



Insight

MEMBER NEWSLETTER **SUMMER 2023**



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CEO update

We had a successful end to the year in 2022, with Rainmaker* naming Vision Super's Balanced growth as a top ten MySuper investment option¹ over three years for the period ending 30 November 2022, and the number one pension option² in the rankings, with Vision Income Stream Balanced growth topping their chart with a 6.2% annualised return over the same period.

We're very proud of the hard work behind those results, and what they mean for our members' retirement outcomes. But as always, we're focused on what's ahead – and 2023 is shaping up to be a big year!

As you know, we're currently in discussions with Active Super, which we hope will end in a merger of the two funds. It makes sense to bring the two local government funds from the two most populous states together to form one fund that can look after our members into the future.

We completed due diligence at the end of last year, and the project's next phase involves developing a target operating model which will outline how a merged fund would look.

The Board will then assess whether the proposed merger meets the equivalent rights test, so our members will enjoy the same rights in a new fund as they currently do in Vision Super, and whether it's in the members' best financial interests to proceed. We'll keep you posted.

Merger discussions don't mean anything else stops, though. Our primary focus for 2023 is striving to maximise your investment returns, keep your money safe, and provide the excellent service you expect from us.

Wishing you all the best for a safe and prosperous 2023.

Best wishes
Stephen Rowe

Investment update – January 2023

From an investment perspective, the main theme of 2022 was much higher than expected inflation, resulting in interest rates rising sharply from very low levels. High inflation caused both share market and bond market prices to experience substantial falls. These falls followed large share market gains in 2021.

The difficult investment environment in 2022 adversely impacted the performance of superannuation funds with many MySuper investment options generating a negative return. Vision Super's Balanced Growth super option returned -5.3% in 2022. Vision Super's other super investment options generated negative returns, except for the following options: Cash; Infrastructure; and Property. The defined benefit LASF plan returned -4.9% and its VBI estimate as of 31 December 2022 was 101.7%.

* Source: Rainmaker Information Pty Ltd (Rainmaker) ABN 86 095 610996.

1. Rainmaker Super Survey compared Vision Balanced Growth Option against 47 other funds in the MySuper/Default Option for the 3 years ending 30 November 2022.
2. Rainmaker Retirement Survey compared Vision Super Balanced Growth Retirement Option against 35 other funds in the Retirement Option for the 3 years ending 30 November 2022.

Performance figures are net of investment, management, administration fees and the indirect cost ratio. In the case of dollar-based member fees, Rainmaker assumes a \$50,000 account balance.

Covid-19

While the Covid-19 pandemic continued in 2022, its impact moderated over the year. The Omicron variant was the dominant strain, and even though it is more infectious than previous strains, it tended to cause less severe illness. With most Australians vaccinated, Covid restrictions eased materially. Most capital cities' weekend foot traffic has broadly recovered to pre-pandemic levels. However, the office occupancy rate in cities remains below these levels.

Interest rate rises

While central banks were initially slow to respond to higher inflation, they have recently increased interest rates relatively quickly. The Reserve Bank of Australia (RBA) has an inflation target of 2% to 3%. In response to the high inflation, the RBA has raised its cash rate from 0.1% to a current level of 3.1%. The higher borrowing cost will likely dampen both consumer and business demand, which can lower inflation.

Higher interest rates have negatively impacted investment returns, with both the share and bond markets performing poorly. The revaluations were especially severe for assets with very long-term cash flows, as they are more sensitive to interest rate changes. The Australian share market performed better than most share markets, which helped to moderate the adverse impact of weak share markets on superannuation fund performance.

Australian house prices recorded a rapid decline in 2022, falling 8.2% from the peak in May 2022 until December 2022, according to data from CoreLogic. The decline followed the exceptional rise of 28.9% from September 2020 to May 2022. This means most house prices are still well above their pre-pandemic levels. However, with more rate rises ahead, we expect prices to decline further.

Inflation

Inflation in many countries reached the highest level in several decades. For example, Australian inflation achieved its highest level since the 1990s, with the Consumer Price Index (CPI) increasing by 7.8% over the year to the December quarter 2022. High global inflation reflects factors such as the lagged impact of very stimulatory policies in 2021, restrictions because of Covid and the war in Ukraine.

Outlook

As is always the case, a wide range of scenarios may transpire in 2023. US core inflation appears to have peaked, which has been a positive for equity markets recently. However, we continue to expect that the ultimate trough in equity markets has yet to be realised, with that likely to occur in 2023. This is because the peak impact of higher interest rates on earnings is expected to be near the end of 2023, with the equity market pricing several months before it occurs.

The key upside risk to our central case is US inflation subsides to a benign level relatively quickly, and the US does not experience a recession. The key downside risk is that US inflation remains elevated and requires interest rates much higher than in our central case.

While 2022 was a challenging year for investment markets, an important positive aspect is that valuations across a wide range of asset classes have fallen materially. This may help to underpin favourable returns over the medium term.

Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

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Simple ways to manage your money better in 2023

The new year is an excellent opportunity to reflect on what we want to achieve in 2023, personally or financially. Getting a head start on managing your finances and super can make a big difference in achieving your savings goals. From budgeting to managing your super, here are some simple ways to help improve your finances in 2023.

Track your spending



Getting an accurate view of your spending habits means you can start identifying improvement areas. Managing and saving money works best when you have a clear picture of what's coming in and going out.

You could start by recording what you earn and what you spend. Quite often, we don't realise how much we are spending, and once you start taking a closer look, you realise all those little purchases begin to add up. There are apps that can help you do this by entering your expenses or even by scanning receipts! You can then commit to a spending target and monitor that over the weeks and months. For example, on the first of the month, my account balance is \$5,000; by the end of the month, it should be \$6,000. Then you can easily track your progress and hit your goals.

There are ways to balance your spending with your saving to ensure you can continue to indulge in purchases from time to time. With technology making life so much easier, it has also made spending money easier, so a good start is to keep a closer eye on those online purchases or buy now, pay later services. It's also important to consider hidden costs, like subscription charges, that add up over time. Why don't you search your bank account to see what you are signed up for and ask yourself, 'Am I getting value for my money?' and 'Am I using it enough to justify the cost?'. Any free trials that run over can add up, so cancelling memberships is one easy way to help keep money in your account.

Set a budget



It feels good to be in control of your money, and setting a budget is a great place to start.

When creating a budget, you'll need to balance your immediate needs with your medium and long-term goals.

Putting a budget in place now means you can start understanding your current spending habits and begin saving for those things you really want. To help you set up your budget, a great place to start is the moneysmart budget planner. You can download and use this free tool across all your devices and begin to track and manage your finances by heading to www.moneysmart.gov.au/budgeting/budget-planner.

Another budget consideration is how you want to build your savings for later in life. One day, you'll want to stop working, and when you do, you'll need enough money to live comfortably. Although it might seem like a while away, getting a head start by engaging with your super now will help set you up to reach those long-term goals when it comes to retiring.

Make the most of your money



How you choose to make the most of your savings depends on your short and long-term goals. And knowing your budget can help you find the best ways to maximise your money.

There are different ways to make sure your savings are working for you.

You could keep your money in a bank account where it might earn some interest. To help you with medium to long-term goals, consider a term deposit or an investment such as shares, bonds, or property. Getting financial advice could be a good way to decide what option best suits your goals.



How super can help



Super plays an important role in funding your future. When you enter the workforce and if you're eligible, your employer puts a percentage of your income into a super account – known as the superannuation guarantee (or SG). Your SG contributions are a great way to start, but for many SG alone won't provide you with enough superannuation to live comfortably in retirement.

Investing this money for the long term provides you with the basis of your income in retirement.

Consider your advice options



Being able to ask questions and get expert recommendations can make all the difference. Everyone's financial journey is unique, so it's important to get financial advice that's right for you.

From simple super advice over the phone to comprehensive financial advice tailored to you, there's an option to suit everyone. There's usually no charge for simple advice on a single topic.

If you'd like to find out more about what financial advice is right for you, you can request an appointment with a Vision Super Financial Planner by calling **1300 300 820**.

Downsizing in retirement



As you approach retirement, you may find that living in a family home is no longer practical or may not suit your needs. Downsizing from the family home is a popular way to scale back and access money for many Australians.

The Downsizer Contribution Scheme allows you to use proceeds from the sale of your home to boost your super balance and increase your income in retirement.

If you have money left from the sale of your home after you buy a new place, you may be able to contribute up to \$300,000 to your super.*

What is the Downsizer Contribution Scheme?

The scheme allows you a once-off opportunity to significantly increase your super balance beyond the usual contribution limits. You can do this by using the proceeds from the sale of your family home and investing it tax-free into your super account – which can help fund your retirement for longer.

As with most things, there are pros and cons to downsizing.

Advantages of downsizing

- > You can buy a new home that better suits your current and future needs, whether that's accessibility (with one floor or a lift), a smaller garden or less space to clean and maintain, or a more convenient location closer to shops or family and friends
- > Your electricity or gas bills may be lower as you use less energy to warm or cool a smaller house
- > You could save time and money on travel by being closer to shops, friends, family and social activities
- > You can quickly boost your retirement savings.

Things to consider before downsizing

- > The cost of selling may outweigh the potential profit – factor in costs such as tidying up your current house, removalist, real estate agent and legal fees
- > There may also be costs for purchasing a new home, such as stamp duty, building and pest inspections

- > Consider your emotional and physical health before moving
- > What kind of property will you be buying? Less space doesn't necessarily mean you'll be paying less
- > Reducing the proportion of your overall wealth invested in your home could affect your eligibility for the Government's Age Pension or other benefits such as the Pensioner Concession Card.

How does a downsizer contribution work?

The benefit of the downsizer contribution is that you can increase your super without some of the usual restrictions associated with age and contribution limits:

- > No tax is payable when a downsizer payment is made into super
- > The usual age limits on extra super contributions don't apply – you can make a downsizer contribution from age 55
- > The contribution limitations on how much you can add to super per year don't apply.

Are you eligible?

There are some eligibility criteria you and your partner need to meet, including:

- > You must be 55 or over when you contribute (if you're making a couple's contribution, you must both be 55 or over)
- > You (or your spouse) must have owned the home for ten years or more
- > You can't have made a downsizer contribution before
- > The contribution to your super account(s) must be made within 90 days of receiving the sale proceeds (usually the settlement date).

The maximum contribution is \$300,000 for individuals or \$300,000 each for couples (\$600,000 in total). You should also consider how it might affect your eligibility for the Age Pension, as the extra money will count towards the assets and income test. The downsizer contribution will also count towards the transfer balance cap, which applies when you move your super into the retirement phase.

Getting help

You can request an appointment with a Vision Super Financial Planner by calling **1300 300 820**.

* www.ato.gov.au/individuals/super/growing-your-super/adding-to-your-super/downsizing-contributions-into-superannuation/

Simple steps to monitor and manage your super online

As scams and fraud continue to rise in Australia, there's never been a more important time to monitor and keep your super safe.

We work hard to keep your super, and personal information protected and have strict security measures in place, but there are extra things you can do to reduce the risk of fraud on your account.

Manage your super with an online account

The best way to keep on top of your super and enable you to detect any unusual activity is by registering for a Vision Super online account. An online account lets you access your account on any device, any time, including:

- > Keeping an eye on your balance so you can make more informed decisions
- > Checking your insurance and applying to change your coverage
- > Updating your details
- > Reviewing your beneficiary nominations.

If you don't already have an online account, you can register by heading to **visiononline.visionsuper.com.au/aol** and following these steps:

1. Select 'Reset password or register'.
2. Enter your member number and date of birth and hit the 'Reset Password' button (Also tick the box 'I am not a robot' if it appears on the screen).
3. Enter your one-time pin (this will automatically be sent to your mobile or email), create a secure password, and then hit the 'Submit' button. If you don't have a mobile number or email registered with us, you'll need to call us on **1300 300 820** (Monday-Friday, 8.30am-5pm).
4. You will then be directed to the login page to enter your member number and new secure password. Enter these details, then select the 'Login' button.
5. You'll then be directed to your new online account.

Once you've registered for online access, you can download the Vision Super mobile app. Visit the App Store or Google Play and search for "Vision Super" to download.

Your member balance

You may have also noticed that your super balance is no longer displayed in the quarterly newsletter. This has been done to minimise specific information we share in email regarding your balance.

You can access your account balance securely anytime by following the steps above.

What to do if you notice unusual activity

If you suspect fraudulent activity on your super account, please call us immediately on **1300 300 820**. It's also important to stay calm and keep these steps in mind:

1 Don't open attachments you're unsure about

Scammers may send you fake communications containing harmful links or malicious attachments. This is known as phishing.

You can identify a phishing email by:

- > Misspelling or images and graphics that don't look quite right
- > Unfamiliar sender address
- > Suspicious attachments
- > Links that take you directly to your online account – Vision Super will never send a link directly to your online account
- > Requests for your personal information.

If you've clicked or opened an attachment from a suspicious email, use your security anti-malware and anti-virus to scan and remove malicious software from your device.

Scammers may also attempt to obtain personal or account information over the phone or via SMS. Some things you can do if you suspect you have received a fraudulent call or SMS:

- > If the caller claims to be a Vision Super employee and you have reason to doubt their identity, make a note of their name and contact number before ending the call.
- > Be aware of voice-recorded messages that dial automatically and ask you to call a number back. These are generally fake and designed to get your personal information.
- > Report any SMS you receive that has spelling errors, an unfamiliar sender address, suspicious links, or requests for personal information.

2 Change your passwords

Change your passwords and call relevant financial institutions to let them know what's happened.

3 Get in touch

If you receive an email, phone call or SMS that you're unsure about, call us on **1300 300 820** (make sure you call this number, and not on the phone number listed in the communication).



Your quarterly newsletter

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

Local Heroes Awards

Nominations for the Local Heroes Awards 2023 are now open! Nominations are open to all local government workers, associated organisations operated by the council, and local libraries and may be made on behalf of others or self-nominated.

Head to www.visionsuper.com.au/local-heroes to nominate and learn more.



Have you downloaded the Vision Super app?

Accessing your super on the go has never been easier with the Vision Super mobile app. You can manage your super anywhere, anytime.

Download on the App Store or get it on Google Play.

