



Insight

MEMBER NEWSLETTER **SPRING 2020**



Investment Update — Keeping you safe
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Investment Update

Returns were positive for the September quarter as investors continue to adjust to the 'new normal' of the Covid-19 affected world. Our Balanced Growth MySuper option returned 2.0% and all other options were positive for the quarter.

March - September

Share markets had sold off heavily in the March quarter as Covid-19 cases spiralled and economies shutdown across the globe. We then saw one of the sharpest recoveries on record as markets looked through the near term economic pain in light of the exceptional emergency measures being provided by central banks and governments around the world supporting economies. This recovery continued in July and August, though share markets sold off in the month of September. European Covid-19 case numbers stepped up sharply in September and there were increasing concerns that the US may not pass another round of stimulus before their election in November.

Outlook

The outlook remains challenging and we continue to monitor markets closely. Yields on traditional defensive assets such as cash and bonds are at record lows. For example, the Reserve Bank of Australia (RBA) cash rate is currently sitting at 0.25% per year. The yield on ten year bonds is a good guide to the subsequent return (before taxes and fees) if held for the following ten years and this was just under 0.8% per year as at 30 September. Both of these levels sit well below the RBA's inflation target of between 2-3% on average over time. At these low yields inflation would have to fall well short of this target for a long time for either cash or bonds to provide decent real returns over the medium term. The outlook for shares remains uncertain and the real economy remains in the midst of a global recession. However, over the long term we continue to consider that shares will outperform defensive assets for those investors able to withstand the inevitable ups and downs that will arise.

New investment options

We have recently launched two new options, Property and Infrastructure, for our super members.

The property option invests in a wide range of primarily Australian office, retail and industrial properties, with small allocations to healthcare and education properties. This is currently achieved through investing in diversified, unlisted property funds although this option has the capacity to invest in listed real estate vehicles and may also include cash allocations from time-to-time. The property funds used will generally target gearing of 10-30% of gross asset value. Investment is primarily in existing buildings but may include some development projects on a build-to-own basis.

The infrastructure option invests in Australian and global infrastructure assets. This includes a diverse range of infrastructure sectors such as electricity distribution networks, airports, seaports, pipelines, toll roads, water utilities and other areas. Typically investment will be equity investments and the average gearing level is moderate, but ranges from low to high depending on the asset. Investment is primarily in operating assets, but may include some development projects. As with the property option, it has the capacity to invest in listed infrastructure and may include cash allocations from time-to-time.

Both options are classified as 'High' risk, where we would expect them to experience a negative return four years in every 20, on average. The underlying holdings are illiquid in nature (ie. not easily bought or sold on a daily basis). There are a number of restrictions which apply to these options. More information is available on our website and in the relevant Investment Guide.

Fees and costs

Our fees and costs have lowered again for the third time in two years, and the way we report on those fees and costs in the Product Disclosure Statements (PDS) have changed. This change was due to regulatory requirements and assists in providing you with information that's transparent and straight forward. To view the relevant PDS, head to www.visionsuper.com.au/publications

Keeping you safe

During the current COVID crisis the finance industry has seen an increase in various scams, as some people try to take advantage of the disruption and uncertainty.

The most common scam involves cold-calls to Australians and unsolicited emails and text messages about accessing their super early. And a recent survey of 1,066 respondents revealed that a whopping 47% of Australians aged 18 and above – equivalent to 9 million people – have been targeted and received a fraudulent text or phone call since the pandemic began in March¹.

The ATO and your super fund (in this case Vision Super) will never contact you out of the blue about accessing your super early or ask you for your passwords. The messages that are being sent contain a link to what looks like the myGov site, but isn't, so it's best not to open these text messages or emails.

How to avoid falling victim to a scam

First, know that scams exist. When someone contacts you by phone, mail, email, in person, or on social media, don't automatically assume it's genuine. Some people have ulterior motives, and often if it seems to be too good to be true, it is.

Fraudsters won't give you the time to think things through but will ask you to take action immediately. Question why it's so urgent. Don't feel pressured to do anything without hanging up and checking. If they're pretending to be from the ATO, call the ATO and verify. Or check the Scamwatch website for updates.

Don't give away your personal details. That includes passwords or credit card information. If scammers are wanting you to make a payment, consider how they're requesting this payment. Credit cards have significant fraud protection built in, so fraudsters prefer other payment methods such as iTunes or Kmart gift cards, preloaded debit cards or virtual currency.

If you ever receive any correspondence from us that doesn't look right, then please give us a call on 1300 300 820 Monday to Friday 8:30am to 5pm. We will quickly tell you if it's legitimate.

If you receive a phone call from us that you weren't expecting, then feel free to hang up politely and give us a call yourself - 1300 300 820 – we won't be offended!

¹ <https://www.finder.com.au/press-release-september-2020-when-a-scammer-calls-9-million-aussies-targeted-by-covid-19-fraudsters>



Do you have the right type of insurance?

Super funds not only help you in saving for your retirement, but also offer insurance as peace of mind in the event that something may happen to you. So, if you have insurance, it's important to make sure you're not under insured or being overcharged for cover you don't need, and if you don't have insurance, it might be worthwhile exploring the option to take it out through Vision Super.

What are the types of insurance offered?

Vision Super provides the following cover and the flexibility to choose the amount of cover to suit your unique needs.

1. Income Protection (IP) or salary continuance cover

You'll receive a regular benefit of up to 75% of your income (plus super contributions) if you're unable to work due to illness or injury. This can continue to contribute to your retirement savings and help to fund your everyday living costs, like your mortgage, school fees or car repayments, and help you maintain your lifestyle while you're off work.

2. Death and TPD (total permanent disability)

Death cover (also known as life insurance), pays a lump sum to you or your dependants if you die or you're diagnosed with a terminal illness. This money can be used to pay off debts, pay day-to-day expenses, or be invested for your family's future needs.

TPD is a one-off payment that you will receive if you become totally and permanently disabled and are no longer able to work as a result. This payment can help protect you and your family's lifestyle and provide funds to help with medical costs and ongoing care.

3. Death only

Only death insurance, without TPD insurance attached.

Tailor your insurance

The level of cover you receive when you first start a policy may not necessarily meet your needs later in life when your circumstances change, for example if you get a mortgage or have children, so it's important to regularly assess what you're covered for.

A tailored insurance policy should provide cover that meets your personal circumstances, offering the best possible outcome if you ever need to make a claim. When reviewing your insurance to make sure it's right for you, you should consider:

- Your family's financial needs if your regular income were to be lost. How would they cover the mortgage repayments, school fees or grocery shopping?
- Is it up to date? When you get a pay-rise your insurance doesn't automatically reflect the change in your income. The same is true if you have children or get a mortgage. Whenever your life changes, you should consider updating your insurance cover
- Whether you may be able to get insurance cover again in the future – this may be difficult depending on your age, occupation and health circumstances.
- The cost of your insurance cover and the impact to your account balance.

Many Australians who have insurance hold it through their superannuation account.

Use the Vision Super calculator on our website to figure out how much Death and TPD cover you may need.

You can find details of the insurance you hold by logging into (or registering) your online account via our secure portal or your most recent statement tells you the insurance you currently hold, but if you can't find it or you're still not sure, just call us and we'll be happy to answer your questions.

It can be challenging to know what cover is right for you and your family. So, whenever you review if your current cover is right for you, it might be helpful to consider seeking financial advice before making any changes. If this is something that interests you, call us on the number below and we can talk to you about how to do this.

Recent legislative changes to insurance arrangements

There are some instances where members won't be eligible for default cover, or cover will be cancelled. Super funds must cancel insurance on inactive accounts, for example, where contributions have not been received for 16 months. If you fall into that category Vision Super will let you know, giving you the opportunity to elect to keep your cover, otherwise your insurance will cease.

Other rules apply to those who are under 25. From 1 April 2020 you are no longer provided with default insurance cover and if you want to be covered, you will need to opt in, provided other eligibility criteria are satisfied. Super funds are also prohibited from providing default insurance cover

for new members until their super account has a balance of \$6,000. There are terms and conditions around these rules, so just make sure to touch base with Vision Super to see if you'll be affected.

Best Doctors

In order to provide our members with further peace of mind, Vision Super members and their family* have free access to Best Doctors. Through Best Doctors you'll have access to international expert medical advice and guidance from the comfort of your own home. Best Doctors offers easy access to leading GP's, specialists and mental health clinicians via Telehealth, helping you get the right diagnosis, treatment and information.

You don't need to be on claim to access the service and can use Best Doctors at anytime, anywhere, as often as you need for no extra cost. For more information about Best Doctors and to sign up visit <https://www.visionsuper.com.au/best-doctors>

We're here to help

Vision Super is there to make it easy for you to get the cover you need. Don't hesitate to contact our Member Services hotline on 1300 300 820 Monday to Friday 8:30 am to 5 pm or email us at memberservices@visionsuper.com.au if you need help.

* Family = Partner, children, parents and partner's parents.

Premiums

Vision Super is committed to continuing to provide a sustainable insurance offering to our members, ensuring you have cover when you need it most. We review our insurance offering on a regular basis and work with MLC Life Insurance to make sure any changes in premiums are reasonable and transparent, and the last increase to your insurance premiums was on January 1, 2015.

While we know that no one likes a price increase, significant rises in the number of claims have

contributed to the increased cost of providing life insurance. As of January 1st 2021 there will be premium increases across our Death/TPD/IP offering.

These increases have come about due to:

- An increasing cost of insurance claims
- Impact of legislated changes to insurance within superannuation

Further information will be provided directly to you about how these increases will affect you and your cover.



Understanding your super statement

Are you retirement-ready?

Part of managing your super and making it work for you is understanding your annual statement.

Member statements are often full of terms you may be unfamiliar with, but it's important to check at least a few key points to ensure your retirement savings are on track.

Your personal details

Verify the accuracy of your personal details to avoid problems. Make sure your contact details are still correct, and, to avoid paying any extra tax, check to see we have your tax file number (TFN).

Your account balance

To see how much you have in your account at the start and end of the financial year, check the opening and closing balances. The difference between the two figures is usually contributions coming in, investment returns, tax, fees/premiums coming out and of course any withdrawals that may have been made.

Your fees

Check the fees listed on your statement. They usually include an administration fee, which covers the cost of managing your account and an investment fee.

Some funds charge fees which Vision Super does not, such as a fee for receiving contributions or switching investment options. If you have multiple accounts, make sure you familiarise yourself with these costs to ensure you understand what you're paying for. Understand whether you can consolidate accounts.

Your insurance

Check what insurance cover you have as part of your super account and what the premiums are. Make sure the level of cover you have matches your current expectations.

If you do have insurance cover it is always good to review it when your circumstances change, like getting a pay rise or starting a family. This way you'll make sure you're covered for what you need and not paying for something you don't need.

Your investments

Check the investment option listed on your super statement and make sure you're happy with where your funds are invested. Then look to see how your investments have performed during the year and how the investment returns compare to its benchmark. For example, Vision Super's Balanced Growth option is consistently in the top 10 performing funds for 1, 3, 5 and 10 years rolling returns¹ so make sure your fund's performance is similar or better than its benchmark. This will also help to understand if your return expectations are realistic.

Your beneficiaries

Confirm you're happy with the beneficiary you've nominated to receive the balance of your super account and any insurance benefit if you die.

You've already chosen us to take care of your super, let us guide you to a comfortable retirement.

How do I start planning for retirement?

Not being able to decide on the best time to retire is common but taking the time to plan could make a big difference to your balance. The key is to be as prepared as possible so you're confident going in to that phase of your life and have goals in mind. If you're unsure where to start, Vision Super's team of advisors can talk to you over the phone, or via video conference, to set you up to succeed.

Make hard decisions

Depending how close you are to retirement, it may require some tough decision-making. Of course, you're not expected to know all of the answers straight away. Vision Super offers a range of services to help gain the confidence to get there. During lockdown in Victoria we've transformed all of our group seminars into webinars and made one-on-one consultations available via video conference. You're never alone in the decision-making process so reach out to Vision Super if you need some advice.

Also, look out for our digital advice tools which will be launched early next year.

Set goals

Often, when retirement starts, our planning and goal setting ends. But this is actually when the real work starts! Give yourself a goal to sticking with an annual budget or visualise the type of retirement you'd like and work towards saving for it. It's not impossible with a clear strategy. Starting early and whilst you're still working means you can set yourself up with good habits that will see you through to retirement and beyond.

Online pension applications

We've tried to make it as simple as possible to become a member of the Account-based pension by taking the application process online. Once you reach preservation age, you will automatically see a banner across the top of your log in which allows you to start an income stream seamlessly online.

Of course we still have paperwork available too for those who prefer pen and paper.

Retirement, and planning for retirement, is an important stage in life. Take the time to consider your options and seek professional advice where necessary.



Your 2019/2020 annual statement is now available. To view it, just log in to your account online.



If you have any questions, don't hesitate to contact our Member Services team on 1300 300 820 Monday to Friday, 8:30am to 5pm.

¹ www.selectingsuper.com.au/media/library/SelectingSuper/Performance_Tables/WorkplaceSuper_MySuper_Default.pdf?2fe79
Past performance is not a reliable indicator of future performance





Your quarterly newsletter

Log in to Vision Online to keep up to date with your account and what's happening at Vision Super

Your annual statement is now available.

Log in via www.visionsuper.com.au/myaccount click "Benefit details" and choose "previous statements" or call us and we'll send you a copy.



Vision Super's 2020 annual report is online now.

Just find "annual reports" here:
www.visionsuper.com.au/super/publications
or call us and we'll send you a copy.

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