



a super start  
setting up for your future

# 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 the Fund's Policy Committee.

## Investment update

Globally, the June 2020 quarter was again dominated by the coronavirus pandemic. While there was a significant economic downturn in March and leading into April, the situation improved by June as many countries began to ease restrictions. Most governments and central banks ramped up their policy responses to try to mitigate the spread and impact of COVID-19 and stimulate the economy. As a result, international share markets rebounded, with the MSCI World Index ex-Australia rising by 17.8%\* over the quarter.

Despite high US unemployment and negative growth in the March quarter, the US share market ended the quarter 20.5%\* higher (S&P 500 Composite Index). Interest rates in the US were left unchanged and are expected to stay low for an extended period.

In Europe, shares rose by 17.4%\* over the quarter. The European Central bank expanded its program to further stimulate the economy. The Chinese share market saw positive returns over the quarter, as manufacturing continued to recover from its record low in February 2020.

The Australian economy contracted in the March quarter due to bushfires and COVID-19, and data is expected to show that the economy has gone into recession. April was a low point as lockdowns were strictly enforced, however manufacturing activity, business confidence and consumer confidence started to improve over May and June as restrictions eased and support measures such as JobKeeper payments commenced.

The Australian share market rebounded over the June quarter, returning 16.8% (S&P/ASX 300 Accumulation Index) and reversing a significant portion of the losses from the previous quarter.

The Reserve Bank of Australia left interest rates unchanged in June. In its May outlook, the RBA stated that it expects the global economy to contract sharply in the first half of 2020 and Australian unemployment to rise to 10%.

The Australian dollar rose against the US dollar, from 61.75 US cents at the beginning of April to end June at 69.02 US cents. The Australian dollar also appreciated against other major currencies. The rapid rise in the Australian dollar undermined the returns from international share markets. For example, while the return from international share markets for the quarter was 17.8% (before taking into account the currency movement), when expressed in Australian dollars this return reduces to 5.9%. Hedging separates the investment from currency movements. Most of the Fund's international shares are unhedged, i.e. are subject to currency movements, and have therefore been adversely affected by the appreciation of the Australian dollar over the quarter.

The current volatility in the market is likely to continue. However, remember that for most members, super is generally a long-term investment.

\* Returns from international shares are expressed in local currency terms (i.e. returns do not take into account movements between the Australian dollar and other currencies).

Returns for the year to 30 June 2020 are shown in the table below. Please remember that past performance is not necessarily a reliable indicator of future performance.

Investment option	Year to 30 June 2020
Diversified Shares	-0.6%
Growth	0.5%
Balanced	1.0%
Capital Stable	0.8%
Cash	0.9%

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

The results above are the interim crediting rates for the year. The final crediting rates will be determined by the Trustee and will appear on your annual *Benefit Statement*. These are expected to be issued to you in early October 2020. The final crediting rates may differ from the interim rates outlined above.

## Fund closes to new employees

On 16 June 2020, Heidelberg Australia closed the Fund to new employees. AustralianSuper will continue to be Heidelberg's default fund for new employees unless they choose another fund for their super.

There is no change for existing members of the Fund. If you have any questions, please contact the Fund Administrator or the Policy Committee.

# Should I access my super?

To support those who have been financially impacted by COVID-19, the Government is currently allowing eligible members access to up to \$10,000 of their superannuation between 1 July 2020 and 31 December 2020.

Here are five questions to consider if you're thinking about accessing some of your super.

## 1. Am I eligible?

You may be eligible to access your super early if you're unemployed, receiving certain Government benefits e.g. JobSeeker, or have been made redundant or had your working hours reduced by 20% or more since the start of 2020. To check your eligibility, refer to the Moneysmart guide (see box to the right).

## 2. Do I really need it?

Having a good understanding of where your money goes might help you better understand if you could be saving elsewhere, allowing you to leave your super untouched. You can use Moneysmart's 'Budget planner' to help you work this out (search for this at [www.moneysmart.gov.au](http://www.moneysmart.gov.au)).

## 3. What financial assistance is available?

Check whether you qualify for any financial assistance from the Government, such as income support. You can also contact your bank, lender or utility providers to discuss payment options.

## 4. How will early access affect my retirement?

Money withdrawn and spent now will be money you won't have for your retirement. Use Moneysmart's 'Super withdrawal estimator' to help you see what accessing super now could mean for your savings over the long term.

If you are a Retained Benefits member with insurance cover in the Fund and your balance falls too low to pay the insurance fees or the withdrawal closes your account altogether, you will lose your cover.

## 5. Where can I find help?

If you need detailed personal financial advice, Towers Watson Australia Pty Ltd offers licensed financial planners: contact (03) 8681 9800. Alternatively, go to [www.fpa.com.au](http://www.fpa.com.au) to find an adviser from the Financial Planning Association of Australia.



The Moneysmart website contains a short step-by-step guide and tools to help you work through these questions. Go to [www.moneysmart.gov.au](http://www.moneysmart.gov.au) and search for 'COVID-19 accessing your super'. Step 5 contains the 'Super withdrawal estimator' tool.

# Who will your super go to if you die?

If you have a change in your personal circumstances, like a marriage, divorce or children, it's important to update your beneficiaries. This way, the Trustee will have a guide when deciding who to pay your super benefits to in the event that you pass away.

To update your nomination, complete and return a *Nomination of Preferred Dependants form*, available from the 'Forms' tab at <http://heidaustsf.com> or from the Fund Administrator.



## Contact information

If you have a query about any of the information provided in this newsletter or about your super, please contact Con Xanthos on (03) 9548 6210 or GK Ng on (03) 9548 6218. You can also speak with Con and GK for 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). August 2020.