NOW for Members April 2013 Issue 15

CATHOLIC Super

A word from the CEO

Catholic Super's strong growth continued over 2012, and by the end of the year we passed the significant milestone of $5 billion in funds under management.

By the end of 2010, Catholic Super managed $4 billion, so we have grown by 25% in only two years. Thank you for being our members as together we can continue to grow the fund and your account over time.

Change seems to be a constant in our daily lives at home, at work and with our friends and family. The same rings true for superannuation.

The superannuation industry has grown and is now being seen as a source of additional tax revenue for the federal government. We are not wealthy by definition or status, but professional individuals working in schools, hospitals, nursing homes and aged care facilities. Our members are foregoing today's spending to prepare for tomorrow's retirement. The government needs to be made aware of your sacrifice to save for the future, and that your hard earned superannuation savings should not be seen as a source of tax revenue in difficult fiscal times. Our job is to stay focused and lobby government against treating your retirement as a source of future tax revenue. Catholic Super has engaged a number of highly motivated staff in member services, financial services, investment and risk management to deliver the best outcomes possible to members.

I cannot stress enough that your future is in your hands and that Catholic Super is here to help you as you progress in your work or retirement. I urge all members to be aware of their investments and insurance cover with Catholic Super. It is very important that you review your insurance cover when changing your work status or personal circumstances.

The challenge is to make sure you are aware of any upcoming changes by reading our publications, latest newsletters and local papers, and by contacting Catholic Super for advice and/or arranging for a work place site visit by one of the Catholic Super staff members.

Our core objective is to provide the best outcome for members through investment opportunities and personal service.

Catholic Super is an industry super fund where all profits go to members and our aim is to help you create the future retirement lifestyle you want. Here are some of the ways we go about making sure our members get the largest benefit possible:

- our members own Catholic Super – all profits belong to you, the member
- low ongoing management and investment fees – fully disclosed in our Product Disclosure Statement

- flexible, low cost insurance
- all directors are elected by our members and employers
- a dedicated team which understands the needs of members in your industry
- consistent investment performance over 41 years
- wide range of investment choice
- access to financial planning and advice
- access to low cost retirement and pension products.

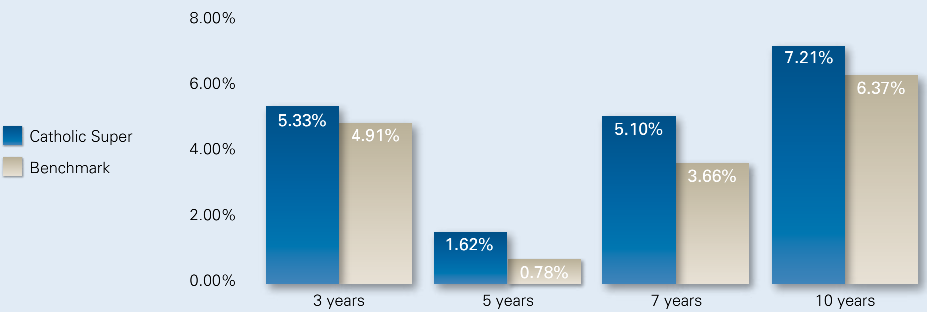
If you have any questions please do not hesitate to contact me on 03 9648 4710 but please remember that given this is my direct line there might be some delay in returning your call.

Should you have a general enquiry, our service team is always happy to assist. Call **1300 655 002** for superannuation enquiries, and **1300 730 327** for pension enquiries.

Frank Pegan,
Chief Executive Officer

Our Balanced Option continues to outperform over the long term

In the latest Australian Prudential Regulation Authority report on super fund performance released in December 2012, Catholic Super was again rated one of the top 10 funds in Australia over the past decade. SuperRatings also continues to rate our performance in the top quartile over 5, 7 and 10 years.



Source: SuperRatings Survey December 2012

A little extra put aside now can mean a lot down the track

Take advantage of the co-contribution initiative

To make the most out of your super, find out if you are eligible to receive up to a $500 tax free bonus from the Government.

If you make a personal after-tax contribution to your super and you earn less than $46,920 in the 2012/13 financial year, you could receive a bonus.

The co-contribution amount reduces for incomes between $31,920 and $46,920 – and if your total income is less than $31,920, you could receive the whole $500. You must also be an Australian resident and be under 71 years of age at the end of the financial year.

Here are some examples of how co-contribution can give your super a big boost in future years:

Kate, 30 years
– a young mum working part-time

Kate has just left full time employment to start a family. She plans to work on a casual or part time basis over the next 10 years, earning around $15,000 a year.

If she continues to contribute to her super, she can benefit from the co-contribution.

If Kate makes a $1,000 after tax contribution in each of the 10 years she is working part time, the Government will match Kate's contribution at a rate of 50 cents into her superannuation account for every $1 she puts in.

Over 10 years, Kate will have contributed $10,000 to her super, and the Government will have contributed $5,000. With compound interest of 7%, assuming Kate retires at 65, her $10,000 investment will be worth an extra $110,000 at retirement (after fees and taxes).

Peter, 15 years
– a casual worker while completing school

Peter has a part time job after school at the local supermarket. Peter plans to work casual or part time over the next eight years while he completes secondary school and tertiary studies.

Peter's grandparents would like to give his superannuation savings a boost, and decide to make a $1,000 contribution into his superannuation account each year Peter is studying and working part time.

By making a $1,000 after tax contribution each year, the Government will match Peter's grandparents' contributions at a rate of 50 cents into Peter's superannuation account for every $1 they put in.

Over eight years, Peter's grandparents will have contributed $8,000 to Peter's super account and the Government will have contributed $4,000. With compound interest of 7%, Peter will already have around $16,000 in his superannuation account before he even begins working full time after completing his tertiary studies.

Even better, this $16,000 will be worth more than $280,000 when Peter turns 65, and this doesn't include the super contributions he will make during his working life.

Hopefully, Peter will one day appreciate his grandparents' foresight.

More information

Could co-contribution work for you, or a family member?

For more information about working out how much of the co-contribution you may be entitled to, use Catholic Super's co-contribution calculator on our website at **www.csf.com.au/calculators** or call us on **1300 655 002**.

Thinking about the best time to return to work after having kids?

> The answer about when to return to the workforce is different for everyone. Some people don't have a choice; while for others it's like walking a tightrope, with so many things to weigh up and consider.

When you make the decision to go back into paid work, one thing you do have control over is what happens to your superannuation. Many people simply let their employer choose a superannuation fund for them, but it is important you take an active interest in selecting the best super fund for you.

Some of the important things to look out for when choosing a super fund include:

- **Investment performance** – take a look at how the fund has performed over five, seven or even ten years. While past returns are no guarantee of future performance, it is wise to go with a fund that has a proven history of solid long term performance.
- **Low fees** – look for a fund that offers competitive fees so that your investment returns aren't eaten away in management fees.
- **Insurance** – are you automatically covered with Death, Total & Permanent Disability Cover and Income Protection cover under your policy? It's a good idea to make sure you know the level of default cover you automatically receive when you join the fund.
- **Member service** – a dedicated client services team is essential to assist you with any queries or concerns. A fully interactive website is also important, so you can check on your super at any time.
- **Financial planning services** – take advantage of any financial planning services offered by the fund, so you can receive personalised and tailored financial advice when you need it.

Don't forget about the super you've already accumulated before your break from the workforce. You can roll your old super into your new fund – which reduces administration costs and means you are less likely to lose track of your super in the future.

An easy and independent way to compare super funds is by using RateMySuper, a free online tool provided by the ratings agency SuperRatings. You can access RateMySuper through the Catholic Super website at **www.csf.com.au/compare-super**.

Alternatively, you can seek advice from a Catholic Financial Services financial advisor, who can review your family's financial affairs.

To arrange an appointment to meet with a financial advisor at your nearest Catholic Super office, simply call 1300 655 002.

Our Balanced option, a brief profile

Investment Update, April 2013

> Catholic Super's Balanced option is by far our largest option, containing around 70% of total members' assets.

Investment jargon can be confusing and the term "balanced" means different things to different people. So I've taken this opportunity to outline the structure of our Balanced option and comment on the pattern of its past and expected future returns.

Some people think that "balanced" implies 50% of assets are invested in shares and other growth assets and 50% in fixed interest or defensive assets.

The distinction between growth and defensive assets has become very blurred over time. Many alternative assets now held in portfolios cannot simply be classified as either growth or defensive. This makes the simple growth/defensive mix concept no longer particularly useful in describing the risk profile of an investment portfolio.

Our Balanced option has an overall risk profile consistent with an allocation of around 70-75% to investments that would have traditionally been regarded as growth assets.

The strategic asset allocation of our Balanced option is shown opposite, with a description of the types of assets included within each asset class or category.

The Balanced option is highly diversified across asset classes. As well, each of the asset class portfolios is itself highly diversified.

Like most investment portfolios seeking to deliver attractive long term returns, a large proportion of the portfolio is exposed to economic growth in one form or another i.e. returns will tend to be better in a more favourable economic environment.

Given our relatively high allocation to growth-oriented assets, our Balanced option is suitable for members who have a relatively long term investment horizon and are able to "ride out" the shorter term ups and downs in returns which inevitably occur.

Garrie Lette,
Chief Investment Officer

Asset class	Strategic asset allocation (% of total)*	Types of assets included
Australian shares	30	A broadly diversified portfolio of shares listed on the Australian share market.
Overseas shares	24	A broadly diversified portfolio of shares listed on overseas share markets, including emerging markets.
Private equity	3	A portfolio of private (i.e. unlisted) companies in Australia and overseas.
Growth alternatives	6	Currently largely debt securities issued by or loans to companies. The risk of the individual assets varies widely depending on financial stability of the companies and the precise details of the securities or loans. For example we invest in a hospital car park in Perth.
Property	8	A diversified portfolio of property, covering the retail, office and industrial sectors, largely in Australia. Most of the portfolio is unlisted.
Infrastructure	6	Airports, toll roads, energy generation including some renewables, port facilities, and an interest in ANZ Stadium in Sydney. The investments are unlisted.
Fixed Interest	13	Fixed interest securities of various types (government and corporate bonds, mortgages).
Defensive Alternatives	7	Also includes fixed interest securities of various types although not government bonds. In this portfolio we also hold some niche investments which we believe will have diversifying characteristics. Two examples are insurance-linked securities and public/private partnerships. This includes investments in the new Royal Adelaide Hospital and a number of schools in Queensland.
Cash	3	Bank deposits and high quality short term money market instruments.
Total	**100**	

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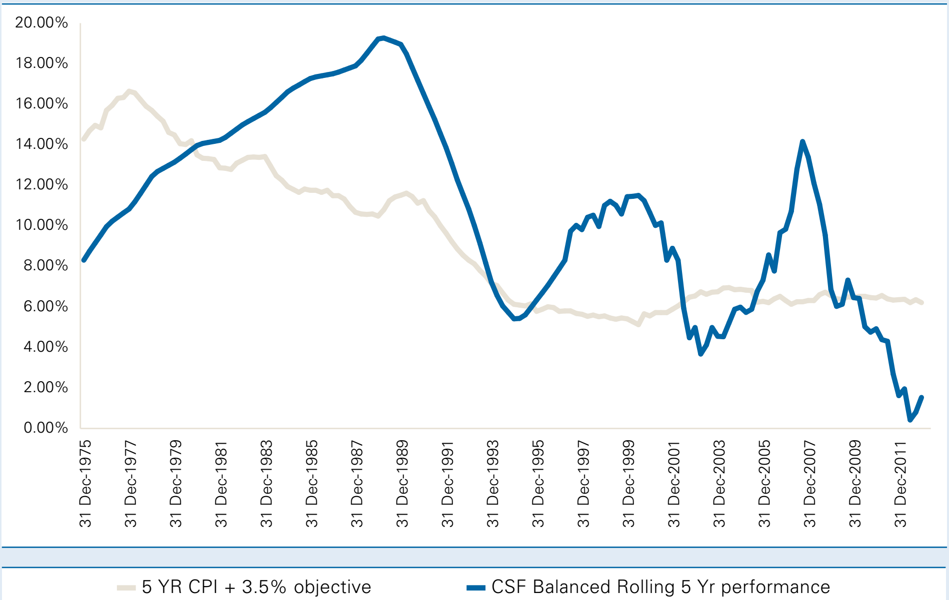
Our Balanced option, a brief profile

(Continued)

Performance vs our objective

Performance of our Balanced option is measured against an objective of the Consumer Price Index (CPI) + 3.5% per year. This performance on a rolling 5 year basis, is shown below. The data underlying the chart covers the full history of Catholic Super commencing in 1971 (which means that the first 5 year period shown on the chart ended in 1976).



Points worth noting:

- Because inflation is reasonably stable, the CPI + 3.5% per year objective is itself relatively stable and has trended down since the 1970s.
- The return of our Balanced option has been more variable on a rolling 5 year basis.
- Our investment objective has been achieved over most rolling 5 year periods over the life of the investment option.

Of course, predicting future returns is always difficult. Nevertheless, some observations are possible:

- Although the most recent 5 year period has been difficult for all funds, based on current market valuations, we believe it is reasonable to expect improved returns over medium to long term periods into the future. In particular, we expect the CPI + 3.5% per year objective will be achieved with a reasonable probability over the coming 5 year period.
- The sources of returns will be different from those of past decades and we will need to continue to adapt our investment strategy accordingly.
- That being said:
  - there is little certainty in the investment world. Variability in performance will continue, both in absolute terms and relative to the CPI + 3.5% objective. Indeed, this is one of life's few certainties,
  - members invested in the Balanced option should take a medium to long term view (including both their pre-and post-retirement life stages) and be prepared for some short term ups and downs. Of course, members not comfortable with these movements can always choose from a range of other investment options offered by the fund. Please contact us on **1300 655 002** if you would like to discuss the most appropriate options for your personal situation with one of our financial advisors.

Garrie Lette,
Chief Investment Officer

What happens when I turn 65?

*The Beatles sang about 'When I'm 64'.
But from a financial perspective, 65 is a milestone.*

If you're a part of the baby boomer generation soon to be celebrating your 65th birthday, it's time to make sure you know what will happen to your superannuation and whether you're eligible for any government assistance, such as a pension.

With more than 4 million Australians born between 1946 and 1961, baby boomers form the largest generation in the Australian workforce. The growing number of Australians entering retirement is placing pressure on the national purse. That's one of the reasons the Government has introduced a means test for the health insurance rebate, and why the qualifying age for the age pension will increase from 65 to 67 from 2017.

So how will turning 65 in 2013 affect you?

- **Your superannuation:**

  Once you turn 65, you can generally access your superannuation whether or not you continue to work.

- **Your transition to retirement pension:**

  Turning 65 means the amount you receive from a transition to retirement pension is no longer restricted to 10 per cent of your account balance each year.

- **Your contributions:**

  If you are under 65 you can make contributions to your super whether you're working or not. But if you still want to make contributions after your 65th birthday, you need to satisfy a 'work test'– meaning you need to be gainfully employed for at least 40 hours over 30 consecutive days in the financial year that you contribute.

- **Your spouse:**

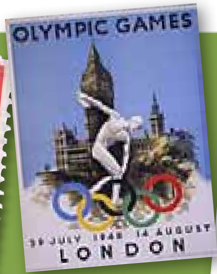
  Your spouse can no longer make a contribution to your superannuation after you turn 65 unless you can pass the work test.

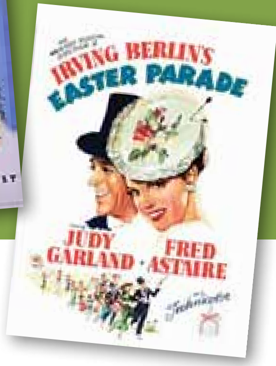
- **Splitting contributions:**

  Contribution splitting allows a portion of your superannuation contributions to be transferred to your spouse's superannuation account. Once you turn 65, you are no longer able to receive contribution splits.

- **Insurance:**

  Insurance for total and permanent disablement, trauma and income protection usually stops at the age of 65. If you continue to work after your 65th birthday, and you become ill or injured, you may be forced into retirement, meaning you may need to make earlier withdrawals on your retirement savings or apply for the age pension.





- **Age pension:**

  Once you reach age pension age (65 if you're male or 64.5 if you're female), you may be eligible for the age pension. Your income and superannuation assets will be assessed by Centrelink to determine whether you are eligible for either a full or part pension.

- **Senior and pensioner tax offset:**

  This tax offset, which reduces the amount of tax you pay on your income, becomes accessible once you reach age pension age, subject to other criteria.

- **Concessions cards:**

  If you receive the age pension, you will automatically receive a pensioner concession card. If you don't qualify for the age pension, you might still be eligible for the Commonwealth Seniors Health Card depending on your taxable income.

Speak with one of our financial advisors to make sure you're on the right financial track leading up to your retirement. Call us on **1300 655 002** to arrange a meeting at your nearest Catholic Super office.

Born in 1948? You share a birth year with these notable Australians:

- **Max Walker, cricketer and footballer**
- **Jeff Kennett, former Premier of Victoria**
- **Kim Beazley, former Opposition Leader**
- **Lionel Rose, boxer**
- **Garry McDonald, actor**
- **Glenn Wheatley, musician and manager**
- **Galarrwuy Yunupingu, Aboriginal leader**
- **Cassandra Harris, actor, *'For your eyes only'***
- **Greg Chappell, cricketer**

Don’t pay more tax than you have to!

The cap on some types of super contributions has been reduced

Do you make or receive concessional contributions as part of your superannuation? These are contributions which deliver a tax saving – for example, employer contributions, salary sacrifice contributions and tax deductible contributions made by an individual.

If so, it’s important to know that the concessional contributions cap has been reduced to $25,000 for the 2012/2013 financial year – down from $50,000 last financial year. Exceeding the cap could mean you are slapped with a significantly higher tax bill.

The cap applies to contributions based on the date the contribution is **received** by your superannuation fund in a financial year.

For example, if you were contributing up to the $50,000 cap in 2011/2012 and have not made any adjustments to your contribution levels, you’re likely to exceed this year’s cap.

Contributions above the allowable cap are taxed up to a maximum rate of 46.5% so the tax implications of exceeding the cap are significant. This includes the 15% contributions tax that applies to all concessional contributions. In some cases, if the limit is exceeded it can result in a total tax penalty of 93%.

Since announcing the reduced cap, the Government has been forced to introduce legislation to allow people a one-off chance to have the excess contributions taxed at their marginal rate if they have not exceeded the cap in previous years and they exceed the concessional cap by less than $10,000.

If you are concerned you may exceed the cap, now is a good time to review your current arrangements and contributions balance for 2012/13.

To confirm your contributions so far this year, you can check your concessional contributions online by logging into Member Online at **www.csf.com.au/memberonline**.

If you would like to discuss your super contributions in more detail, or need more information about how the contributions cap applies to you, you can contact us on **1300 655 002**. We can provide you with more information or arrange a time for a personal consultation with one of our qualified financial planners at your nearest Catholic Super office.

Board of Directors

We are now calling for nominations for a member to sit on our Board of Directors.

The Board of Directors is responsible for the operations of Catholic Super to make sure it is being administered in the best interests of both members and employers.

It also ensures the Fund is managed in accordance with the Fund's governing rules and with superannuation legislation.

The Board consists of an equal number of member and employer representatives.

Once nominations are received, a ballot may be conducted and the nominee polling the highest number of votes will be elected.

Nominations must be received by:

Joe Farrugia
Returning Officer
Catholic Super
PO Box 333
Collins Street West, Victoria 8007

no later than 3pm, Friday 10 May 2013.

If you are interested in nominating, please contact the Trustee Office on 03 9648 4700 for a nomination form.

CATHOLIC™ Super

www.csf.com.au

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3001

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F 03 9934 3465

SUPER RATINGS

SUPERRATINGS PLATINUM SUPER 2013

SUPERRATINGS PLATINUM PENSION 2013

7 YR PLATINUM PERFORMANCE 2006–2013

SUPER OF THE YEAR FINALIST 2013

PENSION OF THE YEAR FINALIST 2013

Melbourne
Level 1
535 Bourke Street
Melbourne
VIC 3000
P 1300 655 002

Geelong
Ashby House
1 Malone Street
Geelong
VIC 3220
P 1300 655 002

Sydney
Suite 1.14
22–36 Mountain St
Ultimo
NSW 2007
P 02 9211 5622

Canberra
Unit 3
59 Wentworth Ave
Kingston
ACT 2604
P 02 6232 6716

Brisbane
Lavalla Centre
Level 2
58 Fernberg Road
Paddington Qld 4064
P 07 3367 0447

Perth
St Brigid's Centre
60 John Street
Northbridge
WA 6003
P 08 9228 8365

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