

# Group Super News

Your member update

Accumulate Plus | August 2021

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Plus  
members

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 CommonwealthBank  
**Group Super**

## A note from Rosemary Vilgan, Chair, Trustee Board



**“Resilience is key as we all move forward, and our focus firmly remains on your best interests and positive outcomes for your future financial wellbeing.”**

We are now well into the second year of the COVID-19 pandemic. The word ‘unprecedented’ is frequently used when considering the global health and economic impacts of COVID-19 and its influence on the lives of every Australian. We understand that the year has been challenging for many of our members and their families and communities, and our thoughts are with those who have suffered loss and hardship, and the many who continue to do so.

It has been a challenging year in many ways, and while the pandemic has had an impact on our priorities for the year, the fund’s commitment to our members’ best interests and financial wellbeing for the future remains steadfast. I thank you for your trust in us to manage your superannuation and helping you work towards achieving your retirement goals.

It is with this core focus that we successfully managed the challenges of the past year. We continue to build on our strengths and manage our fund through the resulting volatility as well as new legislation and the implementation of changes happening within our fund.

### **Taking our fund forward for members**

The board has a very clear role – to act in your interests and your interests alone. Our strategy is focussed on delivering reliable retirement income, services you value and affordable insurance. We continually look for ways to improve our services to you while maintaining fees that are value for money.

We have undertaken a review of the fund’s administration and custodial providers and are planning a transition to new service providers. We are confident that these changes will result in better digital capabilities, greater access to advice and reduced costs. The move to our new

providers is planned for early 2022, and you will be hearing more about the transition in the months ahead.

In addition to our transition, we are reviewing our default investment approach and taking advantage of new administration capabilities to tailor the default better to the different life stages of our members. Commencing later this year, we will be undertaking a major review of our insurance design to make sure it continues to offer you and your family protection with affordable premiums.

### **Our investments now and beyond**

We want to help you reach your retirement goals and our investment mission is to deliver reliable long-term returns through a suitable default option and a suite of investment options. We achieve this through well diversified investment portfolios, including real assets such as property and infrastructure. With a growing focus on environmental, social and governance (ESG) factors, we are constantly building for our collective future together.

Over the course of the year we have seen periods of both significant downturn and upswing in investment markets and against this backdrop, all of our diversified options have met or exceeded their investment objectives, and have done so for a number of years. We believe in the value of diversification and staying true to that belief has helped us meet our objectives with significantly less volatility than otherwise would have been the case.

We have also developed a whole-of-fund ESG policy, which continues our focus on managing climate risks. This includes a commitment to net zero carbon emissions across our investment portfolio and operations by 2050. Our policy provides

a road map for interim targets towards the 2050 goal, greater measurement and transparency of carbon intensity, and how we can pursue opportunities in the transition to a low carbon economy.

You can read more about our investment outlook on page 3.

### **Keeping a finger on the pulse**

There have been a number of regulatory and legislative changes and updates throughout the year. We continue to embed and implement these changes, and I encourage you to read more in the ‘Member notices’ section of this newsletter.

The Your Future, Your Super legislation passed in June 2021. It will have a significant impact on us, as we are the default superannuation fund for the Commonwealth Bank. I encourage you to read the article on page 5 for important information about these changes.

### **Thank you**

I’d like to offer my sincere gratitude to all whose work allows our fund to continue our commitment to members. I thank my fellow directors for their dedication. In particular, I thank and farewell the directors who resigned from the Board during the course of the year, Kylie Macfarlane, John Atkin and Chris Loong. I’m pleased to welcome Susan Allen, Cara Botha and Magda West as our newest directors.

My fellow directors and I thank you, our members, for your support. We appreciate your ongoing trust in us to manage your super – it is our privilege to look after your savings for retirement.





## Based on these considerations, our outlook for investment markets is:

- Continued positive momentum of investment markets over the near term, supported by strong fiscal and monetary stimulus underpinning continued low official cash rates. Over the longer term, lower rates of return are expected as these stimulus initiatives are wound back.
- Heightened volatility on the path to recovery, subject to developments in combating COVID-19 and possible civil or geopolitical tensions.
- Central bank tolerance for marginally higher levels of inflation than has been experienced over recent years.

With this outlook in mind, important components of our investment portfolio construction will be:

- strong diversification across asset classes, investment types, geographies and economic sectors
- continued focus on protecting against downside risks
- healthy exposures to global markets and unlisted assets, while carefully managing liquidity.

The themes outlined above were consistent with our portfolio positioning leading into 2020 and continue to be relevant for us.



Despite heightened market volatility, the effects of COVID-19 did not require material changes to our portfolio. We've recently introduced private credit and alternative credit into our Alternatives asset class within our diversified investment options. We expect this to strengthen returns and drive further diversity in the current environment.

*Continued on page 4*

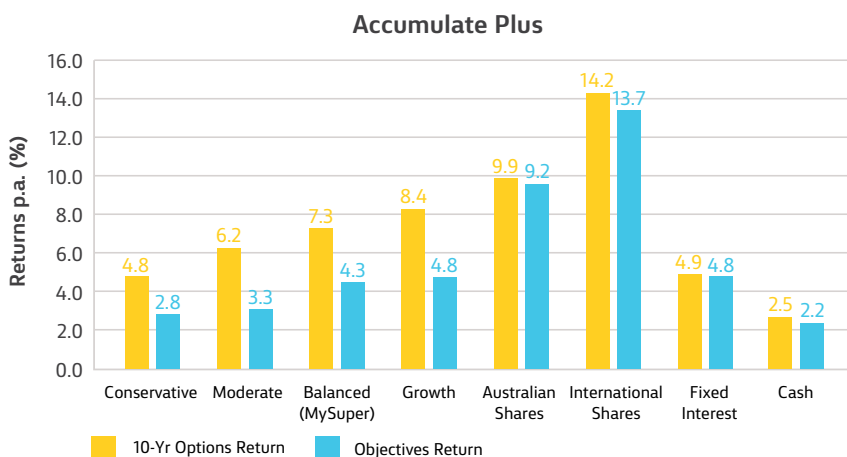
# Our investment outlook.

In managing our fund, we benefit from high-calibre investment thinking through our relationships with global specialist investment firms. Our investment market outlook is informed by the analysis and feedback from these relationships.

It was a challenging year for investment markets and global populations alike in 2020. The onset of COVID-19 saw sharemarkets in Australia and major global economies experience sharp falls, the likes of which had not been seen since the 2008 Global Financial Crisis. This was met with unprecedented fiscal and policy action to help support markets and the economy.

Markets have since seen a steady recovery through the latter half of 2020, buoyed by the fiscal and policy support, and have continued to rebound remarkably in 2021. Rapid advancements in pharmaceutical research to combat COVID-19, including the development of several vaccines, provided further optimism for markets.

Against this backdrop, our Accumulate Plus investment options performed as shown in the following table over the financial year to 30 June 2021:



Actual and objective target returns are based on taxable unit prices, calculated after the deduction of investment fees, asset-based administration fees and any applicable taxes. Objective target returns for the single asset class options are calculated before the deduction of fees, so the actual returns shown for these options are calculated on the same before-fees basis for comparison.

Performance over the 2021 financial year was strong, and all of our options exceeded their investment objectives as at 30 June 2021.

Noting these circumstances, we remain cautiously optimistic.

Uncertainty remains over how COVID-19 will unfold in the coming months with more infectious strains becoming prevalent, and the potential for further economic disruption on the horizon. The full effect of changes to workplace practices, supply and demand dynamics, and supply-chain logistics also remains to be seen. The possibility for sustained higher levels of consumer price inflation is another area that warrants consideration.

Continued from page 3



### How our investment philosophy relates to performance

When the absolute returns for diversified products are directly compared across our peer super funds, we would expect to see a wide range of returns. This is driven by differences in asset allocations and depends on the performance of the underlying markets over the measurement period.

A more diversified strategy, such as ours, generally has less exposure to shares than many of our peers with similar investment options. In strong share markets, such as those over the last several years, we would expect to see our MySuper option underperform compared to products with higher share allocations. On the other hand, during share market falls, more representative of early 2020, we should perform better than peers, as we experienced.

Peer comparison data informs us, but we do not set our investment strategy in reference to peers. What guides our strategy are the objectives we set for our options and striving to deliver on those objectives for our members.

For more information on our investment performance, please refer to our website.

# Shining a (sustainable) spotlight on ESG.

## We are committed to embedding Environmental, Social and Governance (ESG) considerations into the selection and monitoring of our service providers and our investment decision-making.

We consider ESG and increasingly, climate change-related risks, when determining our investment strategies, and are committed to net zero emissions across our investment portfolio and operations by 2050.

We continue to develop our framework and approach to climate change including

current work on a climate change action plan, which will consider further how we can improve the resilience of the fund's assets, monitor and mitigate against climate change-related risks and invest in opportunities that make a positive difference in this area.



Visit [oursuperfund.com.au/esg](https://oursuperfund.com.au/esg) for additional information on how we're integrating ESG and climate change-related issues.



## Cash options in super: What to expect.

Investing your super in a cash investment option, compared to other investment options that may include a range of asset classes like shares, may offer greater certainty of your account balance and stability of returns. However, relative to

other investment options, cash options offer minimal growth potential for your account balance and may produce lower returns over the longer term.

Cash investments, like all other investments, come with an element of risk and can be negatively affected by market conditions. The current low interest environment means the current risk of very low or negative returns from defensive assets is real.

### Our Cash option performance and the outlook

Over the 10 years to the end of June 2021, our Accumulate Plus Cash option returned 2.5% p.a. (calculated before the deduction of fees and tax) meaning that it exceeded its investment objective target return for the same period (2.2% p.a.). However, we expect continued low and potentially

negative returns while record low rates persist.

### The importance of regular review

If you choose to invest in a single asset class option, like our Cash option, it's important to consider the expected return and overall level of risk exposure to your super.

You should consider your own circumstances such as your age, investment timeframe, personal risk tolerance and the effect of your other investments. Also, consider your financial goals when making decisions about your financial future.

The options you choose may make a big difference to how your super grows. We recommend you seek financial advice when considering your investment options.





# Your Future, Your Super: super reforms.

**In the 2020-21 federal budget delivered on 6 October 2020, the government announced the 'Your Future, Your Super' package, a set of reforms to the superannuation system.**

The package was in response to the Productivity Commission review into superannuation and the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry,

In June of this year, this legislation was passed. The reforms for 2021-22 include:

- From 1 July 2021: the duty of a trustee to exercise its powers and perform its duties in the best interests of fund beneficiaries, has been replaced with a duty to do those things in the best financial interests of fund beneficiaries.
- From 1 July 2021: the Australian Prudential Regulation Authority (APRA) will measure the performance of MySuper products through an annual benchmarking test.
- From 1 November 2021: New entrants to the workforce will be able to choose a MySuper product from

a new online YourSuper comparison tool from the Australian Taxation Office (ATO), with this chosen fund following them to subsequent employers, unless they actively choose another fund. When existing employees move to another employer, their current super fund will also follow them, unless they actively choose another fund. This measure is designed to minimise multiple accounts and fees.

## **More about the annual benchmarking test**

APRA will use the Your Future, Your Super benchmark to assess the performance of MySuper products. The benchmark is tailored to each MySuper product's assets and assess actual performance net of fees and taxes over an eight-year time period. In this first year, performance will be based on a seven-year period.

At the time of writing, we anticipate that our Balanced (MySuper) option will underperform this benchmark. The underperformance will likely be due to our make-up and underlying strategy of some asset classes versus the prescribed benchmarks, and the

underperformance of some of the sectors in our portfolio. Further information will be provided on our website at [oursuperfund.com.au](https://oursuperfund.com.au) at the time APRA releases its MySuper assessments.

## **When considering super funds**

Before making a decision about a super product, consider how appropriate it is having regard to your to your own circumstances and needs.

Our Balanced (MySuper) product has performed well across other independent assessments. Comprehensive fund evaluations carried out by industry rating agencies SuperRatings, Chant West and Rainmaker assess returns, fees, insurance cover, education, advice, fund governance and more. Our Accumulate Plus product is awarded the highest ratings from these three agencies, including 12 years with a SuperRatings Platinum rating as a 'best value for money fund'. Our website includes additional details on these ratings.



There are some simple actions you can take to help protect your super from cyber crime:

- 1. Track your account regularly** – Know your balance, transactions and employer contribution patterns. Check your statements and log into your online account to monitor details and spot irregularities sooner.
- 2. Keep your personal details up to date** – Super funds use details like your address, email or mobile to send you the most up to date information about your account and the fund. Keeping details current may also help deter those who might try to use older details to fraudulently access your account.
- 3. Be alert** – Be suspicious of emails requesting personal information. Phishing emails trick people into sharing sensitive information such as online logins or passwords. And don't access your online account using public computers or public wi-fi.
- 4. Report a suspicious event** – If you think you have been targeted by a scam, phishing email or identity theft, report it to your fund. Act quickly and change your passwords.
- 5. Create a strong password** – Use a strong unique password that only you will remember, change it regularly and don't share it with others.

It's also helpful to get to know the features and functionality of your super product – you'll develop good super habits and help avert cyber crime at the same time!

## 5 quick tips to help keep your super cyber-safe.

The super industry is home to nearly \$3 trillion<sup>1</sup> and many members may not be checking their accounts or viewing statements regularly – meaning that the time between a fraud event occurring and an account holder realising it can be significant.

<sup>1</sup> <https://www.superannuation.asn.au/resources/superannuation-statistics>

## Is your insurance in touch with you?

It's important to understand the insurance cover you may have as part of your Accumulate Plus account, and how it fits in with your life and needs – especially as your personal circumstances can change over time.

Insurance cover may provide some financial protection if you are unable to work due to disability or if you die while covered. However, insurance premiums are deducted from your account balance and may reduce the amount of super available when you retire.

The amount, cost and conditions of cover may be important elements when considering changes to your insurance cover as your circumstances change and your needs evolve.

For example, are you starting a family? Or perhaps grown children are no longer at home? Considering a switch in careers? Enjoying fewer financial commitments as retirement nears? These are all scenarios where a review of insurance cover and premiums may be beneficial.



### More information

Read more about insurance cover offered by our fund in our Reference Guides: Insurance cover, available from [oursuperfund.com.au/pds](https://oursuperfund.com.au/pds).



## Member notices.

### Changes to strategic asset allocations for diversified investment options effective 1 July 2021

Effective 1 July 2021, the strategic asset allocation (SAA) for some asset classes within our diversified (pre-mixed) investment options has changed. The following table includes the benchmark SAA percentage for each asset class within the investment option, as well as the minimum and maximum percentages that we may hold, together with the previous SAAs for comparison.

The updated SAAs, as well as more information about our investment options and asset classes, are provided in our *Member Guide (Product Disclosure Statement)* and *Reference Guide: Investments*, issued on 1 July 2021 and available from [oursuperfund.com.au/pds](https://oursuperfund.com.au/pds) or call us for a copy.

#### Changes to SAAs for diversified investment options from 1 July 2021.

Investment option		Asset class				
		Fixed Interest & Cash	Alternatives	Real Assets	Multi-Assets	Shares
Conservative	Old	67% (62-72%)	5% (2-8%)	8% (3-13%)	10% (7-13%)	10% (7-13%)
	New	67% (62-72%)	7% (4-10%)	8% (3-13%)	8% (5-11%)	10% (7-13%)
Moderate	Old	42% (37-47%)	7% (3-11%)	13% (6-20%)	18% (14-22%)	20% (16-24%)
	New	42% (37-47%)	10% (6-14%)	14% (7-21%)	14% (10-18%)	20% (16-24%)
Balanced (MySuper)	Old	17% (13-21%)	10% (5-15%)	18% (9-27%)	25% (20-30%)	30% (25-35%)
	New	17% (13-21%)	15% (10-20%)	18% (9-27%)	20% (15-25%)	30% (25-35%)
Growth	Old	5% (2-8%)	10% (5-15%)	20% (9-31%)	25% (20-30%)	40% (35-45%)
	New	8% (5-11%)	15% (10-20%)	19% (8-30%)	18% (13-23%)	40% (33-47%)

### Changes to investment-related fees and costs

Super funds are required to disclose certain information about fees and costs based on fees and costs incurred in the previous financial year. This means disclosure of investment-related fee and cost estimates are likely to change each year. The updated estimates of investment fees and costs and transaction costs for the 12 months to 30 June 2021 are outlined in the following table, together with the prior year estimates for comparison. Changes to disclosure requirements mean that investment fees and costs and transaction costs are disclosed separately for the 12 months to 30 June 2021, compared with a single investment fee (total) for the prior period.

Fees and costs have also been updated in our *Member Guide (Product Disclosure Statement)* and *Reference Guide: Fees and other costs* for Accumulate Plus, issued on 1 July 2021 and available from [oursuperfund.com.au/pds](https://oursuperfund.com.au/pds) or call us for a copy.

Important notes to keep in mind:

- Past costs are not a reliable indicator of future costs. Investment fees and costs and transaction costs include components that vary from year to year and can't be calculated precisely in advance. The amount you pay in future years depends on the actual fees and costs we incur in managing the investment options in those years.

- These are not the only fees and costs that may apply to your account. For example, administration fees and costs are also charged and insurance premiums are deducted if you have insurance cover. There are no changes to other fee types or amounts at this time. For further details of the fees and costs that may apply to your account, you should read our Reference Guide: Fees and other costs.

#### Changes to estimates of investment fees and costs and transaction costs for the 12 months to 30 June 2021.

Investment option	OLD	NEW		Estimated annual effect of these changes to fees and costs for a \$50,000 account balance
	Estimated investment fee (total) for 12 months to 30 June 2020 (% of balance p.a.)	Estimated investment fees and costs for 12 months to 30 June 2021 (% of balance p.a.)	Estimated transaction costs for 12 months to 30 June 2021 (% of balance p.a.)	
Conservative	0.33	0.25	0.05	-\$15
Moderate	0.44	0.34	0.07	-\$15
Balanced (MySuper)	0.55	0.43	0.09	-\$15
Growth	0.58	0.45	0.09	-\$24
Cash	0.06	0.06	0	—
Fixed Interest	0.22	0.17	0.03	-\$10
Australian Shares	0.46	0.30	0.14	-\$10
International Shares	0.49	0.38	0.06	-\$25





More information about these rule changes are available in our Reference Guide: Contributing to your super, available from [oursuperfund.com.au/pds](https://oursuperfund.com.au/pds) or by calling us.

From 1 July 2022 – proposed but not yet legislated:

- The work test on some super contributions will be repealed, allowing those aged between 67-74 to top up super without being required to satisfy a test, provided their super balance is less than \$1.7 million.
- The amount of voluntary contributions that can be released to help more first home buyers through the First Home Super Saver Scheme (FHSSS) will be increased to \$50,000. Voluntary contributions made from 1 July 2017 can count towards the amount released.
- Removal of the minimum wage threshold for compulsory super, currently set at \$450 per month, to expand super guarantee coverage to eligible employees irrespective of monthly pay amount.

## Group Super's first Annual Member Meeting

In March 2021, we held our first Annual Member Meeting (AMM) via online livestream, providing all members with an opportunity to hear from our board and executive team on our fund's performance, outlook and fund strategy, and ask questions.

If you weren't able to attend, a video and transcript of the event, together with minutes and published questions/answers are available from [oursuperfund.com.au/member-meeting](https://oursuperfund.com.au/member-meeting).

## 2020-2021 Annual Report online

Our 2020-2021 Annual Report will be available from our website [oursuperfund.com.au](https://oursuperfund.com.au) from November. Please contact us if you require a printed copy. Note: if you requested a printed copy of last year's report, we will automatically send you this year's report once available. Copies of annual reports from previous years are also available from our website.

## New Accumulate Plus PDSs and Reference Guides issued

It's important that you always refer to the most up-to-date information when you're considering or making any changes to your Accumulate Plus account or when making decisions that may affect your financial future.

On 1 July 2021 we published new Member Guides (product disclosure statements (PDS)) and Reference Guides for Accumulate Plus. The main changes in these documents relate to:

- new superannuation rates and thresholds from 1 July 2021
- changes to strategic asset allocations for our diversified investment options (also see page 7)
- additional information relating to the risk measures and return expectations for our Cash and Fixed Interest investment options within the current market conditions
- simplified fees and costs disclosure, including updates to estimated investment-related fees and costs (also see page 7).

Copies of these documents are available from [oursuperfund.com.au/pds](https://oursuperfund.com.au/pds) or by calling us.

## Changes to rates, caps and thresholds

From 1 July 2021 the following super changes came into effect.

- The superannuation guarantee rate for compulsory employer contributions increased to 10% and will increase by 0.5% each year until it reaches 12% in 2025.
- The total superannuation balance cap was increased due to indexation, from \$1.6 million to \$1.7 million. Your total super balance determines your non-concessional contribution cap, as well as your eligibility to access bring-forward and carry forward contribution rules, spouse contributions and the super co-contribution.
- The general transfer balance cap, which determines the amount that can be transferred into and held in retirement-phase products, was indexed to \$1.7 million. Each person will have a personal transfer balance cap of between \$1.6 and \$1.7 million depending on when their first retirement-phase pension began.
- The concessional cap increased from \$25,000 to \$27,500 per financial year, while the non-concessional cap increased from \$100,000 to \$110,000 per financial year.

## Accumulate Plus members



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