

REAL LIFE



Graham Mackay

**Solid. Strong. Yours.**

**September 2014**

## Graham takes his pension full circle.

**Graham Mackay has been a member of AMIST Super since 2002 and worked with a major value added food processor. Graham decided to make his super work harder for him leading up to his retirement.**

With about 3 years to go he started using a Transition to Retirement (TTR) strategy in combination with his AMIST Super account and salary sacrifice through his employer.

By contributing more money to his super before tax, Graham was able to reduce his overall taxable income and, as a result, the amount of tax he had to pay. For most employees, this is the major benefit of a salary sacrifice arrangement.

To keep his monthly income the same, Graham started an AMIST (TTR) Pension using a portion of his superannuation balance. The TTR was able to pay an amount of up to 10% p.a. of the original balance, straight into Graham's bank account twice a month, even while he continued to work. This extra money

was tax-free because Graham was already over 60. It helped to top up his overall income while he added extra money to his AMIST Super account via salary sacrifice.

Another great bonus of his TTR Pension was that all the earnings on it were also tax-free. So his Pension account continued to build even though he was drawing the twice-monthly payment from it.

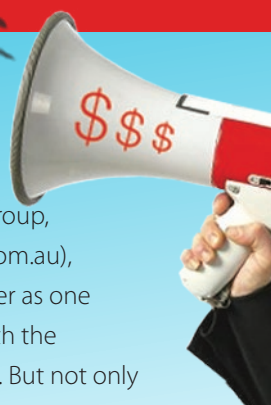
Graham decided to retire from full time work in January 2012. On retirement and after a discussion with his bank, Graham rolled all of his super and a pension out of AMIST and into another super fund.

Graham had his income from this pension paid to him on a monthly basis.

After a few years, Graham was not overly happy with either the returns he was receiving from the other fund or the fees they were charging, so he inquired about a Pension with AMIST. In February 2014, he decided to roll all his money back into AMIST.

Graham and his wife Elizabeth plan to travel both within Australia and also overseas in the near future. They are content in the knowledge that the AMIST Pension will keep paying them twice-monthly straight to their bank account.

## Consumer advocate puts AMIST Super in top 11



Consumer advocacy group, Choice ([www.choice.com.au](http://www.choice.com.au)), has named AMIST Super as one of the eleven funds with the lowest fees in Australia. But not only that, of the eleven funds named in this list, AMIST Super is the only one that also appears as one of the top 10 funds for investment returns (based on the Balanced Option).

**This confirms that AMIST Super truly offers low fees and solid returns.**

## Important information that could affect your Age Pension

**From 1 January 2015, deeming rules for the Age Pension will extend to superannuation account-based income streams, such as AMIST Pension.**

This means that the balance of an account-based income stream will be assessed under the same deeming rules that currently apply to other financial assets, when determining eligibility for the Age Pension. These changes will align superannuation account-based pensions with other financial assets when an individual is assessed for Centrelink / DVA entitlements.

### What is deeming?

Deeming is a method Centrelink uses for determining the amount of income you earn from financial assets for the purpose of determining eligibility for the Age Pension. It assumes that you earn a particular amount of income from your financial assets, regardless of the actual return.

Financial assets subject to deeming rules include cash, term deposits, managed investments, shares, superannuation, bonds, and loans you make to other people or organisations.

From 1 January 2015, financial assets will include amounts held in superannuation account-based pensions. This means that account-based income streams, such as AMIST Pension, will be assessed under the same deeming rules that currently apply to other financial assets. Previously, funds held in account-based pensions were not counted. In a nutshell, the new rules could reduce the amount of Age Pension or other income support payment you receive.



### Does this change affect me?

This will only have relevance for you if you are considering retiring before the end of this year or setting up an account-based income stream and you are, or will be, in receipt of a benefit from Centrelink or the Department of Veterans' Affairs (DVA) prior to 1 January 2015.

You WILL NOT be affected if you have an AMIST Pension or other account-based income stream in place before 1 January 2015 and you are also receiving a Government income support payment such as the Age Pension prior to 1 January 2015.

The balance of your account-based pension will be exempt from the deeming rules and continue to be exempt until you close the account. These exemptions are referred to as the grandfathering arrangements.

You WILL be affected if you do not open an AMIST Pension or other account-based income stream before 1 January 2015 and you are also receiving an income support payment such as the Age Pension prior to 1 January 2015.

### What can I do?

If you have an account-based income stream now and you also receive an income support payment:

- ▶ You will be exempt from the new rules provided you do not close your account-based pension on/after 1 January 2015 and you continue to receive your income support payment.
- ▶ Consider whether you need to make changes to your current account-based income stream, and if so, arrange to do this prior to 1 January 2015.

- ▶ Consider nominating your spouse as a reversionary beneficiary on your account-based income stream. You may wish to consider stopping and starting a new account-based income stream so that you can nominate them as a reversionary beneficiary. This is because a reversionary beneficiary can only be nominated when you start an account-based income stream. If a reversionary beneficiary is nominated prior to 1 January 2015, your reversionary beneficiary will continue to be exempt from the income deeming rules if/when the account reverts to them provided that they are receiving an income support payment at the time of reversion and continue to receive it.

➡ continued on next page



If you do not have an account-based income stream or are not receiving income support payment:

- ▼ Consider commencing an account-based income stream and start receiving an income support payment before 1 January 2015, so that the deeming rules will not apply to your account-based income stream. If you decide to commence an account-based income stream before 1 January 2015, check with us to confirm your AMIST Pension application will be processed and first payment made before 1 January 2015. You must have received at least one payment from your account-based income stream before 1 January 2015 (and be in receipt of an income support payment) so that the grandfathering applies.
- ▼ Check with Centrelink or DVA to assess your eligibility for income support payments prior to 1 January 2015.

#### Where can I get help?

AMIST Super offers its members access to financial advice through Money Solutions\* at no additional cost. And AMIST Super does not pay commissions to Money Solutions.

So call them today if you think you might be affected by these changes from 1 January 2015\*. They can help you make the right decision to suit your circumstances.

Call **1800 046 144** or email **coach@moneysolutions.com.au** to speak to a qualified financial adviser now on what is best for your situation.

This article contains general information only and does not constitute personal advice. It does not take into account your financial situation or particular needs. Accordingly, you should seek professional advice that takes account of investment objectives, financial situation, and particular needs before making a decision in relation to any of the matters covered in these examples.

\*Money Solutions Pty Ltd (AFSL 258145). Money Solutions personnel are not representatives of the Trustee. Any financial product advice given by Money Solutions is provided under the Money Solutions AFSL. The Trustee does not accept liability for any loss or damage incurred by any person as a result of using products or services provided by Money Solutions. Fees apply and will be charged to you if you require advice beyond the scope of the AMIST paid for advice on the impact the deeming rule changes could have on your financial position.



## Federal Budget 2014: What it means to super and retirement.

**This year's Federal budget contained no major announcements for super fund members in the short term, but a summary of anticipated changes is outlined below.**

#### ▼ Key changes to pensions

As previously foreshadowed, the Government has raised the Age Pension eligibility age to 70 from 2035. Current pensioners and older workers approaching retirement will NOT be affected by this change.

#### ▼ Age Pension increases and means testing

From 1 July 2017, Age Pension increases will be linked to inflation (CPI) rather than average weekly earnings. Over time, this will make superannuation savings even more critical.

The Government has also announced a tightening of the Age Pension means test with a three year freeze on all pension asset test and income test thresholds from 1 July 2017.

#### ▼ New Superannuation Guarantee (SG) increase timetable

The Government has announced a further one-year delay to the timeframe for increasing the Superannuation

Guarantee rate to 12 per cent. Instead of pausing at 9.25 per cent on 1 July 2014 as previously announced, the SG has now increased to 9.5 per cent on 1 July 2014 and will remain at this level until 30 June 2018 and then increase by 0.5 per cent each year until it reaches 12 per cent in 2022/2033.

#### ▼ Low Income Superannuation Contribution (LISC) scheme to be axed as planned

The Government is pressing ahead with its decision to axe the Low Income Superannuation Contribution Scheme, which provides an annual super benefit of up to \$500 for individuals earning less than \$37,000.

#### ▼ Changes to Seniors' health card eligibility

Untaxed superannuation will now be included in the income test for new recipients of the Commonwealth Seniors Health Card.

#### ▼ Superannuation on paid parental leave

The Government has confirmed that the Paid Parental Leave (PPL) scheme will include superannuation.

## How your money is invested. Part 1: Australian Equities

It's well known that AMIST Super has a reputation for the consistent delivery of solid returns over the long-term, but have you ever wondered exactly how they decide where to invest your money? We spoke to Chief Investment Officer, Megan Pham, to find out, firstly about Australian Equities.

**Horizons:** So what exactly are Australian Equities?

**Megan Pham:** Australian Equities are essentially shares in Australian companies that are listed on the Australian Stock Exchange. Anyone can buy shares in any listed company and the idea is that they will rise in value to provide a positive return to the investor. Shares generally provide a better return than other areas a super fund can invest in over the long-term. Of course there will be times when shares can actually lose value as well.

**H:** So how does AMIST Super decide what companies to invest in?

**MP:** We select quality investment managers to do this for us. These



Chief Investment Officer, Megan Pham

managers have different strategies for choosing companies. Our role is to select the managers that we think will do the best for our members. Importantly, we have a vigorous and documented selection process that guides our decisions.

**H:** So how do you select the investment managers?

**MP:** To assist us in this process, we use a specialist asset consultant, JANA. They have staff who research investment managers in Australia and around the world. We generally then interview prospective managers and assess them on their ability to provide long-term returns. We consider their experience, their track record and the length of time they've been operating. Naturally, different investments require different skills, so we're not necessarily looking for exactly the same things from each of our managers. We provide detailed guidelines about investment style to each manager and we support them based on their on-going performance.

*"... We look for a range of things, such as growth and regular income."*

**H:** What kind of things would be included in your investment style?

**MP:** We look for a range of things, such as growth and regular income, but we also consider other things offered by the investment managers such as inflation protection, risk profile and value for money in terms of competitive fees.

**H:** So can you tell us the names of some of the companies AMIST Super has invested in? Are they companies the members would recognise?

**MP:** Yes, definitely. We have invested in the four major banks, CBA, Westpac, NAB and ANZ, plus Woolworths, JB Hi-Fi, Telstra and mining giants BHP Billiton and Rio Tinto, just to name a few.

For information about AMIST Super investment options, see our *Investment Guide* booklet which is available by calling the **AMIST Super Hotline**, or download it from the website.

## Investment returns: 12 month returns to 30 June 2014

AMIST Pension investment options	1 Year Crediting Rate	5 Year Net Compound Average Crediting Rate
Secure	3.63%	4.62%
Capital Stable	8.75%	N/A*
Balanced	14.57%	10.59%
Growth	17.70%	12.31%
High Growth	22.16%	N/A*

\*The AMIST Super Capital Stable Option and the AMIST Super High Growth Option were introduced on 1 April 2010.



## New eligibility requirements for the Age Pension.

**Your eligibility for the Age Pension depends on when you were born and the requirements have recently changed.**

Women born before 1 January 1949 reach qualifying age at 64 and a half, and women born between 1 January 1949 and 30 June 1952 at age 65.

The qualifying age for men born before 1 July 1952 is age 65.

From 1 July 2017, the qualifying age for the Age Pension will increase from 65 years to 65 and a half years. The qualifying age will then rise by six months every two years, reaching 67 by 1 July 2023. See table below.

Date of birth	Qualifying age at
1 July 1952 to 31 December 1953	65 years and 6 months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and 6 months
From 1 January 1957	67 years



## Richard wins quiz prize.

Congratulations to NSW member **Richard Canty** for correctly answering the quiz questions in the March edition. Richard wins the \$200 prize.

*Q: What kind of dance does a butcher go to?*

*A: A meatball*

*Serves 2*

## Stir Fried Choy Sum with Chicken and Udon Noodles

### Ingredients

750g choy sum  
100g dried udon noodles  
Oil  
100g chicken breast, sliced into thin strips

3 cloves garlic, crushed  
1 tbs grated ginger  
1 long red chilli, thinly sliced  
2 tsp lime juice  
1 tsp fish sauce

### Method

Slice choy sum stems and set aside. Chop the leaves coarsely and set aside.

Cook noodles in a small pot of boiling water following the packed instructions. Drain, rinse and set aside.

Put a little oil in a wok and over a high heat, stir fry the chicken until cooked through. Set aside.

Adding a little more oil to the wok, stir fry the choy sum stems, together with the garlic, ginger and chilli until just tender.

Return the chicken to the wok, add the noodles and gently stir fry until heated through. Add choy sum leaves, lime juice and fish sauce and stir fry until the leaves are just wilted.

Serve immediately.



*A duck walked into a bakery one day and asked for a pork chop.*

*The baker said, "we aren't a butcher; we don't sell meat here."*

*So the duck left.*

*The following day the duck went back and asked again.*

*This time the baker said, "no, if you come here again I will nail your feet to the floor."*

*The following day the duck returned and asked, "have you got any nails?"*

*The baker replied, "no." And the duck said, "well, I'll have two pork chops then."*



## Take our quick quiz and you could **win \$200!**

How well do you know your super? You'll find the answers in this edition of *Horizons*.



Entries close 30 November 2014. Just send your answers and details below to:  
AMIST Super Quiz GPO Box 4293 Sydney NSW 2001 or Fax to: 02 9230 1111

1. What is the name of AMIST Super's Chief Investment Officer? .....
2. What is an Australian Equity? .....
3. True or false? Australian Equities generally provide a better long-term investment return than other investments. ....
4. Name the specialist asset consultant AMIST Super uses to assist in selecting investment managers. ....
5. Name three things that are included in the AMIST Super investment style. ....  
.....
6. What was the High Growth Option's 12 month return to 30 June 2014? .....
7. Name three of the high profile companies AMIST Super has invested in. ....  
.....
8. True or false? AMIST Super members can choose the options that their money is invested in. ....

Please be sure to write your name and contact details clearly.

Name: ..... AMIST Super Member No: .....

Address: .....

State: ..... Postcode: ..... Phone: .....

Email: .....

AM 967 7 06/14 ISS2

Issued by Australian Meat Industry Superannuation Pty Ltd (ABN 25 002 981 919, AFSL 238829, RSE Licence L0000895) as Trustee of the Australian Meat Industry Superannuation Trust (ABN 28 342 064 803, RSE Registration R1001778). The material provided is for information purposes only and is not intended to be considered as advice. The Trustee has not taken into account your personal financial circumstances when developing this communication. Before making any decision regarding your superannuation it is recommended that you seek advice from a qualified financial adviser. Money Solutions (AFSL 258145) has been contracted by AMIST Super to provide members with simple financial advice as part of their membership. Any financial product advice given by Money Solutions is provided under their own AFSL. Just call AMIST pension on 1800 255 521 for simple qualified financial advice at no additional cost.



**MAILING  
ADDRESS**

### AMIST Pension

Locked Bag 5042 Parramatta NSW 2124  
AMIST Pension Hotline: 1800 255 521  
AMIST Pension Fax: 1300 663 844  
Email: [service@amist.com.au](mailto:service@amist.com.au)  
[www.amist.com.au](http://www.amist.com.au)

**AMISTSUPER**   
Your industry fund