

INSIDER

SPRING 2018

MEDIASUPER



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RETIREMENT
SAVINGS IS**

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SUPERANNUATION IN THE SPOTLIGHT

With the Productivity Commission releasing draft proposals and the ongoing Royal Commission, Australia's superannuation system has certainly been in the spotlight. There's been substantial media coverage of these matters and you might be wondering how they affect your super fund and your retirement savings.

PRODUCTIVITY COMMISSION PROPOSALS

The Productivity Commission released a draft report looking at the competitiveness and efficiency of Australia's super system in May. The main proposal concerns how employers choose a default super fund for their employees, suggesting the current system of nominating funds in Awards (overseen by the Fair Work Commission) is replaced by a list of 10 'best in show' funds selected by an 'expert panel'.

The proposal isn't practical and there are a lot of unanswered questions around how the system would work. There is concern that some very good and well performing funds may be excluded from the list.

The proposal also doesn't consider products and services specifically tailored to certain industries. For example, Media Super members who work in war zones (such as journalists and camera crew) are covered by our group insurance policy, but wouldn't be eligible for cover in almost all other funds.

The Productivity Commission has also not adequately addressed what would happen if the performance of several of the 'best 10' fell away in subsequent years (as investment performance isn't guaranteed).

The Productivity Commission's report did acknowledge that industry super funds have generally outperformed bank-owned retail funds over the short and long term.¹

ROYAL COMMISSION HEARINGS

The Royal Commission into Misconduct in the Banking, Superannuation & Financial Services Industry has already revealed astonishingly bad conduct by major banks and their financial planning and superannuation arms.

Media Super, like many funds, provided the Royal Commission with information on governance arrangements, conduct and expenditure. We have not, at this time, been called to give evidence at the hearings.

The hearings have revealed what industry funds have been saying for a long time – that super funds run by banks are by definition conflicted because they have to produce profits for shareholders, not just focus on returns for members. The negative impact of this conflict on members of some of those funds has been laid bare.

The Royal Commission heard evidence about joint industry super fund advertising campaigns, including *Compare the Pair* and *Fox and the Henhouse*. Australian Super CEO Ian Silk explained why we fund such campaigns and we agree with his proposition that it's certainly in the best interests of our members to point out the better performance of industry funds and the risks associated with bank-run funds – the very risks exposed at the Royal Commission.

As a Media Super member, you can rest assured knowing that your industry fund is run only to benefit our members. We hope that the outcome of this scrutiny of the superannuation system leads to better outcomes for all Australians.

¹Productivity Commission, *Superannuation: Assessing Efficiency and Competitiveness, Draft Report Overview*, April 2018

**The 2018 Yearbook
and Annual Report
is now available
online.**

Find out all the ways we've been working for our members in 2018, including increasing member resources and education, how we're improving our ESG performance and how we're investing back into your industries. Plus see how our teams have helped members achieve better outcomes and celebrate the achievements of your fellow members.

 mediasuper.com.au/annualreport

A TOP 20 PERFORMANCE FOR MEMBERS



In a year of continued global political uncertainty and escalating tensions over trade agreements, we saw numerous periods of significant market fluctuations.

Despite the ups and downs, Media Super has again delivered strong investment returns for our members, with both our super and pension Balanced option returns well ahead of the median for Australian super funds.¹

According to independent agency SuperRatings, the 2017-18 returns for Media Super's Balanced (MySuper) option, in which most members are invested, ranked in the top 20.¹

All major asset classes we invested in delivered positive returns for the financial year. Our strong performance for the year was a result of a bias towards investment in top performing asset classes – Australian and international shares, along with infrastructure – compared to investment in comparatively poorer performing fixed income assets.

YOUR INVESTMENT RETURNS

Our Balanced (MySuper) option returned **10.14%³ for the financial year to 30 June 2018**, well ahead of the median return of 9.22%.¹

The pension Balanced investment option also continues to perform strongly, **returning 11.00%³ for the financial year to 30 June 2018**, also well ahead of the median return of 9.92%.²

It's important to remember that super is a long-term investment – and we're delivering strong, long-term returns as well. With a 10-year return of 6.33%³, we're meeting our Balanced (MySuper) investment objective of CPI +3.5%.

Media Super's Balanced options are well diversified across shares (Australian and international), property, infrastructure, fixed interest and cash investments, as well as various alternative investments, such as our Fulcrum film and television financing fund.

By investing in our Balanced investment option you also have added peace of mind knowing we have portfolio protection in place, a mechanism designed to reduce the impact of losses if share markets fall heavily, as they did at several points in 2017-18. We are one of the few funds that has this type of protection in place.

Performance information for our full range of investment options is available at mediasuper.com.au.

THE YEAR AHEAD

While we delivered strong, double-digit returns in 2017-18, we have a more cautious outlook for 2018-19.

Valuations for shares and real assets (such as property and infrastructure) have continued to increase over the past 12 months and we question how much longer this can continue. Markets at high valuations have generally been very sensitive to shocks and surprises – and there's certainly no shortage of these currently.

Risks around global trade wars, the rise of populism and unpredictable global politics can all be drivers for a market correction (where markets fall significantly but not to the extent of a crash). To navigate the potential risks ahead we've maintained our portfolio protection and increased the diversification and flexibility of our investment portfolio.

Looking ahead, we are confident our Balanced investment strategy is well positioned to continue meeting our long-term investment objectives for your super and pension.

WE'RE HERE TO HELP

Everybody's investment needs are different. If you have questions about your investment options or would like help developing an investment strategy that best meets your needs and circumstances, please call our Helpline# on **1800 640 886**.

¹ SuperRatings Fund Crediting Rate Survey – SR50 Balanced options (60-76) Index, June 2018

² SuperRatings Fund Crediting Rate Survey – SRP50 Balanced options (60-76) Index, June 2018

³ Investment returns are not guaranteed and past performance gives no indication of future returns



THE UPSIDE TO DOWNSIZING

Many Australians downsize their home when they retire, motivated by a lower maintenance lifestyle, or to make a sea or tree change. If you're thinking about downsizing, it's important to weigh up the pros and cons to make sure it's the right move for you.

One important consideration is the Government's downsizing contribution that came into effect on 1 July 2018. If you're 65 years or older, and meet the eligibility requirements, you may be able to make a downsizer contribution of up to \$300,000 to your super from the proceeds of your home.

Each owner can contribute up to \$300,000 (so a total of \$600,000 for couples) but the total can't exceed the proceeds of the sale. You also have the option of splitting the amount between your accounts. [See example]

The contribution doesn't count towards annual super contribution caps, but it does count towards the \$1.6 million limit for pension accounts.

The downsizer contribution is not tax deductible and it will be taken into account for the Age Pension asset and income tests.

For full details and criteria visit mediasuper.com.au/downsizing.



Example 1

A couple sell their home for \$800,000.

- > Each partner can add up to \$300,000 to their super, to a total of \$600,000.
- > The remaining \$200,000 cannot be contributed through the downsizer measure.

Example 2

A couple sell their home for \$400,000.

- > They can contribute a maximum of \$300,000 each, and can't exceed \$400,000.
- > They can choose to contribute \$200,000 each, or split it, for example \$300,000 to one account and \$100,000 to the other.

Source: ATO.

We're always here to help

Before you decide to make a downsizing contribution, you should make sure you fully understand any potential impacts on your retirement income and Age Pension eligibility.

Depending on your circumstances, you may want to deposit the full, partial or no proceeds from the sale of your home into your super. There may also be advantages to splitting the amount between your account and your partner's (if applicable).

Whether you're ready to downsize now or planning ahead, Media Super's Financial Planners* can help you work through the pros, cons and potential impacts.

To talk to a Financial Planner, please call the Helpline on **1800 640 886**.

PROPOSED BUDGET MEASURES

The 2018-19 Federal Budget included several proposals that are aimed at helping retirees boost their income:

- > expansion of the Pension Loan Scheme
- > expansion of the Pension Work Bonus
- > work test exemption
- > new Age Pension means testing for lifetime income streams.

For more information please visit mediasuper.com.au/budget2018.

MANAGING YOUR RETIREMENT SAVINGS IS EASIER THAN EVER

We've launched a refreshed member secure site designed to make managing your retirement savings even easier.

1. New Dashboard

The dashboard brings together all your key info on a single screen – your account balance, estimate of how long your retirement income will last, and your current investments. And there's also helpful tips and info.

2. Investment choice & Beneficiaries

You can still access info about your investment choice and beneficiaries, and can request a Centrelink schedule.

Plus, you can quickly and easily make changes to your regular income payments or request a one-off payment.

3. Easily switch between accounts

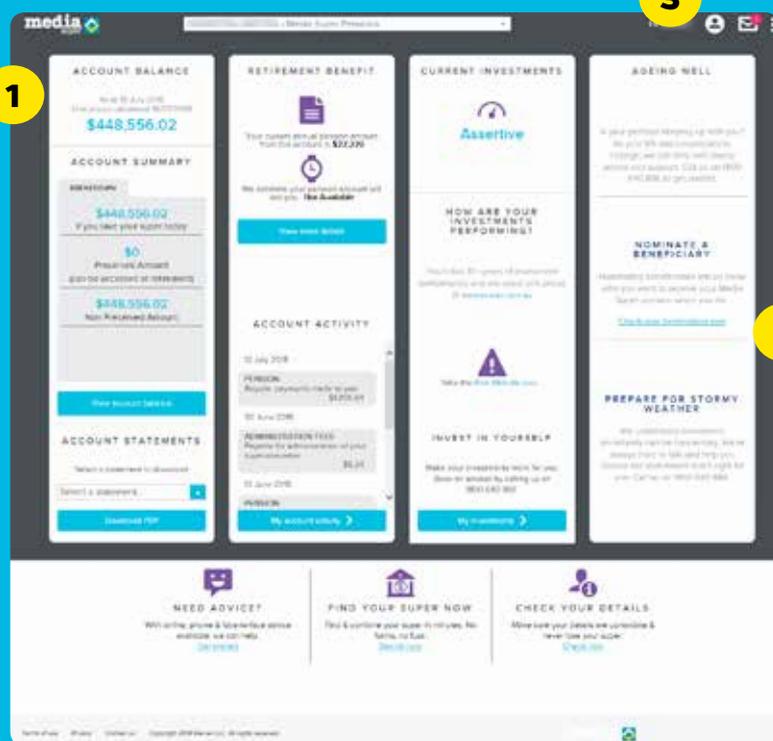
If you have both a super and pension account, you now only need to log in once. Then you can easily switch between your linked accounts using the drop down at the top of the screen.

If you update your contact details, the change will be applied to both accounts.

You can find a helpful guide to using the new site at mediasuper.com.au/onlinehelp and if you have any questions just give the Helpline a call.

What are you waiting for? Log in now

Head to mediasuper.com.au to log in. If you've logged on before, your existing pin/password and your member number is all you need. If you haven't logged on before, give the Helpline a quick call on **1800 640 886** to set up your access.



GOOD ADVICE IS EASY TO FIND

Decisions about money, especially making sure we have enough of it, can be stressful. Good financial advice can reduce your anxiety about your retirement income and give you confidence about your financial wellbeing.

How can we help?

It's our job to help you make the most of your retirement income, which includes providing you with the right advice throughout your working life and now that you're retired.

Our Helpline Advisors[#] can provide you with projections of how long your retirement income is likely to last and talk through your investment options to help you find the one that's right for you.

If that's all the advice you need right now, great! But if you need more complex advice they'll refer you to one of our Financial Planners.*

You might be thinking that only the wealthy benefit from seeing a financial planner – it's a commonly held perception – but in fact when every dollar counts, advice can be even more important.

Our Financial Planners understand all the considerations that go into managing your money in retirement. They'll consider not only your Media Super account but also your other assets and income, and explore options like the downsizer contribution (see pg 4), the Age Pension and other Centrelink benefits to help you maximise your retirement income. And over the years they can work with you to adjust your plans as your life changes.

The advice process

The first step is to call our Helpline. They'll have a chat with you and determine if they can help you or if you need to talk to one of our Financial Planners.

Your Financial Planner will organise a time for your first consultation, which will help you understand how they may be able to help you and your planner will discuss the nature of any advice they might recommend.

If you decide to go ahead with advice, they'll undertake a fact-find with you to make sure they have all the relevant information to give you the best advice. From there, your planner will develop recommendations for you and provide you with a Statement of Advice, which lays out all of their recommendations for you to consider.

Your planner is always available if you have questions or want to talk through your options some more. And, of course, your planner will help you to implement the plan when you're ready.

To get started or to find out more about the advice available to you, call our team on **1800 640 886**.



OUR COMMITMENT TO YOU

We're committed to providing you with high-quality, valuable advice and our planners will only suggest financial advice if they're confident it will improve your situation and is in your best interest.

Your first consultation is at **no cost to you** and your planner will provide you with a fixed price quote to consider before proceeding with any advice.

Media Super Financial Planners do not receive commissions and there are no ongoing advice fees. You only pay for the advice you receive.



MAKE SUPER FAIR

The idea of the 'fair go' is central to Australian society – we believe everyone should have an equal chance and be treated fairly. Why then are so many Australians not treated fairly when it comes to saving for a secure retirement?

Australian women currently retire with an average of \$115,000 less than men, and one in three retire with no super at all.¹ It's estimated that 40% of older, single women are living in poverty² and are the fastest growing cohort of homeless people³.

There are a number of well-documented reasons the gender super gap exists, including the persistent gender pay gap, women taking breaks from the workforce to raise families, and super tax concessions skewed in favour of high income earners.

While super funds try to provide members with tips to help compensate for these issues, the onus shouldn't be on women to fix the problem – change is needed at a government policy level.

WHAT NEEDS TO BE DONE

Women in Super have developed the Make Super Fair policy initiative, a five-point plan to address this inequality and work towards developing a fairer system that sees women (and all low income earners) reach greater economic security in retirement.

1. Provide women and other low income earners with an additional \$1,000 contribution annually into their super, boosting their balance and helping them make up the gap.
2. Make sure there are no further delays in increasing the superannuation guarantee to 12%.
3. Remove the \$450 monthly pay threshold which sees an estimated 220,000 women and 145,000 men miss out on super every year.
4. Make sure that super is paid during paid parental leave, to ensure it is treated like all other types of leave.
5. Measure and publish the impact that any future changes to super would have on women.

While the initiative is predominantly aimed at closing the super gender gap, many of the proposed measures will also benefit the significant number of Australian men who earn below \$37,000 per annum.

For full details of the policy proposals, head to makesuperfair.com.au.

YOU CAN HELP

Women in Super has been meeting with politicians and government bodies to ensure Make Super Fair is understood and on the agenda. They also have been working with and have the support of key super, social services, women's and community groups.

Media Super, along with a number of industry super funds, are working with Women in Super to support Make Super Fair. And you can too.

Head to makesuperfair.com.au, sign up to be counted, and spread the word to your family and friends.

Make Super Fair isn't just about women; having a fair superannuation system is about all Australians having the chance to achieve a secure retirement.

¹ Super Guru Women and super (www.superguru.com.au/about-super/women-and-super)

² ASFA Development in the level and distribution of retirement savings (2011)

³ Council of the Ageing Submission to the Senate Inquiry into the extent of income inequality in Australia (2014)

CHANGES TO COMPLAINTS PROCESS FROM 1 NOVEMBER 2018

Media Super welcomes feedback and has procedures in place to deal with member complaints.

Until 31 October 2018, if you are not satisfied with our response to your complaint, you can take your complaint to the Superannuation Complaints Tribunal (SCT) or the Financial Ombudsman Service (FOS).

From 1 November 2018, the Australian Financial Complaints Authority will replace the SCT and FOS, and will deal with complaints made on and after this date.

Any complaints made before 1 November 2018 will continue to be handled by the SCT and FOS.

For further information, please visit mediasuper.com.au/complaints.

THE MEDIA SUPER COMMUNITY

HONOUR ROLL

You're part of a community of talented people. As your industry super fund, we're committed to nurturing talent and helping our members succeed. That's why we support programs and awards that celebrate our talented members.

To see who won in 2017-18, head to mediasuper.com.au/honourroll and celebrate your Media Super community!

Super Helpline
1800 640 886
mediasuper.com.au



Print. Media. Entertainment. Arts.

Superannuation. Insurance. Retirement. Financial Planning.

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* Media Super has engaged Industry Fund Services (IFS) ABN 54 007 016 195 AFSL No 232514 to facilitate the provision of financial advice to members of Media Super. Advice is provided by one of our Financial Planners who are Representatives of IFS. Fees may apply. Further information about the cost of advice is set out in the relevant Financial Services Guide, a copy of which can be obtained by calling IFS on 1300 138 848. IFS is responsible for any personal advice given to you by its Representatives.

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