monthly income:

1/12th of the **12** month period's annual share of the income of your business or practice generated by your personal exertion, over the 12 months immediately prior to the date you can no longer work, minus your share of expenses in generating the income.

Your new benefit will now after 1 July 2017 take into account in determining your monthly income:

1/12th of the **highest continuous** 12 month period's annual share of the income of your business or practice generated by your personal exertion, over the **24** months immediately prior to the date you can no longer work minus your share of expenses in generating the income.

If you have been a Self-Employed Member for less than a continuous 12 month period, then your Monthly Income will be based 1/12th of this shorter continuous period.

Income not derived from vocational activities will not be included in the calculation. For the full definition of monthly income, please refer to NESS Super's insurance guides.

Has your insurance got you covered?

With lower premiums for insurance cover, now is a good time to review your cover and check that it's right for you. You can tailor your cover with NESS Super to meet your individual and family needs. We have flexible options for young members, as well as for specific life events, for example, getting married or taking out a mortgage.

To find out more about the changes to insurance or to discuss your cover, please call the NESS Super helpline on **1800 022 067** between 8am - 8pm (Sydney time) Monday - Friday.

*Important

The provision of insurance in NESS Super is always subject to the terms and conditions of the insurance policy. Additional material concerning the level and type of insurance cover, eligibility, conditions, the cooling off period for insurance, exclusions and any other significant information about insurance in the NESS Super Insurance Guide (Employed, Self Employed and Spouse Members) may affect your insurance cover and entitlements. You should read this other information before deciding whether the insurance is appropriate for you. To obtain a copy, go to nesssuper.com.au/super/forms-publications

Your Superannuation checklist – 2017/18

Significant super changes took effect from 1 July 2017, have you considered how these changes will affect your superannuation and retirement plans?

- ▶ **Concessional contributions cap of \$25,000 for all.** The concessional (before-tax) contributions cap has been cut to \$25,000 per year for everyone, irrespective of age.
- ▶ **Improving access to concessional contributions.** Individuals under the age of 75 who make personal after-tax contributions (including those aged 65 to 74 who meet the work test) can now claim an income tax deduction. These amounts will count towards the individual's concessional cap, and be subject to 15% contributions tax.
- ▶ **Lowering the annual non-concessional contributions cap.** The annual non-concessional contributions cap has been lowered from \$180,000 to \$100,000. As is currently the case, individuals under age 65 will be eligible to bring forward up to 3 years of non-concessional contributions.
- ▶ **Extending the spouse tax offset.** A tax offset of up to \$540 is available for individuals who make superannuation contributions to their spouse, extending eligibility to those whose recipient spouses who earn up to \$40,000 (up from \$10,800).
- ▶ **Low Income Super Tax Offset.** Provides a boost of up to \$500 a year for individuals with an adjusted taxable income up to \$37,000. Eligible members will receive a refund into their superannuation account of the tax paid on their concessional superannuation contributions, capped at \$500.
- ▶ **A \$1.6 million Superannuation transfer balance cap.** The total amount of superannuation that can be transferred into retirement phase is now capped at \$1.6 million. Superannuation savings accumulated in excess of the cap can remain in a superannuation account in accumulation phase, where the earnings will continue to be taxed at the concessional rate of 15%.



- ▶ **Changes to Transition to Retirement (TTR).** The tax exempt status of income from assets supporting transition to retirement income streams has been removed effective 1 July 2017, meaning that the earnings tax in TTR pensions is now 15%. Individuals will no longer be allowed to treat certain superannuation income stream payments as lump sum for tax minimisation purposes.
- ▶ **Reforming the taxation of concessional superannuation contributions.** The threshold at which high income earners pay additional contributions tax (Division 293) has been lowered from \$300,000 to \$250,000.
- ▶ **First home super saver scheme.** From 1 July 2017 (subject to legislation not yet drafted), the government's plan is that eligible Australians will be able to make voluntary superannuation contributions of up to \$15,000 a year, and a maximum of \$30,000 over more than one year, to their superannuation account for the purposes of purchasing a first home.

Need help? Call the NESS Super helpline on **1800 022 067**, or contact a member of your NESS Super service team (see front page).



- 📞 Freecall 1800 022 067
- ✉ Post Locked Bag 20
Parramatta NSW 2124
- 🌐 Web www.nesssuper.com.au
- ✉ Email nessadmin@aas.com.au

Contact us for more information about any of the topics in this newsletter.

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