



Graham Mackay

REAL LIFE

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), 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.**



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

A little advice helped Robert plan for retirement

Robert is a 65 year old AMIST Super member who earns \$55,000 per year and has an account balance of \$230,000 with AMIST Super. Naturally, at his age, Robert is thinking seriously about retiring, but he's not sure how to go about setting things up. If he were to retire now, should he set up an account-based pension? And how would that affect his eligibility for the age pension?

Sensibly, Robert called the AMIST Super Hotline and asked to speak one of the qualified retirement specialists from Money Solutions*.

Robert had lots of questions about how super and pensions work and what options he could consider. Within 20 minutes the Money Solutions adviser was able to determine that a Simple Retirement Plan provided over the phone would help Robert save money in tax, preserve his super savings for longer and increase his age pension entitlement.

The plan outlined exactly how to set up a pension, how much pension income to draw each year and how much money to leave in super. It also helped Robert to choose the right investment option and showed him how to achieve his retirement income goal.

Step-by-step recommendations followed, which included all the necessary paperwork to implement the plan. Robert was happy to find the plan would save him \$2,300 per year in income tax, while increasing his age pension entitlement by \$1,750 per year. What's more, because his age pension was

set-up before 1 January 2015, the payment amount is optimised for the rest of his life.

Information and education really are the key to making an informed decision and now Robert has confidence he is making the correct decisions that will keep him on track through retirement.

*AMIST Super partners with Money Solutions to provide quality advice to its members.

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 Veteran 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

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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.



Chief Investment Officer, Megan Pham

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

Essentials: 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.

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

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

E: 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.

E: 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.

E: 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 Super investment options	1 Year Crediting Rate	5 Year Net Compound Average Crediting Rate	10 Year Net Compound Average Crediting Rate
Secure	3.10%	4.14%	4.77%
Capital Stable	7.67%	N/A*	N/A*
MySuper	12.90%	9.35%	7.51%
Balanced	12.90%	9.35%	7.51%
Growth	15.94%	10.99%	7.52%
High Growth	20.55%	N/A*	N/A*

If you have never made an investment choice your account balance and contributions will be invested in the MySuper option.

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

Herd about Super?

Have you seen our new video that explains super in a nutshell? Just go to the website and click on the "play video" button

Play video

Federal Budget 2014: What it means to your super.

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 SG 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 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.

Superannuation on paid parental leave

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

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.



My choice of fund.

Your details

Member name:

Date of Birth:

Payroll/Employee No if applicable:

AMIST Super member No:

Sign and date

Signature:

Date:

Employer information

Chosen fund payment methods

If you are a registered AMIST Super employer (that is, you already pay contributions to AMIST Super on behalf of other members), you can simply continue using your current payment method for your contributions.

If you are not a registered AMIST Super employer, you can:

- 1) **Become a registered employer** by contacting AMIST Super on 1800 808 614 or visiting www.amist.com.au. You will then be able to enjoy additional flexibility in making payments such as direct debit or BPAY®.
- 2) **Use an existing payment process you have in place** to forward payments to super funds, for example, a clearing house.
- 3) **Provide payments via BPAY** without registering with AMIST Super. Taking this option will mean you will not have access to AMIST Super's range of employer services.
- 4) **If you would like to offer AMIST Super** at your company, please contact Catherine Chadwick on (07) 3233 6668 or at catherinec@amist.com.au

If you change jobs, you don't have to change your super.



If you're changing jobs, there will be lots of new things ahead for you. One thing you can be sure of is that you can take your AMIST Super membership with you wherever you go. Even if you leave the meat industry altogether.

Just complete this form, tear it off and give it to your new employer.

This will then enable your new employer to make contributions to your account. But don't forget to sign and date it!

My choice of fund

Complete this form in BLACK ink using BLOCK letters. Give this form to your employer. Do not send it to AMIST Super. Any request will be invalid if not signed and dated.

I would like to select AMIST Super as my choice of super fund.

I request that all my future employer super contributions are made to:

Fund name: Australian Meat Industry Superannuation Trust
Fund ABN: 28 342 064 803
Fund SPIN: AMI0100AU
Fund Phone No: 1800 808 614

IMPORTANT: This form is for your employers records only - do not send it to AMIST Super.

This form can be used instead of completing Part A of the *Choice of superannuation fund — Standard choice form* which you may have received from your employer. Some employees may not be able to choose their own superannuation fund. Please speak to your employer for more information.

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Important information that could affect your Age Pension

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.

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.



Chris wins quiz prize.

Congratulations to Victorian member **Chris Lyons** for correctly answering the quiz questions in the March edition. Chris wins the \$200 prize.

Client Services

Meet our team of service professionals.

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



Melinda Gibson, on 0407 919 796 or Melinda@amist.com.au
Manager of the Client Services team.



Royston Bennett on 0437 697 737 or roystonb@amist.com.au
Client Services Manager for Vic, SA and Tas.



David Ashton on 0434 043 785 or davida@amist.com.au
Client Services Manager for QLD and NT.



Steve Fleming on 0419 160 293 or stevef@amist.com.au
Client Services Manager for NSW and WA.

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 *Super ESSENTIALS*.

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:

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MAILING ADDRESS

AMIST Super

Locked Bag 5390 Parramatta NSW 2124
AMIST Super Hotline: 1800 808 614
AMIST Super Fax: 1300 855 378
Email: service@amist.com.au
www.amist.com.au

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
www.amist.com.au

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