

# SuperUpdate | SPRING16

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

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## Your insurance premiums have been reduced, again!

For the second consecutive year we are pleased to announce that our premium rates for Death cover and Total and Permanent Disablement (TPD) cover have been reduced effective 1 July 2016, by approximately 15%. This follows a 4% reduction at the same time last year.

The reduction has been achieved without changes to our insurance terms and conditions. Our competitively priced Temporary Salary Continuance (TSC) cover premiums remain the same.

Type of insurance cover	Weekly rate per unit of insurance cover to 30 June 2016	New weekly premium rate per unit of insurance cover from 1 July 2016
Death	\$1.53	\$1.31
TPD	\$2.06	\$1.76
TSC	\$0.66	\$0.66

## Does your cover meet your needs?

Now is an ideal time to review your insurance cover with NESS Super. You can apply\* to tailor your insurance cover to meet your individual and family requirements. There are flexible options for younger members, easy upgrades when you first join as an employer-sponsored member, as well as for specific life events, for example, getting married, or taking out a mortgage. Optional additional cover is also available, including long term salary continuance insurance.

To find out more about changing your insurance cover to meet your requirements please contact the NESS Super helpline on 1800 022 067.

\*Subject to satisfying eligibility conditions that apply to insurance cover.



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### 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](mailto: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.

**Combining your other super accounts to NESS Super has never been easier! See page 4 for more information.**

## Let us track down your lost and unclaimed super.

There is over \$16 billion\* in lost and unclaimed super currently held by the Australian Taxation Office (ATO), let us track it down for you! Call the NESS Super helpline on **1800 022 067** 8am – 8pm (Sydney time) Monday – Friday and let us track it down for you.

\*Australian Taxation Office (ATO) Lost and ATO held super, December 2015.

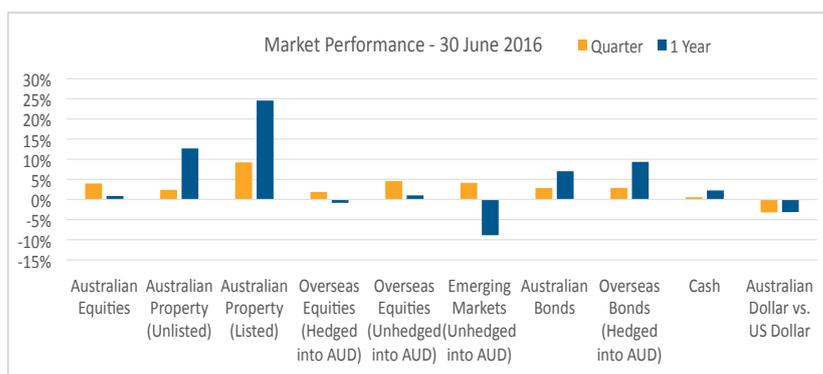


# A difficult year for investors\*

The year to 30 June 2016 was in many ways an extraordinary year with a range of both positive and negative influences at play. Regrettably for investors, the financial year concluded just as it started with considerable uncertainty and market volatility.

The Australian share market managed to record a small positive return for the year, outperforming many of its global peers. However, there were pronounced differences in industry and sector performances. The sectors delivering the most robust return outcomes tended to be those with superior earnings momentum (Healthcare +21.5%) or higher dividend yields relative to cash, bonds and term deposits (Real Estate Investment Trusts, +24.6%, Utilities +24.5%). By contrast, the major banks underperformed due to substantial capital raisings during the year and investor concerns about the outlook for bank earnings and their ability to maintain dividends if higher bad debt provisioning is required. Resource and Energy company performances were also weak as lower commodity prices (Iron ore -13.3%, Oil -21.3%) negatively impacted profits and dividend payouts.

After three consecutive years of positive financial year returns, global shares recorded a negative return for the year. Japan's share market was one of the weakest performers. Share markets in Germany and France were down 11.6% and 11.5% respectively. Concerns late in the year that the UK's Brexit result could impact European growth while also acting as a catalyst for further political instability which might ultimately threaten European unity, accentuated their losses. Ironically, the UK's FTSE 100 Index fall over the year was only 0.3%. The relative strength of the US economy helped the US S&P500 Index gain 1.7% for the year.



Source – JANA, Factset, S&P, MSCI, Mercer, UBS, Barclays

Bonds rallied strongly around the globe over the last year with yields continuing to fall as bond prices rose, resulting in good returns for investors. Falling inflation expectations (helped by the lower oil price), a more cautious approach by the US Federal Reserve with respect to the size and timing of US short term interest rate increases, diminishing global growth expectations and a continued preference by investors for lower risk investments were factors that drove prices higher and yields lower, particularly for government bonds.

Central banks in Japan and Europe have been required to maintain or extend pre-existing stimulus programs (including aggressive buying of government bonds aimed at keeping long term interest rates low) to support their economies and encourage growth. With the support of these massive on-going bond purchases, interest rates have been pushed to extraordinarily low levels. Locally, the Reserve Bank of Australia reduced the Australian cash rate to a record low of 1.75% in May in response to the very low March quarter inflation data. Australia's inflation rate of 1.3% is well below the RBA's 2%-3% target.

\*Investment Commentary provided by JANA Investment Advisers.

## NESS Super Investment Options

The 2016 financial year has seen continued solid performance by NESS Super. All our NESS Super and NESS Pension investment options have again performed at or above industry medians over three years when compared to similar funds, with the exception of Property which was marginally (0.24%) below industry average.\*\*

\*\*Source: JANA Investment Advisers (Super Ratings Survey, 3 years to 30 June 2016)

### NESS Super Members

Investment Option	Crediting rates for the 2015/16 financial year
Cash	1.99%
Stable	3.45%
NESS MySuper^	3.10%
Property	11.73%
High Growth	2.13%
Australian Shares	2.65%
Overseas Shares	-0.96%

### NESS Pension Members

Investment Option	Crediting rates for the 2015/16 financial year
Cash	2.25%
Conservative	2.96%
Cautious	3.33%
Moderate	2.96%
Assertive	2.58%
Aggressive	2.90%

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.

## MLC Transition

On 28th October 2015 NAB announced a sale of 80% of its life insurance business (MLC Ltd) to Nippon Life, and a long term partnership with them to provide life insurance. One of the consequences of the sale was that the JANA advised portfolios accessed by NESS via an MLC Insurance Policy needed to be transitioned to a new investment trust structure. The NESS portfolios were successfully transitioned to the new trust structure in early May 2016.

# As Super news develops, NESS Super will keep you informed

Need another reason to keep your contact details up to date? NESS Super will keep you informed as Super news breaks or developments occur. With the return of the Turnbull Government all eyes are on Canberra and the controversial superannuation changes announced in the May federal budget.

Will the Coalition plan be legislated or will the plan be softened?

Keep an eye on your inbox for NESS Super's News Alerts.

**Call the NESS Super helpline on 1800 022 067 to update your membership records and contact details.**

**ness super**  
powering your financial future

2016 FEDERAL BUDGET UPDATE | LOGIN

## SuperUpdate

### Federal Budget Special

NESS Super is pleased to provide you with an overview of the 2016 Federal Budget.

A number of key superannuation changes were announced, making this a very significant Budget for superannuation.

New measures will see low income earners continue

- Low Income Tax Offset retained
- New contribution cap of \$25,000 for all
- New lifetime non-concessional cap of \$500,000
- New \$1.6 million cap on money you can put into retirement phase
- New catch-up measure for those with balances of \$500,000 or less
- Changes to Transition to Retirement (TTR)

## Transition to Retirement Strategies Post May 16 Budget\*

Budget changes may diminish the effectiveness of a TTR Pension for some members, however, for many it still remains a great way to build wealth.

Transition to Retirement (TTR) pensions have long been considered a 'no brainer' by financial advisers due to the combination of concessional income, particularly for individuals over 60, and tax free earnings on the pension balance.

Individuals can commence a Transition to Retirement (TTR) account based pension upon reaching preservation age (currently 56 and increasing to age 60 over time). With a TTR Pension, 10% of the account balance can be drawn as income each year. The pension income can be used to meet living expenses or used to fund salary sacrifice contributions back to super, leading to potential tax savings for some members.

Following the budget there are new considerations. While TTR Pensions will be less tax effective for some individuals, others will still benefit. For members where the benefit of a TTR strategy has reduced, having a high performing super fund with cost effective financial advice is as important as ever.

### Budget Changes

The 2016/17 Federal Budget has proposed legislative changes that will impact TTR Pensions. The major changes are:

1. A reduction in the concessional contributions cap for superannuation to \$25,000 per annum, limiting the amount of TTR income that can be salary sacrificed back into superannuation;
2. Investment earnings in a TTR Pension are taxed at 15% in line with super generally, rather than being tax-free;
3. Introduction of catch-up concessional contributions

The legislation is only proposed at this stage and will need to be passed by both Houses of Parliament.

**We all keep you informed of any developments.**

\*Commentary provided by Link Advice.

## Thinking of retiring or semi-retiring soon?

If so, you can feel comfortable knowing that NESS Super offers a retirement solution!

At NESS Super, we're here to help you at every stage in life. We can provide you with a comprehensive retirement package, which includes an NESS Pension Account (both Transition-to-Retirement and Account Based Pension) and access to a NESS Pension Specialist.

The features of a NESS Pension account include:

- A low cost solution with no adviser commission
- Open an account with as little as \$20,000
- Paying you a regular income, with payments to your nominated bank account paid either bi-monthly, monthly, quarterly, half-yearly or yearly
- Flexible payments within the minimum and maximum limits set by the Government
- Make lump sum withdrawals
- Potential significant tax savings for some members
- No tax payable on withdrawal amounts for NESS Pension members over age 60. For members under age 60, payment amounts and withdrawals are taxable, however there is a tax offset.
- The ability to not only choose to invest your account balance in a mix of 6 investment options, but also, choose to have your pension payments and transactions deducted from a mix of any of these investment options
- Online access to your NESS Pension account.

**For more information on the NESS Super Pension options, please call us on 1800 022 067 and ask to speak with a NESS Pension Specialist.**





# Introducing our over-the-phone consolidation service.

It's now easier than ever to combine your super accounts with our new over the phone consolidation service.

With one call, you can consolidate your other superannuation accounts into your NESS Super account. There's no cost and the service is available from Monday to Friday, 8am – 8pm (Sydney Time).

## To get started you'll need to:

1. Find the details of your other super accounts, including the fund name and your membership or account number. You can usually find these details on your benefit statement. Alternatively, you can register for the ATO's website MyGov <https://www.ato.gov.au/calculators-and-tools/check-your-super/> and search for your other super by linking your account to the ATO.
2. Call us on 1800 022 067 between 8am – 8pm (Sydney time), Monday – Friday and our friendly staff will help you combine your super accounts.

## Having your super in the one place makes sense

Most Australians have more than one super account. But having multiple super accounts makes it much harder to stay on top of your super. It also means you are paying multiple sets of fees. These can add up to thousands of dollars over your working life, meaning less for you when you retire. NESS Super accepts roll ins from other funds as a free service for members.

Tips before you transfer. Before you request a roll in from another fund we suggest you:

- **Check if you will be charged exit fees.** Some funds charge exit fees when you leave them.
- **Review your insurance arrangements.** You may have insurance with the fund you're leaving and you will lose this cover if you leave. In many cases NESS Super may be able to transfer the cover you have through your previous arrangement without requiring medical evidence, but please call us to talk about this before taking any action.
- **Consider getting financial advice.** Now might be a good time to review your retirement planning and insurance arrangements. Call the NESS Super helpline on 1800 022 067 for more information.

## LINKAdvice

### Money Solutions becomes Link Advice

On 1 July 2016 our financial advice partner, Money Solutions, transitioned to the new name of Link Advice.

NESS Super has partnered with Link Advice to provide our members with low-cost, high-quality advice. Link Advice does not take commissions or promote a financial product.



## A bank built for you

As a member of NESS Super you're able to access exclusive benefits and special offers via the ME Bank Member Benefits Program.

Take a look at what's available at [www.mebank.com.au/benefitsnesssuper](http://www.mebank.com.au/benefitsnesssuper)

- Freecall 1800 022 067
- Post Locked Bag 20  
Parramatta NSW 2124
- Web [www.nesssuper.com.au](http://www.nesssuper.com.au)
- Email [nessadmin@aes.com.au](mailto:nessadmin@aes.com.au)

## Contact us if you want to know more about any of the topics in this newsletter.

**Disclaimer:** The information contained in this newsletter is up-to-date at the time of its publication. However, some information can change over time. The contents are for general information only and do not constitute personal advice. We recommend that you consult with a suitable qualified person before making any financial decisions.