CommonwealthBank GroupSuper

NEWS UPDATE

ACCUMULATE PLUS — JULY 2017

“IT HAS BEEN A SUCCESSFUL YEAR FOR OUR FUND, WITH DELIVERY ON OUR COMMITMENTS TO YOU CONTINUING TO BE OUR CORE FOCUS.”

A note from Neil Cochrane,
Chairman, Trustee Board

HIGHLIGHTS OF 2016-17

Maintaining our position as a strong and competitive fund committed to your financial wellbeing for retirement is something we take very seriously. This is because it’s essential that we continue to meet your evolving needs. Highlights of this year include:

- Investment strategy improvements that have increased the diversity of our fund’s assets and our ability to actively manage our investments with the goal to consistently achieve our investment objectives
- Insurance arrangements which have resulted in lower costs, broader coverage of our members and enhanced eligibility claim conditions
- Consistently achieving the **highest ratings** from three major industry rating agencies, and for the first time earning the top score in a member satisfaction survey across a pool of 21 superannuation funds.

We will continue to work conscientiously on our products and services, our investment performance and industry benchmarking, so that you may feel confident with your fund and that you will be well-supported now and in the future.

Super changes are here

There have been significant changes to the superannuation system since the 2016-17 Federal Budget announcement. Now that most of these changes have been legislated, it is important to understand more about them and how they may affect you. I encourage you to view the details on page 2, or online at oursuperfund.com.au/2017reforms.

Lowering insurance premiums for members

As part of our commitment to providing you with the right insurance cover to help protect you and your family in times of need, we continually monitor our insurance arrangements. We have been working closely with our insurer, CommInsure, to cover more of our members at the time of joining and also at the time of making a claim. I am also very pleased to say that we will be **lowering all insurance premiums from 1 October 2017.**

This is a great outcome for our members as it provides extra protection for members during their working years and helps to boost their super for retirement. Find out more details on page 3 and for more about our overall insurance offering, visit oursuperfund.com.au/insurance.

Committed to your financial wellbeing

Following on from our successful participation in the Commonwealth Bank Group’s AdvantAGE program to help reach and educate Group employees on the value of super and advice, we are in the development stages of a new national seminar program for our fund. This program will be designed to provide you with knowledge and tips for your super, retirement planning and other financial education topics to help you maximise your financial wellbeing now and for the future. Stay tuned for more details on this exciting program later in 2017.

Fond farewells and warm welcomes

This year we farewelled our long-time Chief Investment Officer, Gerard Parlevliet, who retired after an exemplary 38 years of service to the Commonwealth Bank Group. In his over 20 years with our super fund, he remained dedicated to the financial wellbeing of our members and shaped our current investment philosophy and strategy. We are extremely grateful for his invaluable contribution to the fund and wish him a happy and successful future.

Our fund’s board of directors continues to evolve and change in line with our membership. Our board of directors now comprises three independent, three employer-appointed, and three member-elected directors who bring with them a deep level of expertise and wisdom. For more details on our board of directors, visit the ‘about us’ section of our website oursuperfund.com.au.

Thank you

As always, we are grateful to you for entrusting us to look after your super. With the support and dedication of the fund’s executive management and their teams, our administrators, fund managers and all of our service providers, we look forward to continuing to help you with your financial wellbeing.

READ MORE INSIDE YOUR NEWS UPDATE...

SUPER CHANGES ARE HERE

The 2016-17 Federal Budget brought with it some significant changes to the superannuation system.

Some of these changes represent a significant departure from the previous rules, so it's a good idea to know more about what these changes mean.

One of the key reforms to keep in mind is that individuals with a total super balance of $1.6 million or above will have some of their access to super-related tax concession reduced. If your balance exceeds $1.6m your non-concessional contributions cap will be nil for the financial year. In this case, any contributions you make for that year will be excess non-concessional contributions and only $1.6m of superannuation assets will be allowed to be transferred into a retirement phase pension product.

Super reforms include:

Reduced caps on concessional super contributions

- From 1 July caps on concessional contributions reduced to $25,000 for all individuals irrespective of age.
- Concessional contributions are before-tax super contributions – these can include an employer's Superannuation Guarantee contribution, salary sacrifice super contributions, or deductions for personal super contributions.
- Allowing certain individuals the ability to carry over contributions from the prior year's unused concessional contributions. This will be applied from 1 July 2018, with operational effect from 1 July 2019, for members that have a total super balance of less than $500,000.

Decreased non-concessional contribution cap – now $100,000 per year

- From 1 July 2017 the non-concessional (after-tax) contribution cap will be lowered to $100,000 per year with a bring-forward maximum reduced to $300,000.
- Transitional rules will apply for those members who have exceeded their bring-forward maximum for the 2015-16 or 2016-17 years.

Removal of the investment earnings tax exemption for transition to retirement income streams (TRIS)

- Investment earnings supporting a TRIS are no longer tax-exempt from 1 July 2017.

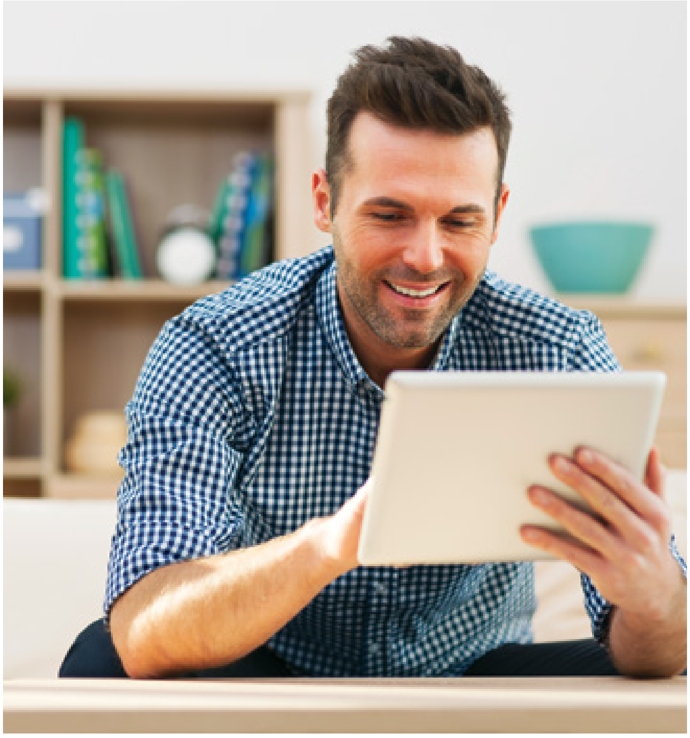
Other changes

- Increasing the eligibility to be able to claim a tax deduction for personal after-tax contributions.

How the changes apply to your own individual circumstances may require financial or tax advice in this changing environment. We encourage you to take this opportunity to assess your situation, and if you'd like more advice on contributions to your account, you can talk to our Advice Essentials team – when it relates to your account with us, this service is provided at generally no cost to you.

You can visit oursuperfund.com.au/advice to find out more about the advice options available to you as a member of our fund, or to help you find an adviser through the Commonwealth Bank Group or via a professional industry association.

For more information on other super changes, please visit **oursuperfund.com.au/2017reforms** or the **Australian Taxation Office (ATO) website** (https://www.ato.gov.au/individuals/super/super-changes/).



How to plan for retirement when the rules keep changing

The Association of Superannuation Funds of Australia (ASFA) issues a 'retirement standard' each year, estimating what people may need for a 'modest' retirement lifestyle and a 'comfortable' retirement lifestyle. Currently for a couple this equates to $34,855 and $59,971 respectively; so it comes down to how you want your super to fund your lifestyle at the point of retirement... And not necessarily a specific amount like the new cap.

Your member statement will provide you with a retirement projection based on your current balance, and you can also try one of the many retirement calculators available – visit oursuperfund.com.au/retirementcalculator for some suggestions. You can always speak to a financial adviser for more in-depth advice to help you make decisions about your financial future. For more information, visit oursuperfund.com.au/advice.

INSURANCE UPDATE

One of the valuable features available to you from your Accumulate Plus account is insurance cover for death and disablement.

Together with our insurer, we regularly review our insurance offering so that ongoing access to cover can be provided to an increasing number of our members. In addition, we want to ensure that terms and conditions for successful claim payments reflect the changing needs of our members.

Working together with CommInsure, our insurer, we will introduce the following changes in Accumulate Plus from 1 October 2017.

Lower premium rates

After our recent review process, we're very pleased to say that our members' insurance rates will be lowered. This will result in a reduction of premiums for those members who have insurance cover.

- **Decrease in Death and Total and Permanent Disablement (TPD) premium rates:** Effective 1 October 2017, premium rates for Death and TPD cover in Accumulate Plus (including Death-only cover) will be lowered by around 10%.
- **Decrease in Salary Continuance premium rates:** Effective 1 October 2017, premium rates for Salary Continuance cover in Accumulate Plus will be lowered by approximately 5%.

Benefit enhancements

Insurance is important as it can provide financial protection in times of illness, injury and death. That's why we've worked with the insurer to improve several aspects of the insurance benefits available to members from 1 October 2017.

- **Broadening of Total & Permanent Disability (TPD) definitions:**
  - Improved access to TPD benefits by adding a 'domestic duties' element to the existing set of TPD definitions. For example, if you were on full time household duties at the time of your permanent disablement, you would generally be able to lodge a claim for benefits under these circumstances.
  - Making the 'any occupation' definition available to both permanent employees on leave without pay as well as non-CBA Group employees. Generally, this replaces the requirement of working a minimum of 10 hours per week in order to be assessed for a claim. If you are a non-CBA employee, there will no longer be a requirement to be working immediately prior to the date of disability, as long as you were in paid employment within the 3 months prior to your disability.
- **Expanding default insurance eligibility:** Eligibility conditions for receiving automatic insurance cover will be expanded to include more CBA Group employed members. For example, if you were working on a contract under 12 months, or working fewer than 10 hours per week in your role, you would not have been eligible previously – this has now been removed.
- **Improving income protection benefit payment amounts:** With less restrictive policy terms that allow for more inclusive calculations of the benefit amount payable from an income protection policy, if you were to make a claim for income protection you may not be adversely affected by external sources of income.

More details on the premium and benefit updates will be available in our 'Reference Guide: Insurance cover' on our website from 1 October 2017.

Remember!

Because premiums can be deducted from your super account it may be more affordable than having your own individual insurance policy. Just keep in mind that premiums paid from your super will reduce your overall account balance, so you should regularly review your level of insurance cover(s) and related cost(s), making sure that the amount(s) reflect your situation and needs.

TAKE A CLOSER LOOK AT YOUR COVER

Is it time to get to know your insurance?

Sometimes insurance ends up the last thing on your 'to do' list, but depending on what actually happens over the course of your life, it could mean you need not just cover, but the right cover.

At its core, insurance is about making sure you're protected in the event of the unexpected, and that your lifestyle and family are looked after. And as you follow your own personal path through life your insurance needs are likely to change too! You will likely be faced with changes which will change the amount of cover you should have.

- **Marriage: looking after not just yourself but your partner as well**
- **Mortgage: a hefty investment that needs to be serviced regularly and for many years**
- **Children: new family members mean additional responsibility for their wellbeing and future**
- **Divorce: emotional upheaval and complicated splitting of assets and responsibilities**
- **Downsizing/empty nest: paying off a mortgage and kids moving out can mean reduced insurance requirements**

Another thing to keep in mind is that your eligibility for disability benefits through insurance in super generally depends on your employment status at the time of your claim. For example, when it comes time to claim, the specific TPD definition applicable to you will depend on whether you are employed at the time of your disablement. So if you have left your employment and are not planning to work for a period of time, your disability benefits may end up being assessed under a different set of criteria. It's good to keep in mind that if you are not employed at the time of your claim, you may be required to meet a more stringent definition.

Don't pay for more than you need

One of the more positive things about getting older is more often than not your financial commitments are reduced, which makes it a good time to ensure that the amount of your insurance cover isn't excessive. It's also good to keep in mind that premium rates tend to increase with age, so as you get older, little by little it takes more of your super to pay for insurance cover than it does in younger years.

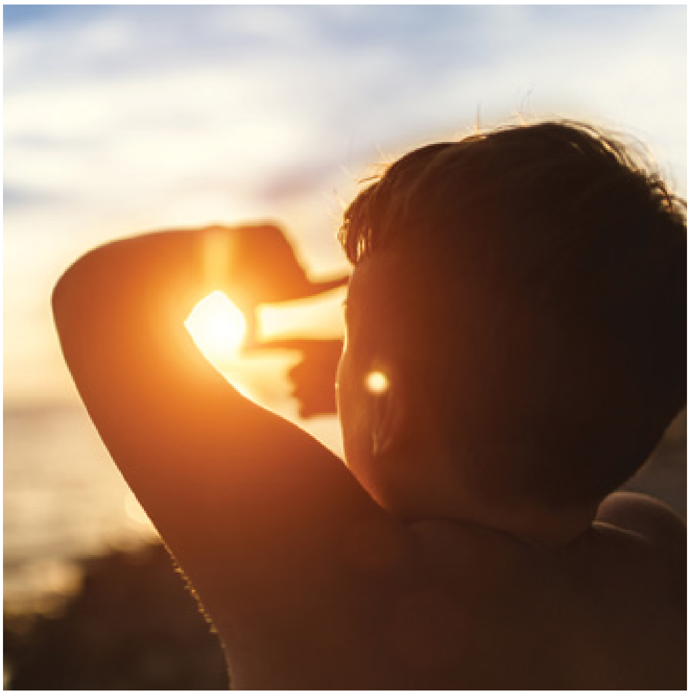
Your insurance policy allows you to adjust your cover, meaning you can review and, if you like, decrease your cover level to suit your changing requirements. This means more money saved that goes straight towards your retirement income.

Visit **oursuperfund.com.au/insurance** to find out more, or to see how you can adjust your cover to suit whatever road your life is taking.

WITH YOU TODAY... AND THERE FOR YOU TOMORROW

You may be thinking ahead towards retirement, or maybe it's quite literally the last thing on your mind. But it's always a good idea to know what opportunities you have in our fund when retirement does come knocking – we really are your fund for life!

When it comes to retirement, a common theme is likely to be how you want to receive your super – whether through regular pension payments, withdrawing it as a lump sum, or like many people, maybe a combination of both. The 'right' decision ultimately depends on your personal circumstances and your future plans.



MORE ABOUT INSURANCE COVER

For more information on insurance cover available in Accumulate Plus, please refer to the PDS and Reference Guide: Insurance cover, available by calling us or from oursuperfund.com.au/memberbooklets. You can increase, decrease or cancel any existing cover, or apply for new cover, at any time. Any application for new or increased cover may be subject to the insurer's normal application and underwriting process.

Some benefits of leaving your money in the super system through a pension include tax-free investment earnings on pension accounts (with the exception of transition to retirement pensions), flexibility to choose what you receive and payment frequency, and the reassurance of receiving a regular income for as long as your balance lasts. But you do need to keep in mind that pensions can be exposed to investment markets, which could mean some ups and downs that could affect your balance along the way. A lump sum can give you an immediate cash injection that can help with paying off things like a mortgage or other debts and allow for large purchases, but it may also mean you could run out of money earlier. So it's good to think about your options.

Once you've arrived at the point where you leave work behind, or simply wind things down a bit, if a pension is for you, you can stay with the fund that's looked after you through your career. As you near or begin retirement you can choose to continue your journey with us, and invest in one of our platinum-rated Retirement Access pensions. These include our account-based pension and transition to retirement pension options, and are ready for when you want to move to a regular income from your super benefits.

Retirement Access: a retirement income stream choice you can count on

- Over 1,200 members who consistently rate as being very satisfied with the fund*
- No fees to open an account, receive pension payments or make additional withdrawals, or switch investment options
- Payment flexibility to suit your lifestyle and retirement income goals
- A range of investment options to help you build or protect your account balance
- Options to help you seek professional advice – including some at no additional cost
- Seeing your balance alongside your other accounts if you use NetBank or the CommBank app
- Being part of a fund that works hard to maintain the highest ratings from industry specialists; you can compare our Retirement Access pension accounts against others in the market. Visit oursuperfund.com.au for more details.

Think about it…

It's never too early or too late to start considering your plans for life after work. Knowing what options you have to help you feel more secure in your retirement can make a big difference to your financial wellbeing. And since this path can be different for everyone, we want to support you when and how you're ready to begin receiving an income from your super, with the right tools and support to help you when you need it the most.

To learn more about our pensions, visit oursuperfund.com.au, read the Member Guide (PDS) for Retirement Access available from oursuperfund.com.au/memberbooklets or call us on 1800 023 928 for more information.

* Fund Executives Association Ltd – Customer Services Benchmarking Australia Net Promoter Score (NPS) Survey, February 2017

SUPER? OR MORTGAGE?

It seems like the eternal savings question: should your money go to super or to your mortgage? Before you jump in with an answer, it's worth looking at the bigger picture.

There's no doubt about it – buying a property is a huge investment, and one of the biggest financial decisions you'll ever make. But a home is not necessarily a retirement plan – and your super, over time, is likely to be in that same category of huge investments. But whether one or the other is the best way to invest your money can depend on things like your age, income, interest rates and so on, so it's good to weigh up the factors and consider what will work for you.

Know your motivations, but know the details too

Let's say you've got some extra money to put towards your savings. You've got your mortgage and your super, and both could benefit from the cash boost. Now is the time to look at what your motivations are and what may work best for your circumstances.

Paying down your mortgage

Reducing debt is undoubtedly a positive thing for your financial wellbeing. If debt is weighing on your mind, paying more towards your mortgage is a surefire way to give you an immediate sense of financial and psychological relief. There's also the potential to sell your property or use a redraw facility to access funds.

Paying up your super

Your super is a long-term investment, and in most cases you can't access your money until you reach your preservation age (see oursuperfund.com.au for details on when you can access super). But if you consider the kind of lifestyle you want down the track, putting more money into your super now gives you the advantage of compounding – or earning returns on your returns – which could mean a big boost to your income, and your desired lifestyle, when you're ready to retire.

Tax benefits can also be a significant incentive, and there are certainly potential benefits to both mortgage and super investment. With property, any profit you make from selling your residential home is generally tax-free. In super, you can contribute to your account with pre-tax income (which could potentially lower your income tax bracket), pay a much lower marginal tax rate of 15%* on contributions and investment income earnings, and generally access your super as a tax-free income stream when you reach retirement.

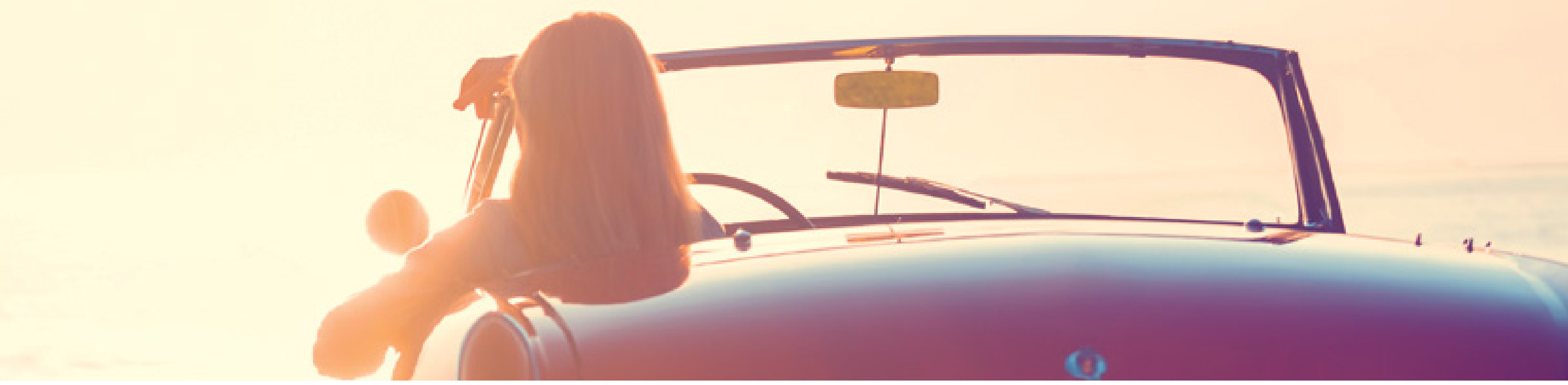
*30% if you earn over $250,000

Follow your own financial compass

So money in your mortgage and home can be a good thing, and money towards your super and retirement can also be a good thing. There's no crystal ball here – it just depends on how the different factors involved match up with your motivations and financial goals. You could even end up doing a bit of both – many people want to have the feeling of their mortgage and current finances being 'under control' before they are comfortable focusing on longer-term (and locked-in) super savings.

In the end, whether you go for paying down your mortgage in the short term or building up your super for the long term is entirely up to you.

To help you work through more of the 'nuts and bolts' of what might work for your circumstances, you can try the ASIC MoneySmart calculator (www.moneysmart.gov.au/tools-and-resources). And if you'd like to seek professional financial advice, visit oursuperfund.com.au/advice for more details on advice options available to you as a member of our fund.



KICKSTARTING SUPER AT ANY AGE

You can get your super tracking towards your goals at any stage in your life. All it takes is a little know-how on different strategies available and how they can best suit your future financial ambitions.

20s and 30s

'Retirement' may seem like an extremely distant event when you're young, but now is an easy time to put a few plans in place to really boost your long-term savings.

- Consolidate – you're likely to have had multiple jobs, which may leave you with multiple super accounts; consolidating them helps you avoid paying unnecessary fees and dealing with additional paperwork.
- Know your investment option – most funds have an array of investment options available that you can choose from to suit your risk appetite.
- Take advantage of entitlements – if you're eligible for the government co-contribution scheme, this can boost your super by up to $500 a year.
- Salary sacrifice – with so much time ahead of you, the power of compounding – or earning returns on your returns – is on your side; just a small amount from your pre-tax salary can make a difference of tens of thousands at retirement.
- Insurance – most funds will provide you with default insurance, and while this is very beneficial it's worth reviewing what you are covered for to ensure it meets your needs (particularly if you have dependants); you may also want to nominate a beneficiary.

40s

You're advancing in your career, and tackling your financial commitments at the same time. It's a good time to take a closer look at your super to see how things are tracking.

- Making extra contributions – this will give your super balance a great boost, whether via pre-tax salary sacrifice contributions or post-tax personal contributions; but keep an eye on the contribution caps that limit what you can put in before incurring additional tax.
- Reviewing insurance cover and beneficiaries – as life changes, your needs can change; make sure your insurance arrangements follow suit.
- Contributing to a spouse's account – if you or your partner are taking time out of the workforce, you can look into the working partner's ability to make super contributions on your behalf.
- Consider financial advice – it's not too early to see a financial adviser about your future financial wellbeing goals; they can help you put a plan in place to get you closer to achieving them (find out more at oursuperfund.com.au/advice).

50s

At a time when you're at your peak earning capability, you may be looking to maximise your investments – particularly if you have fewer family-related financial commitments. Your super will likely be on your mind more often as you get closer to retirement age, so looking after all that you've worked hard for is a key consideration.

- Look at your strategy and talk to a professional for advice – this is an important time to consider your retirement plan and investment strategy in detail, and a financial adviser can help pinpoint strategies that may work best for you (find out more at oursuperfund.com.au/advice).
- Review your contributions – with more disposable income, it's a great opportunity to top up your super and still reap the benefits of compound interest in the years before retirement (but watch those contributions caps!).
- Check your insurance & beneficiaries – review your insurance to ensure you're not paying for more than you need, particularly if you have children who no longer rely on your financial support; check that your nominated beneficiaries are up to date.

60s+

Your post-working life awaits, and you'll likely have more time and money to do the things you want to do. Now is a crucial time to keep on top of your super, because you'll soon be drawing a regular income from it (if not already) – and factors such as your health needs, living arrangements and whether you're still working can all have a major impact on your strategy.

- Consider your retirement goals – you'll probably have a much better idea now about what you want your retirement to look like, and that clarity of direction can be a strong motivator in planning your super and investment strategies for retirement.
- Look at investing more of savings in super – to maximise savings prior to drawing a regular income from it as a pension.
- Check in regularly with your financial adviser – as your pre-retirement and retirement needs evolve, your adviser can help you make the most of your assets to meet your goals (find out more at oursuperfund.com.au/advice).

You can make the most of your super no matter what your age may be, and because it's one of the biggest investments you're likely to make it's important to understand and keep track of it. You've worked hard for your money, so make your money work hard for you!.

MEMBER NOTICES

New Retirement Access PDS and Reference Guides issued 1 July 2017

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

Effective 1 July 2017, we issued a new **product disclosure statement** (PDS) titled 'Member Guide for Retirement Access'. The key changes include:

- Updated content to reflect changes as a result of the 2016 Federal Budget reforms surrounding transition to retirement and retirement phase pensions
- Introduction of taxable investment options for Retirement Access TRIS accounts.

Effective 1 July 2017 we issued updated **Accumulate Plus and Retirement Access reference guides**, including:

- 'Reference Guide: Boost your super' – changes to reflect legislative/tax-related changes to super effective 1 July 2017
- 'Reference Guide: How super is taxed' – changes to reflect legislative/tax-related changes to super effective 1 July 2017
- 'Reference Guide: Insurance cover' – changes to reflect additional definitions surrounding pre-disability income calculation and clarification of gross vs net rates to premium tables.

Copies of these documents are available by calling us or from oursuperfund.com.au/memberbooklets.

2016-17 Annual Report online

Our 2016-17 Annual Report will be available to view or download from November from our website oursuperfund.com.au.

Please contact us if require a printed copy of the report. 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.

Commonwealth Bank Group Super

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