



a super start
setting up for your future

Super Update

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Welcome to *Super Update*, the newsletter for the Heidelberg Australia Superannuation Fund that keeps you up to date with what's happening with your super. If you have any suggestions for articles in future issues of *Super Update*, please pass them on to the Fund's Policy Committee.



Contact information

If you have a query about any of the information provided in this newsletter or about your super, please contact Con Xanthos on (03) 9548 6210 or GK Ng on (03) 9548 6215. You can also speak with Con and GK on general information about the Fund's management, features and benefits.

Alternatively, you can contact the Fund Administrator on 1800 127 953 or seek guidance from a licensed financial adviser.



Your Policy Committee

In November, the Trustee called for nominations for a member-elected representative on the Fund's Policy Committee. Only one nomination was received so no election was needed.

GK Ng has been re-appointed for a three-year term. We congratulate GK and thank those who participated.

How your super is performing

Geopolitical tensions continued to be the main theme of the September quarter, with the continued threat of an international trade war led by the US and China. Despite trade war threats, the US economy performed strongly, with low levels of unemployment and continuing growth. The Japanese share market rallied following the re-election of Prime Minister Abe and the subsequent detail provided on fiscal policies.

When taking into account the Australian dollar's movement against other currencies, international share markets returned 7.4% in the September quarter, with the US share market being the top performer with a gain of 9.4% for the quarter. In contrast, Australian shares gained 1.5% over the same period.

October was a particularly volatile month for global markets, with steep losses experienced by all major share markets. International share markets fell by 6.9% for the month, but this result was slightly cushioned by a falling Australian dollar. Australian shares were also hit hard during October with the main index falling 6.2%.

The Reserve Bank of Australia's Board has maintained a similar outlook as previous quarters, electing to keep the official cash rate at 1.5% at its November meeting. The meeting minutes note that inflation is still at the lower end of the RBA's target range, as well as continued concerns around falling house prices and high levels of household debt. No rate rises are anticipated by the market until 2020.

The Australian dollar depreciated against the US dollar over the quarter, moving from 73.91 US cents at the end of June 2018 to 72.22 US cents at the end of September 2018, and continued to depreciate during October, finishing the month at 70.73 US cents. The Australian dollar also depreciated against the Euro and the British pound, but recorded small gains against the Chinese Yuan.

Returns for the Fund's options more heavily invested in shares (like Diversified Shares, Growth and Balanced) are directly affected by the movements in share markets.

Returns for the four months to 31 October 2018 as well as the final returns for 2017/18 for all options are shown in the table below. Please remember that past performance is not necessarily a reliable indicator of future performance.

| Investment option | 1 July 2018 to 31 October 2018 | 1 July 2017 to 30 June 2018 |
|--------------------|--------------------------------|-----------------------------|
| Diversified Shares | -2.1% | 11.7% |
| Growth | -1.1% | 8.7% |
| Balanced | -0.4% | 6.9% |
| Capital Stable | -0.1% | 4.7% |
| Cash | 0.7% | 1.6% |

Note: Returns shown in the above table are net of tax and investment fees.

Contributing money from home sale to super

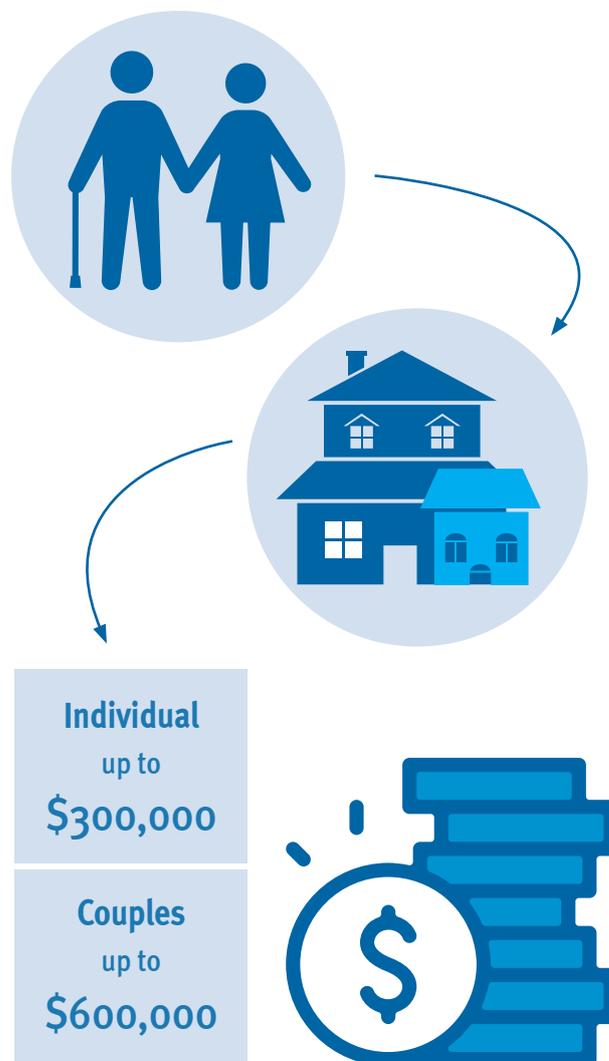
Homeowners aged 65 and over are now allowed to contribute some of the proceeds of the sale of their principal home into super. This is designed to encourage older people to downsize their homes. If you have lived in the home for at least 10 years you can make a “downsizer” contribution of up to \$300,000 into your superannuation fund. Couples are able to transfer up to \$600,000 into super. The contract of sale must have been exchanged on or after 1 July 2018.

Eligible downsizer contributions will not count towards your annual non-concessional contribution cap and can be made even if you do not meet the “work test” (see below). However, they will count towards the \$1.6 million cap on the amount that can be held in pensions where earnings are exempt from tax.

If the ATO determines that you were ineligible to make downsizer contributions or you exceed the \$300,000 cap, your contributions will count as personal contributions, which may result in you exceeding your non-concessional contribution cap. The contributions also count towards your total superannuation balance, which may affect whether non-concessional contributions can be made in future years. Other conditions also apply.

How do I make downsizer contributions?

The Fund will accept downsizer contributions from members. To make downsizer contributions you need to complete a *Downsizer contribution into superannuation form*. For more details and a copy of the form, refer to www.ato.gov.au/super under “Super housing measures”. Alternatively, you can contact the Fund Administrator on **1800 127 953**.



What is the “work test”?

If you are over age 65 there is usually a work test applied before you are able to make personal contributions to super. You need to be gainfully employed at least 40 hours in any period of 30 consecutive days in the financial year to which the contribution relates.

Royal Commission update

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry completed its hearings on superannuation and insurance matters in August/September and dealt with policy matters in hearings in November.

Superannuation and insurance findings were not included in the interim report released by the Commission in September. They will be included in the final report due early next year.

The Trustee will continue to monitor any consequences for super funds.



The information in this publication is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your personal circumstances before making any financial or investment decision based on the information contained in this document. Please note that past investment performance is not necessarily an indication of future performance.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Heidelberg Australia Superannuation Fund (ABN 75 071 229 817). November 2018.