



Insight

MEMBER NEWSLETTER AUTUMN 2024



CEO update | Investment update | Understanding IP insurance
Cyber protection and smishing | Essential EOFY tips for your superannuation



Welcome to the second quarterly newsletter for 2024.

It's hard to believe we're already starting to focus on the end of financial year and offering essential EOFY tips for your super – but here we are with the Easter long weekend a distant memory, half-way through another footy season, the clocks have gone back and cooler weather has arrived. It's not long until we'll be putting in tax returns – and that really is a good opportunity to make sure you're making the most out of your retirement savings.

The team here at Vision Super is hard at work on end of financial year tasks too, as well as continuing to work on all the other projects we have in progress, including the merger. We'll keep you updated with further details as we get closer.

In this newsletter, as well as end of financial year tips you'll find information about staying safe from phishing and smishing scams – another thing that unfortunately increases at the end of the financial year, with scammers trying to steal people's tax returns by impersonating the ATO, along with various other tricks to try to trick you into handing over your details. Unfortunately, it's an increasingly well-organised industry of criminals – we do everything we can to keep your money secure, and it's also important to stay informed to minimise your chances of falling victim to a scam.

As usual, we also have an investment update featuring Michael Wyrsh, our Chief Investments Officer. Michael and the team always keep a close eye on local and global events, as well as the markets, to make sure we're maximising opportunities for returns on your investments while keeping the risks within our appetite, and their insights are always worth a listen.

Until next time,

Stephen Rowe
CEO

Investment update — Q1 2024 review

The performance of global equity markets was very strong in the first quarter of the year with the US market particularly strong (see **Chart 1**). Global long-term interest rates increased (see **Chart 2**) as US inflation was stronger than expected, remaining above the US Federal Reserve's 2% target.

Overall, Vision Super's Balanced growth accumulation option performed favourably, returning 4.59% in the quarter and 11.83% over a one-year period ending 31 March 2024. The Pension Balanced growth option also performed strongly, returning 5.07% in the quarter and 12.18% over one year to 31 March 2024.

Artificial Intelligence (AI) and US equity market

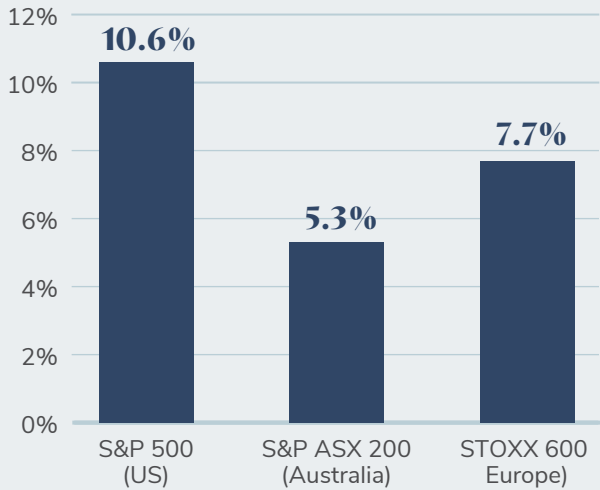
During the March quarter, gains in the US equity market were underpinned by technology stocks, particularly those expected to benefit from generative AI. This rally has resulted in an exceptionally concentrated market, with the 10 largest US stocks now representing over 30% of the S&P 500 index. As a result of the recent gains in the S&P 500 index, its price to earnings ratio (a commonly used valuation metric) is now around 30% above its median level over the past 30 years. This suggests that the medium-term returns from this market are likely to be below average and increases the risk of a meaningful downward move in that market should the current strong earnings growth consensus expectations not be realised.

US inflation and labour market

US inflation has decreased materially since its peak in 2022, boosting real income growth. However, it has surprised on the upside over the past couple of months. The services component of inflation is elevated, as wage growth remains high. The unemployment rate has increased by 0.4% from its April 2023 low but the level of unemployment is still relatively low versus history.

Chart 1: Equity markets

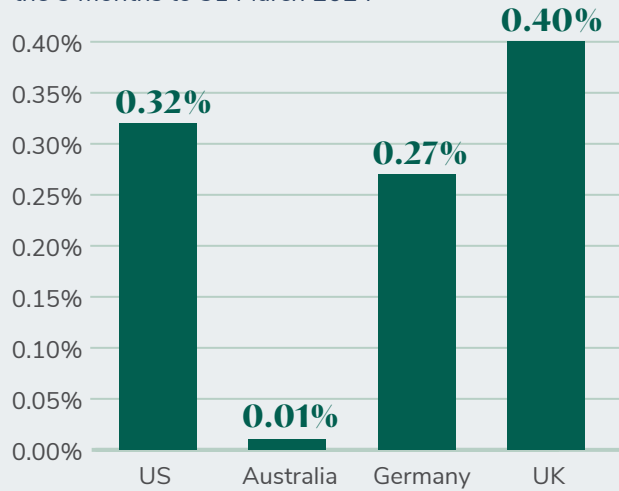
Total return in local currency for the 3 months to 31 March 2024



Source: Bloomberg

Chart 2: 10-year government bond yields

Percentage points difference for the 3 months to 31 March 2024



Source: Bloomberg



Central banks and interest rates

Global interest rates are elevated compared with two years ago. Given higher-than-expected inflation data in the first quarter of 2024, the probability of interest rates staying higher for longer has risen. This has resulted in markets delaying their expectation of the first interest rate cuts by major central banks to around the middle of this year.



China

The Chinese economy continues to face material growth headwinds from its property sector. Household sentiment in China is weak and consumers are less inclined to borrow or spend versus a few years ago. The government has implemented some stimulative policies recently and its manufacturing cycle appears to be rebounding. However, stimulus by policymakers has been piecemeal and is unlikely to be meaningful enough to materially reinvigorate growth.



Australia

The Australian economy has been slowing over recent quarters, with GDP growing by 1.5% over the year to the December 2023 quarter. On a per capita basis, GDP contracted by 1.0% over this period, reflecting weak productivity growth. While the economy has slowed, employment growth has been relatively robust, with employment increasing by 3.2% over the year to February 2024. While there has been a meaningful fall in inflation since the peak in 2022, the RBA's underlying inflation measure remained above 4% over the year to the December quarter 2023.



Investment outlook

Despite significant interest rate rises, the US economy has been resilient, reflecting factors such as savings households accumulated during the early phase of the pandemic and low borrowing rates locked in by corporates at the start of the pandemic. Partly reflecting this resilience, investors are generally expecting that the US economy will achieve a soft landing in 2024, with a meaningful rise in profit growth over coming quarters and inflation becoming more aligned with the Fed's 2% target. Such an outcome would likely support global equity markets, although much of this view appears to be in current pricing, limiting the potential upside in 2024. Conversely, if earnings growth is weak over coming quarters because of factors such as the lagged impact of interest rate increases or inflation is higher than expected, equity markets would likely experience some downside pressure.

In addition to the US macroeconomic environment, other factors that may influence investment markets over the next 12 to 18 months include the outcome of the US election, as well as geopolitical developments in the Middle East and Ukraine. Recently, such factors have not had a material impact on investment markets.

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

Understanding IP insurance

And why it's important to make sure you keep yours updated.

IP stands for 'income protection'. Like the name suggests, if you can't work due to illness or injury, IP cover helps to replace your lost income. After 60 days of being off work, your IP cover may kick in and cover you for up to two years¹

Around 10 million Australians have insurance through their super², and if you're a Super Saver member with Vision Super, you may be one of them.³ If you're working full time or part time, our default insurance cover includes death cover (also called life insurance), total and permanent disability (TPD) cover and IP. In this article, we cover some of the questions members typically have about their IP cover.

How's my IP cover calculated?

When you joined the fund, your employer told us what you were paid. We used that amount to calculate your IP cover. Our default cover replaces 75% of your wages⁴, not including any overtime or allowances – so for example if your normal pay when you joined was \$1,000 a week, your IP cover would pay you \$750 a week if you were sick or injured for an extended period.

My pay has gone up since I joined – does that mean my IP cover has gone up too?

No! Your IP cover doesn't automatically change, because Vision Super doesn't get notified when your pay goes up. But as long as you let us know within 60 days of receiving a pay rise, we'll increase your cover for you without you having to provide any medical or personal details for our insurer so they can do the process known as 'underwriting'. Limits on the increase of units apply. Simply complete the Insurance application/variation form (Form2) by downloading it here: visionsuper.com.au/wp-content/uploads/2021/02/form2.pdf fill it out, provide the required information and return it to us via email or through the post.

You can also get an increase without going through a full underwriting process when you have what's known as a 'key life event' – things like getting married or starting a new de facto relationship, having a baby, or buying a new home. You can find the key life events form here: visionsuper.com.au/wp-content/uploads/form320.pdf – you need to complete the form and get it back to us less than 90 days after your key life event.

Why is it important to change my IP cover?

For most of us, our circumstances and financial commitments change over our lives. Most people would want their IP cover to be able to pay the rent or mortgage, and the monthly expenses and bills – and that changes as we move through life. What might have been the right amount of IP when you started out in the workplace as a young single person renting with flatmates probably isn't the right amount of cover if you're married with young kids and a mortgage! And similarly, if you're getting towards retirement age, the kids have moved out or the mortgage is paid off, you might not need as much cover to ensure your living expenses could be paid if you're unable to work.

¹ Benefits are paid monthly in arrears, the Super Saver default IP insurance has a 60-day waiting period, and will be paid for up to two years.

² asic.gov.au/about-asic/news-centre/articles/insurance-through-super/

³ Government rules mean you must be employed permanently, be 25+ years old and have an account balance of over \$6,000 to get default insurance. In addition, our rules mean you must have joined the fund via a participating employer, your employer must pay a superannuation guarantee amount into your Vision Super account within six months of you turning 25 or your account balance reaching \$6,000 and for IP, your annual salary must be over \$7,999.

⁴ Up to a maximum of \$30,000 per month.



Making other changes

If you're not yet eligible for default insurance because you're under 25 or your account has less than \$6,000 in it, you can opt in early. Cover will commence from the date we receive your request and a superannuation contribution from your employer.

You can apply to increase your IP cover from the default 75% to 85% - the extra 10% will be paid into your Vision Super account, helping your retirement savings to stay on track even while you're temporarily unable to work.

You can also apply to increase the length of time you get paid IP for if you make a successful claim – from two years to age 65, or shorten your waiting period from 60 to 30 days.

It's important to note that taking up or increasing your cover, extending the length of time you'd get paid for or reducing your waiting period will all mean you pay higher premiums, which are paid from your super. Over time, this will mean less in your super than there otherwise would have been.

And of course, you can always reduce the amount of cover, or cancel your cover entirely if it doesn't suit your needs.

You can make changes by completing our insurance variation form and (if needed) a personal statement. Requests for increased cover, longer benefit periods and shorter waiting periods are subject to assessment and approval by Vision Super's insurer.

We recommend you regularly review your insurance cover to ensure it's still right for you, and let us know if you want or need any adjustments. We can also refer to you to our financial planning team if you need advice.

For further information on our insurance, including the main terms and conditions and where offsetting will occur, refer to the Insurance in your super – additional guide.



We're here to help.

Superannuation and insurance can be complex. If you need assistance working out how much cover is right for you, or help applying for cover please call our Member Services team on **1300 300 820** Monday to Friday 8:30am to 5pm.

Please note, new Super Saver ASU members and Personal Plan members do not receive default IP insurance.

Cyber protection and smishing



The ATO recently announced they will no longer send any hyperlinks in SMS communications to taxpayers, to help prevent people falling for phishing scams. This highlights the critical role of cybersecurity in combating phishing attacks, which often use unsolicited emails, SMS, and phone calls to trick people into giving out personal or financial information. By eliminating hyperlinks in SMS messages, the ATO aims to reduce the likelihood of people falling victim to malicious links leading to fake websites or malware downloads.

'Smishing' (SMS phishing) is an attempt by cybercriminals to lure people into disclosing sensitive information or downloading malware onto their devices via text messages. They impersonate trusted entities or organisations like the ATO to deceive you into clicking on malicious links.

How to prevent being caught in a smishing attack:

- 1** Exercise caution when receiving unsolicited text messages, especially those requesting personal or financial information. If a message seems suspicious or too good to be true, it's likely a smishing attempt.
- 2** Before taking any action in response to a text message, verify the authenticity of the sender. Contact the organisation or individual directly using official contact information to confirm the legitimacy of the message.
- 3** If a message that looks like it's from a government agency or financial institution like your bank contains a link, it's likely to be a fake. Don't click on links from unsolicited text messages. These links could lead to phishing websites or malware downloads.
- 4** Enable spam filtering features on your mobile device to automatically detect and block suspicious text messages. Most smartphones offer built-in spam filters or allow you to download third-party apps for this purpose.
- 5** Report any suspicious or fraudulent text messages to your mobile carrier and relevant authorities. This helps to raise awareness about smishing scams and may prevent others from falling victim to similar attacks.

What is Vision Super doing to protect members?

While complete security can never be 100% guaranteed, Vision Super has put in place a set of multi-layered security measures to reduce the risks. Both the Vision Super public website and your secure online account, where you can access your account details, use the HTTPS protocol to secure internet traffic. You can see the HTTPS lock icon on the top left of Vision Super's website.

Vision Super's IT team regularly updates software across all of its hardware and software platforms regularly auditing our security capabilities to make sure industry standard protection is in place. We proactively seek out better ways to protect your data and our networks and adjust our approach based on what we find. This active search includes accessing better software solutions, better services and better practices.

All our staff are trained in the importance of confidentiality and maintaining the privacy and security of your information. We are committed to protecting your data and privacy by complying with the *Commonwealth Privacy Act 1988 (Privacy Act)*. The *Privacy Act* includes 13 Australian Privacy Principles, which set out the standards for the way organisations collect, store and disclose personal information. Read about our privacy policies here visionsuper.com.au/privacy-policy/

We're here for you.

Vision Super will never ask you to reply to an email or SMS with your password. We will ask you to log into our secure site or suggest you call our Melbourne based Member Services team. If you are ever unsure about anything that we send, please give us a call on **1300 300 820**, we will be happy to help and confirm the communication is valid.

Essential EOFY tips for your superannuation



As the end of the financial year approaches, it's important to engage in some superannuation 'housekeeping' to check your financial future remains on track. Taking the time to review and optimise your super arrangements can yield significant benefits in the long run, but what should you look out for?

Review your contributions

While you may not look at your contributions every month, you may want to take stock of your super contributions for the year. Are you on track to maximise your concessional contributions? These include employer contributions, salary sacrifice, and personal deductible contributions. Maximising your concessional contributions may help you reduce your taxable income while boosting your retirement savings.

Utilise unused contribution caps

Remember that unused concessional contribution caps may be carried forward for up to five years if your total super balance is less than \$500,000 at 30 June of the previous financial year. If you haven't maximised your contributions in previous years, consider taking advantage of this opportunity to boost your super balance. The cap changes to \$30,000 next financial year, and when you make a contribution, you should ensure your fund receives the money before 30 June to allow a few days for the funds to clear. You should always check the MyGov portal to confirm completeness and accuracy of your contribution cap limits. The non-concessional contribution cap also increases to \$120,000.

From 1 July, 2024 you may contribute:

  **\$30,000**
in concessional contributions

\$120,000
in non-concessional contributions



Check your investment strategy

Review your investment strategy to ensure it aligns with your financial goals and risk tolerance. If you're interested in how your investments performed, click here to see the latest returns: visionsuper.com.au/invest/investment-performance/



Review your insurance coverage

Depending on your account type and previous choices, as well as government legislation, you may have insurance cover such as death insurance (also called life insurance), total and permanent disability insurance, and income protection (IP) insurance through your super account. Review your cover and check it still meets your needs.



Stay informed about changes

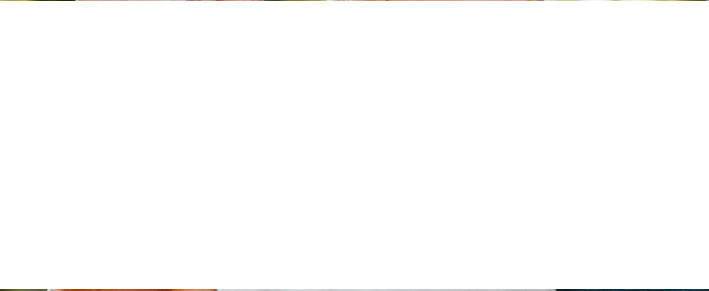
Keep yourself updated on any changes to super legislation and regulations that may affect your retirement planning strategy. Staying in the know will help you make informed decisions and avoid any unexpected tax or compliance issues – and you can do that by attending one of our educational seminars – visionsuper.com.au/events/



Seek advice

Finally, if you're unsure about any aspect of your superannuation or retirement planning, don't hesitate to seek advice from a qualified financial adviser. They can provide personalised guidance based on your individual circumstances and help you make the most of your superannuation benefits. Fees may apply.

Following these superannuation housekeeping tips, could help keep your finances in order as the end of the financial year approaches – but the rules surrounding eligibility and contribution caps are complicated and changing, so if you'd like to have a chat with us, 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

Canstar: You're with a winning super fund!

We have been awarded Canstar's 2024 Outstanding Value – Superannuation Award for our default Balanced Growth product. Scan the QR code to find out more.



Contribution caps are changing from 1 July 2024

You may now contribute \$30,000 in concessional contributions and \$120,000 in non-concessional contributions. Scan the QR code to find out more.



Have you read our FSG?

A Financial Services Guide describes the financial services offered by, and important information about, a financial services licensee like Vision Super.

Read it by scanning the QR code.

