

CHANGING GEAR



Your TransPension news September 2011



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Investment update

Andrew Killen
Chief Investment Officer

In the 2010/11 financial year investment markets followed a very similar path to the previous 12 months.

The strong returns achieved by asset classes again masked the fact that 2010/11 was a volatile period for investors in which sentiment often swung widely.

As was the case in 2009/10, the last financial year could be divided into two distinct periods for investment markets, when investors were either clearly risk averse or, on the other hand, were happy to assume more risk.

Equity markets rise

Despite the year commencing with concerns regarding sovereign default in Europe (particularly in Greece) and the possibility of a 'double dip' recession in the US, the first nine months of the financial year saw equity markets steadily rise before retracing some of the gains in the last quarter, particularly in the Australian market.

The catalyst for the initial rally in global equity markets was action taken by policy makers to boost economic growth and to allay fears

of a Greek default. Substantial fiscal packages were announced in the US and Japan, and the US Federal Reserve later provided further monetary policy easing through a \$US600 billion package to buy US government bonds, a move that became known in financial markets as QE2 (the second round of quantitative easing).

However, risk aversion held sway in the final quarter. As the impact of the Japanese earthquake and tsunami on global trade was felt, credit agencies threatened to downgrade the AAA credit rating of the US, and political indecision in Europe renewed fears of a Greek default. At one stage, the Australian equity market was down more than 10% for the quarter, before recovering in the final few days. Although still posting a negative return for the quarter, the strong performance in the three preceding quarters enabled the Australian market to register a return of approximately 12% for 2010/11.

Strong Australian dollar affects returns

Overall, global equity markets gained more than 20% for the financial year, but the strength in the Australian dollar meant returns to Australian investors fell away to less than 3%. Bond markets returned around 6% for the year, with yields rising and falling in tandem with the risk appetite of investors.

The new financial year has had a very rocky start, with fear gripping financial markets following the S&P downgrading of US sovereign debt from AAA to AA+. Despite equity market valuations appearing attractive, with markets trading below long term average price earning ratios, it is difficult to see a return to less volatile times until financial markets see a clear and workable resolution to the debt problems of the US and Europe.

Andrew Killen
Chief Investment Officer

Important information about changes to super and pensions

A number of changes relevant to superannuation pensions were introduced in the 2011 Federal Budget.

Minimum pension payments

In recent years (since the Global Financial Crisis), the Government has halved the minimum pension payment limits to help enable retirees to preserve their balances.

In the 2011 Federal Budget, the Government announced that it would extend the reduction in the 2011/12 year at a reduced rate of 25% instead of the 50% reduction which has been in place since 2009. The minimum amounts will return to 'normal' in 2012/13.

Improved work bonus

An improved work bonus was introduced from 1 July this year. This means older Australians who work will be able to keep more of the money they earn from part time work.

Eligible pensioners can earn up to \$250 a fortnight above the income threshold before their Age Pension is affected. Pensioners will be able to accrue as a credit any unused amount of the \$250 fortnightly exemption, capped at \$6,500.

This means that Age Pensioners can earn more money from part time work before their pension is affected.

CHAIRMAN'S REPORT

A stronger superannuation for all

The Board of Directors and I continue to work hard to help you protect your super savings and to provide you with a better lifestyle in retirement.

TWUSUPER is a strong and well established fund. We are focused on working with our investment specialists to drive the Fund's long term performance.

Investments for the last financial year have performed strongly, which you will see reflected in your Annual Benefit Statement. The events of early 2010/11 saw high levels of volatility on the share markets, locally and around the world. While it's natural to feel anxious, it's important to not lose sight of your long term investment strategy. The diversified nature of our TWUSUPER investment options means we have exposure to other asset classes (not just shares) so we're well placed to ride out the bumpy share market and deliver strong, competitive investment returns over the long term. To find out more read our investment update on page 2.

With the superannuation industry currently undergoing Government reform, we will soon move into a climate of change which will see a simpler and more cost effective superannuation and retirement system for all Australians.

As an Industry Super Fund, run only to benefit our members, we support this transformation and will continue to keep you informed of any important updates.

David Galbally QC



TransPension





TransPension delivers Jeff a personalised service in retirement

After 45 years employed as a truck driver, Jeff Osborne knew when it was time to permanently hang up the keys.

The plan to retire in June this year changed after Jeff decided last Christmas that he'd had enough of work and that it was time to start something new.

The personalised assistance and professionalism of the Fund's Client Relations Team made the move into retirement much easier for the former owner-driver from Western Sydney. The team explained Jeff's pension options and then helped him set up his Account Based Pension.

'Rodney (one of the Fund's Client Relationship Officers) has been excellent all the way through,' said Jeff.

'He helped me fill out the paperwork, came out to my home and met me on the road. He was more than obliging.'

After a working life of long hours and fully planned days, Jeff originally found retirement an adjustment, but is now looking forward to doing the things he enjoys most - fishing, travelling the coast and spending time with his family.

"He helped me fill out the paperwork, came out to my home and met me on the road. He was more than obliging."

TransPension's Account Based Pension (ABP) helps turn your super savings into a tax effective income stream.

The ABP is available if you have reached preservation age (currently 55) and do not intend to work 10 hours or more a week ever again. The investment earnings in your pension account are tax free, while investment earnings in your super account continue to be concessionaly taxed at up to 15%. Pension payments are tax free if you're over age 60. If you're under age 60, a part of your payments may be tax free and you can get a 15% rebate on the taxable component. You can choose how much money you'd like to receive and how often. This can help you to manage your finances more effectively.

If you have any questions about starting up your superannuation pension, we recommend you seek financial advice. As a member of TransPension, you are entitled to one free consultation over the phone on a single superannuation issue with a qualified adviser from Money Solutions*.

If you've already used up your free consultation, further advice is available at an affordable rate, and you can pay for it from your super account. Call 1800 222 071 and ask to speak to a financial adviser.

* The Trustee is not responsible for, and does not accept liability for the products and services or actions of Money Solutions (AFSL 258145). You should use your own judgment before taking up any product or services offered by Money Solutions.

Your common retirement questions answered



Q: I'm retired and would like to return to work. Can I do this without it affecting my Account Based Pension?

Answer:

Yes. Your income levels do not affect your Account Based Pension. However, if you are also receiving the Age Pension from the Government your income level may affect the amount of Age Pension that you receive. You should contact Centrelink to find out if your additional income will affect your pension payments.

Q: Can I withdraw a lump sum online?

Answer:

Yes, TransPension's secure member website, *MemberAccess*, allows you to not only view your account balance and update your details, but also withdraw lump sums.

To register for *MemberAccess* go to www.twusuper.com.au. All you need is your member number. Select

'My account', then 'Withdrawal'. Enter the amount you wish to withdraw and press 'submit'. The payment will automatically be made to the same account your current pension payments are paid into. A confirmation email will be sent to you if we have your email address. And there's no paperwork involved!*

* Restrictions apply to Transition to Retirement Pensions.

Q: What happens if I die while a member of TransPension?

Answer:

If you die while a member of TransPension, you may leave behind a death benefit, which is any money that is left in your TransPension account. You can choose for your death benefit to be paid to your beneficiaries, either as a reversionary pension or as a lump sum.

A reversionary pension is when you nominate your death benefit to be paid as a pension to your surviving spouse or another eligible person such as a child. You can only nominate one person to receive a reversionary pension.

Alternatively, you can choose to have your death benefit paid as a lump sum to a dependant. A dependant is defined as your spouse, child, financial dependant or interdependant. Please see your *TransPension Member Information Booklet* (PDS) for full definitions.

If you have no dependants, the Trustee will pay your benefit to your legal personal representative (your 'Estate'). If you also have no legal personal representative, the Trustee has the discretion to pay your benefit to some other person it considers to be a beneficiary.

It's important to remember that apart from a reversionary pension nomination that is valid at the time of death, the Trustee makes the final decision about who receives your death benefit and how it is paid. It will consider your nomination when making that decision. You should keep your beneficiary nominations up to date, in particular if your circumstances have changed.

To update your beneficiary details go to www.twusuper.com.au and download a *Change member details* form or call us on **1800 222 071**.

Go online for your Annual Report

Where can I find the Annual Report?

Go to www.twusuper.com.au and click on the Forms and Publication link on the homepage to download your copy.

I'd like a printed copy. Can you send me one?

Yes. Call us on **1800 222 071** and we'll mail you a printed copy of the Annual Report free of charge.



Financial advice is only a phone call away

If you have any questions about your pension, we recommend you seek financial advice. As a member of TransPension you are entitled to one free consultation over the phone with a qualified adviser from Money Solutions*. If you have already used up your free consultation, further advice is available at an affordable rate and you can pay for it from your account. Call **1800 222 071** and ask to speak to a financial adviser from Money Solutions.

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Get help from people who understand your industry

Our Client Relations Officers can help you make sense of your pension by answering your questions or helping you to complete forms or paperwork.

Our team covers most of Australia. However, if a team member can't get to you in person, they'll be able to talk to you over the phone. Call your local Client Relations Officer today to arrange a visit or a phone consultation.

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