

Super Update

setting up for your future

Welcome to *Super Update*, the newsletter for the Heidelberg Australia Superannuation Fund that keeps you up to date with what's happening with your super. If you have any suggestions for articles in future issues of *Super Update*, please pass them on to one of the Fund's Policy Committee members.

How your super is performing

The uncertainties surrounding the US Presidential election have added to the recent volatility of share markets around the world. In the four months to 31 October 2016, Australian shares returned 2.9% (S&P/ASX 300 Accumulation Index). International shares followed a similar pattern, returning 4.5% for the same period, hedged (or 0.6% taking into account the effects of foreign currency movements and the appreciating Australian dollar).

In the US, the Federal Reserve continued to keep interest rates unchanged from the start of 2016, but the committee expressed confidence in the US economic growth, leaving the door open for potential rate increases towards the end of the year. Builder confidence increased in the four months from 1 July 2016. Manufacturing activity in the US, Eurozone and China saw growth over the same period, with production and new orders expanding at a faster pace than previously.

In contrast, the Australian manufacturing index reflected a slowdown in the rate of expansion, dropping from 51.8 in June 2016 to 50.9 in October 2016. Business confidence also deteriorated in October. The unemployment rate fell slightly in the September quarter to 5.6%, driven by a fall in the participation rate, and remained steady in October.

The Reserve Bank of Australia (RBA) lowered the official cash rate again from 1.75% to a historic low of 1.50% at its August meeting, but kept the rate on hold for October. According to the RBA Board, lower interest rates would assist stronger economic growth and help to ensure that inflation returns to the target band of 2% to 3% over time.

The Australian dollar rose against the US dollar, from 74.51 US cents at 30 June to 76.09 US cents at 31 October. The Australian dollar also rose against the currencies of its major trading partners over the same period. This was in part due to the US decision to leave interest rates unchanged and the strengthening in commodity prices.

Global bond yields generally fell over the September quarter, generating positive returns. However, global bond yields increased again in October and continued to do so after the US election result, offsetting the positive return from the September quarter. Overall this has resulted in modestly negative returns for global bonds since 1 July 2016.

For the four months to 31 October 2016, the Fund's diversified options have all posted modest gains. The return for the Growth option was encouraging, at 3.0%.

Returns for the four months to 31 October 2016 for each of the Fund's investment options are shown in the table below.

Please remember that past performance is not necessarily a reliable indicator of future performance.

Investment option	Year to date (1 July 2016 to 31 October 2016)
Diversified Shares	4.6%
Growth	3.0%
Balanced	1.8%
Capital Stable	0.8%
Cash	0.6%

Note: Returns shown in the above table are net of tax and investment fees.

Have you received your 2016 Annual Review pack?

You were recently sent your personal *Benefit Statement* and the Fund's 2016 *Annual Report*.

Your Statement shows your transactions during the year, as well as details of your insurance cover and investment choice (if you have made one). The *Annual Report* includes an overview of the Fund during the year to 30 June 2016. It also includes "A recipe for super success" which has tips on how to make the most of your membership.

If you have not received your Annual Review pack, please contact the Fund Administrator. The *Annual Report* is also available at <http://heidaustsf.com>.



Government revises Budget super proposals

In the Fund's June *Super Update*, we summarised the Government's superannuation proposals announced in the May 2016 Federal Budget. Since then, some of these proposals have been revised.

Below is an update on the main changes, all of which have now been passed by Parliament.



- › The Government has delayed the start date for making “catch up” concessional contributions (before-tax) cap contributions. Members with less than \$500,000 in super may have to wait until 1 July 2018 to start carrying forward up to five years' worth of unused concessional contribution caps.
- › The proposed limit on non-concessional contributions (generally after-tax contributions) that a member can make over their lifetime has been replaced with a yearly limit. The new limit will be \$100,000 a year for contributions from 1 July 2017.
- › The Government no longer plans to abolish the work test which restricts the ability of people over age 65 to make contributions to super. This means those aged between 65 and 74 must be employed for at least 40 hours in any 30-day period in a financial year for contributions to be accepted into a superannuation account.
- › There are no changes to the pension proposals made in the Budget. The \$1.6 million limit on the amount in the pension phase remains. The Government will start taxing investment earnings in Transition to Retirement Pensions at up to 15% from 1 July 2017.

We will keep you updated on key developments in superannuation through future *Super Updates*.

Contact information

If you have a query about any of the information provided in this newsletter or about your super, please contact Ashad Perera on (03) 9263 3374 or Con Xanthos on (03) 9263 3360. You can also speak with Ashad and Con on general information about the Fund's management, features and benefits.

Alternatively, you can contact the Fund Administrator on 1800 127 953 or seek guidance from a licensed financial adviser.

The information in this publication is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your personal circumstances before making any financial or investment decision based on the information contained in this document. Please note that past investment performance is not necessarily an indication of future performance.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Heidelberg Australia Superannuation Fund (ABN 75 071 229 817). December 2016.