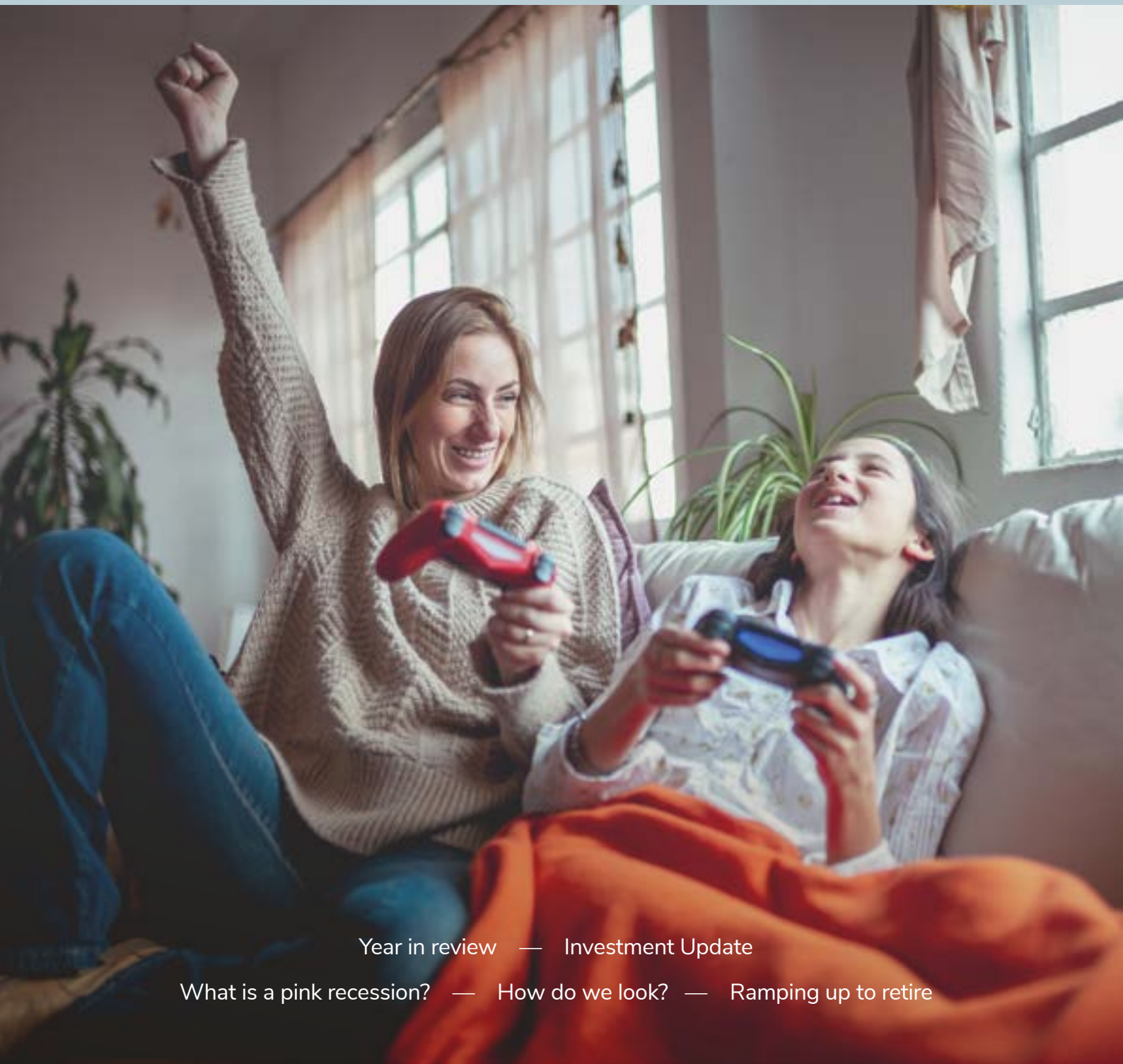




# Insight

MEMBER NEWSLETTER **SUMMER 2021**



[Year in review](#) — [Investment Update](#)

[What is a pink recession?](#) — [How do we look?](#) — [Ramping up to retire](#)

# Year in review

Welcome to the first quarterly newsletter for the year. I hope you all had a relaxing break and caught up with family and friends.

Last year was a difficult one for many in the community. I think most of us are glad to put it behind us and are looking forward to life hopefully returning to normal in 2021 with the rollout of the vaccine.

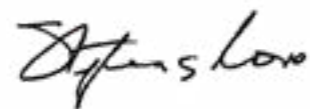
When it's safe to do so, Vision Super staff will return to the office. When we're back, you're welcome to visit us at level 15, 360 Collins Street if you need assistance or have a meeting booked. We will also start face to face meetings again in a very controlled way. If you want to meet with one of the team at your work place or somewhere other than the Vision Super offices, please give us a call. Of course if you prefer, we're still more than happy to talk to you on the phone or by email, and our Financial Planners can meet with you via video conference as they have been throughout 2020. We will continue to monitor the situation carefully and to put the well-being of our people and our members first.

You may have seen some media coverage of our performance over the last year, and I'm pleased to say Vision Super is one of the strongest performers in the country. Our default Balanced growth option was top two in the country for the year ending 30 November 2020\*. Vision Super's Innovation and disruption option was also rated as the top-performing option in the country over the same period – it's a high-risk option that's not for everyone but it includes a number of technology companies that have done very well during the pandemic.

This edition of the quarterly newsletter includes information on personal finances for your life stage, a summary of the services you can access as a Vision Super member, and a more detailed look at our new brand – and other information tailored to you.

I hope you enjoy reading the newsletter, and as always we welcome your feedback.

Best wishes for 2021,



Stephen Rowe  
Chief Executive Officer

\* According to Rainmaker's November 2020 MySuper index

# Investment Update

**Despite a global health crisis as a result of COVID-19, investment returns for the 2020 calendar year were generally favourable. The returns from all of our investment options were positive and some were reasonably strong. The Balanced growth option for our super members returned 6.21%.**

## Large policy stimulus in response to pandemic

Governments and central banks played a large role in supporting the global economy and markets. The restrictions imposed to reduce the transmission of COVID-19 resulted in large adverse impacts on the income of households and corporates. Governments generally reacted quickly in boosting income through extremely large stimulus packages. In many cases, these packages were much larger than those employed during the Global Financial Crisis (GFC). In addition to these measures, central banks lowered interest rates to extremely low levels and signalled that they will keep interest rates low for an extended period. Many central banks also used quantitative easing to help improve economic growth.

## Global growth

Most economies have rebounded strongly from their March 2020 lows, especially China. Generally, those countries that have handled the pandemic better have also rebounded more strongly economically. While global activity has been recovering, it remains materially lower than the level at the start of 2020. The continued global recovery is heavily dependent on enough stimulus by governments and central banks, as well as the virus becoming less of an issue, as a result of the benefits of vaccines. In the United States, Democratic control of both houses provides increased potential for significant stimulus in the short term.

## Australia

While the Australian economy has been adversely impacted by the impact of COVID-19, it has fared better than most economies. This has in part

reflected better management of measures aimed at suppressing the virus, which was aided by the management of external borders being easier for an island country. While Australia fared better than most countries, it did experience a recession in the first half of the year, with GDP growth of -7.0% in the June quarter 2020.

## Outlook

The consensus view is that vaccines will allow global activity to move progressively back towards its potential level through less restrictions being required to suppress the virus, which will support equity markets. It will take several months before some of the benefits of vaccinations are evident. This is because the proportion of the world's population that has been vaccinated is currently less than 1% and deployment takes time.

While vaccines are a very positive development, there are risks. A key risk is that the virus mutates in a manner that materially reduces the effectiveness of vaccines. Another risk is that the immunity conferred by the vaccines wears off in a relatively short time period (a year or two). We expect that virus and vaccine developments, including second generation vaccines, will be an important influence on markets in 2021. Advances in treatment of severe cases of COVID-19 have lagged progress with vaccines. Progress towards effective treatments for severe cases will also likely influence markets this year.

Investment returns over the post-GFC period have been exceptionally strong, supported by falling interest rates. We anticipate that returns will be lower over the medium to longer term versus recent years, as there is limited capacity for further falls in cash rates and bond yields to boost returns. In addition, potential growth over the medium-term is declining as a result of high debt levels and deteriorating demographics, which is likely to restrain future returns.

# What is a pink recession?

**On a global level, COVID-19 has had a profound impact on the economy and has fundamentally changed how we operate at work and at home.**

When global catastrophes like a pandemic hit, the fallout can cause a global financial crisis which is felt for many years after the pandemic has subsided. The consequences can have a lasting influence on your super, and in some cases woman's super in particular, which already faces many challenges.

## The role of gender during a crisis

Even without a crisis hindering women's savings, the amount women retire with is on average less than men's retirement savings. Women typically retire with 47% less super than men in Australia<sup>1</sup> and this impacts their financial independence in retirement. Add the fact that women tend to live longer and therefore need more in retirement means that we see many single women over 60 living in poverty. The Mercy Foundation found there was a 31% jump in homelessness among older women in 5 years<sup>2</sup>.

There are many factors that contribute to this inequality. Despite wage laws modernising and attitudes changing, women as a whole still get paid less. Their career is often interrupted by maternity leave and time off to raise children and it's more often than not that women are the ones that take time off to care for elderly parents. So, in the event of a financial crisis hitting, and if women are unable to work, the resulting financial consequences can be crippling.

## .Example

An average 30 years old woman who has an annual salary of \$50,000. If she was to stop working for 6 years, her time out of the work force would mean her retirement balance would be \$77,000 less at retirement<sup>3</sup>.

## What can you do?

Here are a few options to consider.

- Consolidate your super accounts

Having all of your super in one account means you save money by only paying one set of fees, have to deal with only paperwork from one super fund, and you can keep track of your super balance more easily. Before you consolidate, consider the effect a

transfer may have on your benefits, such insurance cover. Make sure your employer is paying into your chosen super fund, call us - we can help make it as easy as possible!

- Voluntary personal contributions

Not everyone may have a spouse, and not everyone finds it easy to make contributions from their accounts. Thankfully, the government have introduced legislation in 2018 to allow people with a balance of less than \$500,000 to contribute more than the cap in future years. Any unused contributions from previous years can be rolled forward for up to 5 years, allowing you to add more when you're ready.

- Spouse contributions

If you've lost your job, had to take time off to help your kids with their at-home learning, or you've been taking care of an elderly parent, there is an option for your spouse (if you have one) to make contributions to your account. Your spouse can make these contributions regardless of what you earn, but if you're on a low income, they can get a tax rebate of up to \$540.

- Contribution splitting

Depending on your situation, having your spouse split up to 85% of their super contributions (both from their employer and their personal contributions) with you might also be good way to grow your super. If you're a Vision Super member and would like to learn more about splitting super contributions with your spouse, give us a call on 1300 300 820.

## Don't forget Vision Super is there to help

The last global financial crisis in 2008 hit men hard, but this one looks like it's going to affect women, so if you need to, consider getting financial advice from a professional. A financial planner can help work out the right strategy for you. And depending on the level of advice it may be at no cost strategies.

If you'd like more information about Vision Super financial planning, head to [www.visionsuper.com.au/advice](http://www.visionsuper.com.au/advice)



<sup>1</sup><https://www.womeninsuper.com.au/content/the-facts-about-women-and-super/gjumzs>

<sup>2</sup><https://www.mercyfoundation.com.au/wp-content/uploads/2018/08/Retiring-into-Poverty-National-Plan-for-Change-Increasing-Housing-Security-for-Older-Women-23-August-2018.pdf>

<sup>3</sup><https://darety-wis.s3.amazonaws.com/userimages/Resources/Wiswomensuperthefactsweb.pdf>

# How do we look?

## We are Vision Super and we're proud to say we've been helping members with their super and retirement plans for almost 75 years.

Late last year we gave our brand an uplift which you will see across our website, your secure online account, the newsletter and other areas to reflect an identity that's deeply rooted in our values and focus of putting members first. As a Vision Super member you benefit from being in a low cost, sustainable, high performing, and awarded super fund that prides itself on its' exceptional customer service.

### Low Cost

Our members are our focus and we never lose sight of the fact it's our members' money, and we always put them first, which is why we lowered costs again in 2020, the third fee cut in two years. It's been a rough year, so cutting costs is one way we can make sure super is not something our members need to worry about.

- Super Saver (MySuper Balanced Growth option): The fees and costs on a \$50,000 balance have been cut from \$488 to \$463.
- Vision Personal (Sustainable balanced option): The fees and costs on a \$50,000 balance have been cut from \$238 to \$223 on a \$50,000 balance.
- Pension (Balanced growth option): The fees and costs on a \$50,000 pension balance have been cut from \$515 to \$490.

### Sustainable

Vision Super has a thorough Environmental, Social and Governance (ESG) Policy that we use as a guide in our decision making, and to monitor the impact we have on communities and the environment.

Our results in the United Nations' Principles Responsible Investing (PRI) Reporting Framework has been A or A+ in 2020 and 2019. Our scores outperformed the average scores of all PRI signatories and we were recognised as one of only six Australian super funds to join the 2019 PRI Leaders' Group.

We are also a member of Responsible Investment Association of Australasia (RIAA) where the goal is to have capital invested more responsibly.

We are actively building better futures.

### High Performing

Delivering consistent high performance and a long history of strong returns are the rewards for our sustainable strategies and how we invest.

The end of the 2019/2020 financial year indicated some superannuation funds had returns that were negative for the year, however that wasn't the case for Vision Super, with our default Balanced growth option had a modest positive return of 1.96% (and 2.22% in our pension plans) for the year ending 30 June 2020. It might not sound like a lot, but it puts us in the top three MySuper funds when compared to the 50 largest MySuper products in the country, according to independent superannuation ratings agency SuperRatings\*.

### Awarded

The great news is that you don't need to take our word for it. Vision Personal has been awarded Money Magazine's Best Value superannuation platform two years in a row in 2020 and 2021. We have also won SuperRatings 15 Year Platinum Performance (Super Saver) and 10 Year Platinum Performance (Personal Super and Pension) for 2020.

### Outstanding service

On top of all of this as a Vision Super member we'll work with you to take the stress out of superannuation by making the process simple and easy. We have a dedicated team who are ready to take your call if you need assistance, and on-going seminars you can attend free of charge. Our office is based in Melbourne and you can pop in at any time to receive assistance filling out a form, have something explained to you, or receive advice.

\*Disclaimer – Past performance is not a reliable indicator of future performance.

# Ramping up to retire

## 2021 is the year to build healthy habits.

Retirement may be something you've just started thinking about, so it's a great time to find ways to add more funds to your retirement account. This may mean reevaluating your budget to ensure you end up with the retirement you want and come to understand what entitlements you have under super.

### 1. Pay down your debts

Since the kids are getting older, this is a great time to reclaim most of your time and money for yourself, rather than the kids. This may mean focusing on paying down any debts you may have in order to pave a retirement that funds everyday living expenses.

A great way of practicing for retirement is mimicking the lifestyle you'll have as a way of budgeting and saving down additional funds. Not only will it get you ready to live like a retiree, but it will put some additional money into your savings.

### 2. Make up for lost time

To get where you need to go, you may need to consider more significant changes, like selling cars to put extra cash away. Alternatively, you may be concerned your conservative investment earnings haven't yielded the returns you want so this stage may be your last opportunity to maintain a diversified portfolio.

### 3. Get on track for retirement

Having a solid foundation for retirement is something future you will thank you for. Sacrificing a little into retirement now, means you can benefit from compound interest later. A big part of getting on track for retirement is ensuring you're aware of what entitlements you have in super, such as rolling over any unused concessional contributions into the next financial year, understanding your insurance and being comfortable with your investments, all of which have a big impact on the bottom dollar.

Did you know that when you transfer some or all of your accumulation account balance to start an eligible Vision Super retirement pension for the first time on or after 1 January 2021, you may receive a credit towards the establishment of your pension account? We refer to this credit as a Retirement bonus. You may also be eligible to a Retirement bonus when your Vision Non-commutable account based pension becomes a retirement income stream.

### 4. Financial advice

There are many ways you can make your money work harder for you, and you're not expected to know them all. If you're confused about strategies like salary sacrifice, let the experts handle it – generally this financial advice on a single super topic comes at no cost to our members. If you'd like to have a chat with us about how to make your savings grow, call us on 1300 300 820 Monday to Friday 8:30am to 5pm.





## Your quarterly newsletter

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



## We're proud to give you the Best of the Best!

Vision Super has been recognised as having the best value superannuation platform in 2020 and 2021 for our Personal plan product.

## Super good super.

### General Advice Warning

This newsletter includes general information only and does not contain any personal advice because it does not take into account your personal objectives, financial situation or needs or medical situation. It is provided to help you understand Vision Super's products, services, policies and procedures. The information was correct at the time of publication but may have changed since. You should consider whether it is appropriate for you and your personal circumstances before acting on it and, if necessary, you should seek professional financial advice. Before making a decision to invest in any Vision Super product, you should read the appropriate Vision Super Product Disclosure Statement (PDS). This newsletter is provided by Vision Super Pty Ltd ABN 50 082 924 561 AFSL 225054 RSE licence number L0000239 is the Trustee of the Local Authorities Superannuation Fund ABN: 24 496 637 884.