

SUPER

NEWS

AMISTSUPER
AUSTRALIAN MEAT INDUSTRY SUPERANNUATION TRUST



MARCH 2013

Compound earnings create greater interest in super.

It's always easy to put things off. But one of the smartest decisions you can make is to start investing in superannuation sooner rather than later. The reason? So you can take advantage of compound earnings—which can turn even small amounts of money into larger sums over time.

What are compound earnings?

Essentially, compound earnings are earnings paid on earnings. In other words, you're earning interest not just on the sums of money you actually deposit in your super account but, as time goes on, also on the interest you're earning on those deposits.

And the longer you invest, the greater the impact of compound earnings, so it really pays to get started as soon as you can. Let's look at how this could work.

Brad is a 21 year-old butcher who earns \$577 a week. His employer is contributing the compulsory 9% of his gross income into super, which is \$52 per week. Assuming no adjustments to this rate of saving take place over the years, by the time Brad retires at age 65, he will have contributed a total of \$121,500 to his super. But based on an average earning rate of 7% per year, Brad's account balance would be \$825,530!

> continued overleaf

Co-contribution puts James ahead of the pack.

When James Groves started his butcher's apprenticeship at his family's business back in 2008, his father, Phil, signed him and the rest of the family up as members of AMIST Super.

A short time later, Royston Bennett of AMIST Super visited their shop and introduced James to the Government Co-contribution Scheme. This is the scheme where if a member makes personal, after tax contributions to their super account, the Government will also make a similar contribution* for eligible people.

James recognised this as a great opportunity to help his super balance grow, so he saved up \$1,000 and made a personal contribution to his super in June 2010. By November 2010, once he had lodged his tax return, the Government matched him by depositing a further \$1,000 into his AMIST Super account. The following year, James could only manage a personal contribution of \$200, but this was also matched with a further \$200 from the Government.



James Groves has enjoyed the benefits of the Government Co-contribution scheme.

So on top of his normal Superannuation Guarantee contributions, James added an extra \$2,400 to his savings. A boost that will make a serious difference to his balance over the long-term, thanks to the power of compound earnings.

James has since completed his apprenticeship and is now a fully qualified butcher. Sensible with his money and with an eye to his future, James has recently bought a block of land which he intends to build on. ♦

* At that time, the Government Co-contribution would match personal contributions dollar for dollar up to a maximum of \$1,000 per year. From July 2012, the Government reduced this to 50 cents for each \$1 personal contribution up to a maximum of \$500 per year. This table shows some examples of how this works.

YOUR INCOME	YOUR PERSONAL CONTRIBUTIONS	
	\$1,000 Government Co-contribution	\$500 Government Co-contribution
\$31,920	\$500	\$250
\$36,920	\$333	\$250
\$40,920	\$200	\$200
\$44,920	\$67	\$67
\$46,920	NIL	NIL

“Learn from yesterday, live for today, hope for tomorrow.”

Albert Einstein



REAL LIFE



Income Protection reduces pain for Nathan

Nathan Stone is a butcher from Yankalilla in South Australia. Young and fit, Nathan enjoys an active lifestyle, including playing football.

But when an on-field injury resulted in shoulder reconstruction, Nathan not only felt the physical pain, but the prospect of financial pain was also very real because he was now unable to work.

Fortunately, as a member of AMIST Super, Nathan has Income Protection insurance. Income Protection is a type of insurance that can replace

up to 75% of a member's pay if they become sick or injured and can't work. AMIST Super members automatically received this insurance in 2010.

Members can increase their level of cover to better match their income.

Nathan's claim was approved and he started receiving benefit payments after the normal 30 day wait period. Although he has only the basic level of cover (\$2,000 per month before tax for a maximum of 2 years), Nathan's payments continued for 82 days which certainly helped with his regular expenses until he was able to return to work.

Remember, members can increase their level of cover to better match their income. Full details and a fact sheet (in various languages) are available on the AMIST Super website.

Nathan's story just goes to show that regardless of youth and fitness, accidents can happen and Income Protection insurance can be a great way to limit the pain to the body and not the bank account. ♦



Nathan's Income Protection payments continued for 82 days, until he was able to return to work.

Compounding creates greater interest in super - continued



And all Brad did was contribute the absolute minimum compulsory amount to his super. Compound earnings and time did the rest.

That might sound like a lot of money now, but remember Brad's retirement is 44 years away and while his wages and superannuation guarantee contributions will have increased during that time, so too will inflation, so things are likely to be more expensive by then. So rather than relying on contributing the absolute minimum amount to his super, Brad decided to deposit an extra \$10.50 per week. As a result, his total contribution would rise to \$147,900, but his account balance leaps to a whopping \$1,027,696.

"It's true, getting started in super early really doesn't cost much but can make an enormous difference to your retirement savings."

So by topping up his super by just over \$10 a week, Brad can retire on more than a million dollars. Thanks again to time and the magic of compound interest.

Just imagine if he saved a little more, or even if he took advantage of the Government Co-contribution Scheme, where the Government contributes 50 cents for every dollar you contribute to super from your after tax pay*.

It's true, getting started in super early really doesn't cost much but can make an enormous difference to your retirement savings and because AMIST Super charges low fees and returns all profits to members, it's a great way to save for your future. ♦

The person depicted in this example is fictional and the circumstances outlined are for illustrative purposes only.

* The Government Co-contribution is available to eligible people with an assessable income of less than \$46,920 per year (for the 2012/2013 financial year).

Penny's dream wins prize

Penny Eldridge of Nerang Queensland is the winner of the AMIST Super "Your dream could win you \$1,000" competition. Penny has been awarded \$500 cash and a further \$500 has been deposited into her AMIST Super account.

Penny's winning entry:

My retirement dream is to buy a top of the line Caravan and make my way slowly around our great big Country! Of course I will need a bit of spare cash to fly my grandchildren to visit us during school holiday then they could travel with us. My husband would fish wherever he could and I would enjoy reading in the shade! I might have to get a little dog too, a chocolate brown miniature daschund called "Slinky". Although in 20 years time who knows what new technology will be available! As long as my Super is healthy I'm sure I will find something exciting to do!!!

Penny, who has been an AMIST Super member for over 11 years, was delighted to learn she had won. When AMIST Super News asked her what she would do with the \$500 cash she said, "I've just renovated my bathroom and have gone over budget so the money is spent already!" She was just as happy to have another \$500 going into her super account as well.



Penny Eldridge

Judging the competition was tough, with many excellent entries received. And while there could only be one winner, special mention should go to the following members for their outstanding entries: **Tracy Boyce, James Crisp, Patricia Daniel, Dustin Lewis, Shannon Walker, Haesung Lee, Deidre O'Brien.**

Thank you to everyone who took the time to enter. ♦

Market Update

Performance for this financial year

AMIST Super's Chief Investment Officer, Megan Pham, explains the improvement in market confidence in the past six months.

Concern over the slowing global economy and the European crisis has lessened over the past six months, largely due to the decisive action taken by world leaders to restore calm in financial markets. In Australia, sentiment has also improved thanks to a more positive outlook with our largest trading partner, China, and the considerable impact of interest rate cuts from the Reserve Bank of Australia (RBA). The RBA has reduced official interest rates by 50 basis points to 3.0% during the half year to 31 December 2012 in response to low inflation figures and a general weakening of the local economy.

But despite apparent weakness, there were strong share market performances over the period, particularly from Australian shares.

Risks for 2013 continue to come from the US where budget and debt issues are under scrutiny as well as in Europe where the outcome of evasive action on debt requires continued monitoring.

Despite the challenging economic and political conditions in 2012, the markets were able to generate positive returns for all the AMIST Super options over the six month period to 31 December 2012, with our Balanced option returning to pre-Global Financial Crisis highs on the back of strong returns from most asset classes. ♦

AMIST Super Investment options	Interim rates 1 July to 31 Dec 2012
Secure	1.87%
Capital Stable	3.95%
Balanced	6.82%
Growth	8.41%
High Growth	11.26%

Maria wins \$200 super quiz prize

Mrs Maria Duga of Deebing Heights in Queensland is the winner of our Super Quiz from the last edition of AMIST Super News. Maria, who has been a member of AMIST Super since 1998, was thrilled to win the \$200 and says she enjoys reading our newsletters and completed her quiz entry during her lunch break at work.

Congratulations, Maria. Good job! ♦



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 AMIST Super News.

Fill in the blank. Income protection insurance can replace up to% of a member's pay if they become injured or sick and can't work.

True or false? AMIST Super members can increase their level of Income Protection cover to better match their pay.

Name the winner of the "Dream" competition.

What was the official interest rate as at 31 December 2012?

What is AMIST Super's online account system called?

What was the interim rate of return for the Balanced Fund on 31 December 2012?

What does AMIST stand for?

What country is Australia's largest trading partner?

What is the NSW Member Service Manager's name?

Entries close 31 July 2013. Just send your answers and details below to: AMIST Super GPO Box 4293 Sydney NSW 2001 or Fax to: 02 9230 1111

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

Name:

AMIST Super Member No:

Address:

State: Postcode: Phone:

Email:

AMIST Super wins gold!



AMIST Super has again been awarded a Gold rating by SuperRatings.

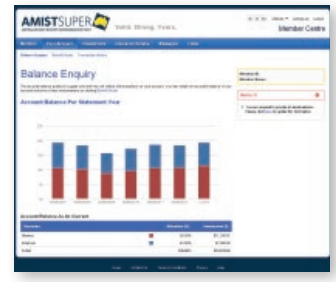
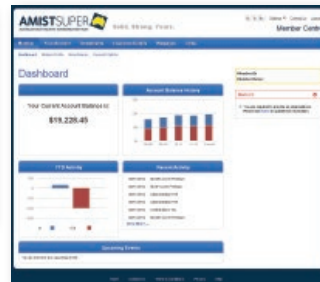
SuperRatings is an independent research firm that reviews and rates more than 450 super and pension products each year. Their ratings are a reliable guide on a fund's value and are widely recognised within the superannuation industry. ♦

MemberAccess, your super online. Soon, it'll be easier than ever.

If you're one of the many AMIST Super members who manage your account online, you'll soon see that we've made some improvements. These are designed to make the whole experience faster, easier and simpler.

We're upgrading the technology and making the navigation clearer and easier to follow. We're also adding alerts and message panels that will keep you informed about issues relating to your account.

The new-look AMIST Super MemberAccess will be live in the next month or so. ♦



Do you have questions?

If you have any questions about your AMIST Super membership, call the AMIST Super Hotline.

1800 808 614 or hop on the web!

For all the latest information about AMIST Super, log onto www.amist.com.au. Get the latest news and results, view fact sheets and download forms. It's all there to make your super easier to understand.



Member Services

Meet our team of service professionals.

Remember our Member Services Managers are here to help you get the most from your super. Feel free to contact them.



Melinda Gibson is the manager of the Member Services team.



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