

The industry super fund for everyone |

7 STEPS

to take control
of *your* super



Asset Super

Our members first

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This booklet contains general advice only, not personal advice. This advice has been prepared without taking account of your objectives, financial situation or needs.

If you need professional advice, we recommend that you seek that advice from Money Solutions Pty Limited (Money Solutions) who have been contracted to provide a personal financial advice service to Asset Super members. To find out more about this service, please call 1800 805 981.

All tax rates and thresholds quoted are for the 2011/12 financial year and may be subject to change in future years.

7 steps **to take control of your super**

Super is often misunderstood. You may think it's remote and out of your control but it really isn't. On the contrary, your super is very much in your control.

A fund like Asset provides a tax-effective framework within which you can grow your savings and enjoy other benefits. We make things possible, so that you can take control and make your super work for you.

Take control of your super – today!

Take investments, for example. You may not be able to influence investment markets – none of us can – but you can definitely influence the effect they have on your super by choosing how your money is invested.

There are other aspects of your super you can also control that will determine how cost-effective it is, how convenient it is, and how well it meets your needs now and in the future.

That's what this booklet is about. In it, we show you 7 steps you can take – right now – that will help you take control of your super and get the most out of it.

So read on, and start taking control of **your** super.



Step 1

Get informed

How much do you really know about your super?

You don't have to be an expert, but you should at least know:

- how much your account is worth;
- how your account balance is invested – i.e. which investment options and in what proportions;
- how much is being added to it by way of regular contributions from your employer;
- how these new contributions are being invested;
- If you are insured, how much will be paid out if you were to die or become permanently disabled;
- who will receive your death benefit; and
- what fees you are paying for account management and member services.

Some of this information is shown in the statement we send you at the end of each financial year, but of course the details do change during the year.

So the quickest and easiest way to stay informed and up-to-date about your super is online, via email and our website.



You can register to receive important information, including your annual statement, direct to your email in-box.

How to get informed about your super

- Go to www.assetsuper.com.au
- On the Home page, look for the MemberAccess link.
- If you're already registered, login using your member number and password (if you've forgotten your password, there's a button you can click to have us remind you what it is).
- If you haven't registered before, click the Register button and fill in the simple details required.
- Once you're in the secure section of the site, look around at what's there. You can view your account information, update it if necessary, and carry out some simple transactions.
- If you need help at any stage, just call us on 1800 805 981.



Step 2

Consolidate your super



When we say ‘consolidate your super’ we mean bring it all together in a single Asset account.

Why would you want to do that? Partly to give you more control, but also to save on costs.

Super funds charge fees on all accounts, even if there are no contributions coming in. In fact, according to research firm SuperRatings, “the rate of fees deducted from these inactive accounts remains close to double that of mainstream superannuation funds”. SuperRatings estimates that as much as \$130 million a year is deducted in fees from inactive accounts.¹

The wasted money in multiple accounts is huge, and it’s growing. A recent Government-commissioned review found that, while there are about 12 million super fund members, there are about 33 million super accounts. That’s more than 20 million accounts – nearly 2 per person – that are probably doing nothing more than paying fees. A lot of people aren’t even aware that they have more than one account, and the amount of ‘lost’ super is now thought to be more than \$18.8 billion.²

Sources:

1 SuperRatings media release 12 April 2011

2 Investor Daily, 26 September 2011

Collecting super funds unnecessarily can be costly, and you could save yourself money by ‘getting it all together’ with Asset. Even if you only save a few dollars a week, imagine how much that could amount to by the time you retire.

Cost saving is one reason. The other is that having all your super in one place makes it so much easier to keep track of where you are and how you’re travelling. In other words, it puts you firmly in control.

If you are keeping another super account open just for the insurance cover in that fund, don’t worry. You can generally transfer that level of insurance cover to Asset, subject to some simple conditions.

Asset doesn’t make any charge for receiving a transfer of your super, but before you give the go-ahead, you should consider any costs such as exit fees that may be charged by your previous fund.



Case study



Jeff was frustrated. Over the years he'd managed to accumulate sixteen different super accounts with various funds. He'd been wanting to combine them for years, but kept getting bogged down in all the red tape.

Asset to the rescue!

At a meeting at his workplace Jeff met one of Asset's client relationship managers, who guided him through the paperwork, and then dealt on his behalf with the other funds. Over the following months, more than \$10,000 was added to Jeff's Asset account.

Jeff was delighted. He ended up paying just one administration fee instead of 16 different fees, some of which were much more than Asset's. Conservatively, he reckoned he'd saved something like \$1,000 a year.

This and the other case studies in this booklet are provided by way of illustration only. They are based on the factors stated and should not be taken to contain or provide an estimate of the outcomes you will achieve.

How to . . . consolidate your super

- If you know you have super in other funds, we can help you transfer it to your Asset account. The first step is to call our Client Service team on 1800 805 981 and we'll take it from there.
- If you're not sure whether you have super elsewhere, or you've simply lost track of it, we can help you find it. This is a free service, so you have nothing to lose. Again, just call 1800 805 981 to get the ball rolling.

Step 3

Check or change your strategy

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Financial markets rise and fall, and these market movements affect the returns on your super. How they affect your returns depends on how your super is invested.

How should you react, especially when markets are volatile? This is a personal matter, and it comes down to your individual needs, expectations and attitude to investment risk and return.

It may be that the best thing to do is to sit tight and ride out the volatility. If the investment options you are in were the right ones at the time you chose them (or had them chosen for you) and your circumstances haven't changed, the chances are they're still the right ones now.

Having said that, if you're losing sleep about how your super is performing maybe it is time to make a change. The same applies if your personal situation has changed.

Remember, any change you make doesn't have to apply to all of your money. You can, for example, leave your existing account balance as it is but have future contributions invested differently. This way, you can gradually change your investment mix over time.



Case study *(illustrative only)*



Anna has been investing in the High Growth option ever since she joined the fund in July 2003. For many years she enjoyed strong returns, but as she gets older she's become a little concerned about the increasingly volatile financial markets and the effect they are having on her investments.

She's confident that the shares and other growth investments will perform well over the long term, but right now she feels she'd be more comfortable with a little less risk in her investment mix. So, she asks that all contributions from now on be invested in the Stable Growth option.

This way she gives the growth investments (mainly shares) the opportunity to recover, while building up a solid base including more defensive investments such as Government bonds.

How to check or change your strategy

- First, check which option(s) your super is invested in now. You can do that on our website via MemberAccess, or else look at your last statement.
- Take a look at our booklet ***A Guide to Investing your Super***, to learn more about the options available to you. You can download the booklet from our website, or you can order a copy by calling our Client Service team on 1800 805 981.
- If you feel you need help, ask Client Services to put you in touch with a financial planner who can help you decide the best investment option for you. This service is free for Asset members.
- Decide whether you're happy to stay invested as you are or, if you want to make a change, complete an *Investment Strategy Switching Form* – again, it's available from the website or from our Client Service team.
- You can make your investment switch online, or else send us the completed form in the mail.



Step 4

Take Asset with you

When we say Asset is the industry super fund for everyone, we mean it. You don't have to work in any particular industry, or live in any particular part of Australia, to be an Asset member.

This means that, wherever your work takes you, you can take your Asset account with you.

There are many advantages in doing so, including:

- you won't have the hassle of transferring money from one fund to another, or the extra cost of paying 2 sets of fees;
- you keep on enjoying the low costs and great member service;
- you keep the investment strategy you've chosen;
- your insurance cover continues with no disruption; and
- you can keep in touch with your super in the same way you do now.

You can even take Asset with you into retirement. More and more people are using personal pensions to provide their income in retirement – or even while they're still working by starting a 'transition to retirement' pension.

With an Asset Flexible Pension you can convert your super savings into a regular and tax-effective income – and continue to enjoy the great Asset service.

Before making a decision about the Asset Flexible Pension you should consider the Product Disclosure Statement available from ASSET Limited by calling 1800 805 981.

Case study *(illustrative only)*

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Greg has been an Asset member for five years. He is in the process of changing jobs and moving interstate, and his new employer has asked him to choose which fund he would like his super paid into.

Greg has always liked the service he gets from Asset and, with a young family, he's made use of the flexibility Asset offers to protect his family with insurance cover.

He's got enough to think about without having to research different super funds. He knows and trusts Asset so he's quite happy to nominate Asset as his chosen fund.



How to take Asset with you

If you're changing jobs:

- If we know you're leaving, we'll provide you with an *Eligible Choice Form* you can give to your new employer, already completed to show Asset Super as your chosen fund.
- Otherwise, when your new employer gives you the form to complete, simply nominate Asset Super yourself.
- We'll also provide a *Compliance Letter* confirming that we're able to accept your new employer's contributions.
- Your membership will continue as before, with the same member number and password for MemberAccess.

Step 5

Know your contribution options and limits

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How much you end up with in your super depends mainly on:

- how much money goes into your account;
- how long that money has to grow; and
- how it is invested and how those investments perform.

Earlier we looked at the control you have over how your money is invested, so let's focus now on how much goes into your account. You may think this is beyond your control, but there are ways you can get more money going into your account without you having to win Lotto!

In this Step we'll look at three of these ways – **co-contributions, other after-tax contributions** and **salary sacrifice** – and the limits that apply to them.

Co-contributions

If you are employed and earn less than \$61,920 a year (including any salary sacrifice super contributions and reportable fringe benefits) and you make a voluntary contribution to your super, the Government will top it up with a contribution of its own. It's called a co-contribution, and it can be as much as \$1 for every \$1 you put in, up to a maximum of \$1,000 a year.

When you make this type of contribution out of your own money it's known as a **non-concessional contribution**. You don't claim a tax deduction for it, but then again it's not subject to the usual 15% contributions tax in the fund.

Case study

(illustrative only)



Judi, aged 40, has been in and out of the workforce and has \$20,000 in her super account.

She's working again now, earning \$30,000 a year, and is keen to make up some lost ground with her savings.

If she does nothing, her projected super at age 65 would be \$125,204 in today's dollars. However, she and her husband reckon they can find \$1,000 a year to make a personal contribution to her account. That would boost her balance at 65 to \$189,109 – an increase of \$63,905, again in today's dollars.

Source: ASIC MoneySmart super calculator as at 26 September 2011.
Assumptions: Earning rate 7.5% p.a. before investment costs and tax,
Asset admin fee of \$1.50 per week

The table below shows some examples of how much co-contribution you might be eligible for in 2011/12.

Your annual income (including reportable fringe benefits and salary sacrifice contributions)	Personal contribution of \$500 a year (about \$10 a week)	Personal contribution of \$1,000 a year (about \$20 a week)
\$31,920 or less	\$500	\$1,000
\$35,000	\$500	\$897
\$45,000	\$500	\$564
\$55,000	\$231	\$231
\$61,920 or above	Nil	Nil

Source: ATO website

How to claim a Government co-contribution

- Decide whether this strategy is appropriate for you. If you need advice, call our Client Service team on 1800 805 981 and ask to speak to a financial planner.
- Make a personal contribution into your Asset account by 30 June each financial year. You can do this electronically, via BPay, electronic funds transfer or direct debit, or else by cheque or through your employer.
- Make sure you lodge your tax return.
- That's it, and, as long as you've provided us with your tax file number, the Tax Office will make its contribution directly into your Asset account.

But wait, there's more

After-tax contributions are technically called non-concessional contributions, and they aren't limited to \$1,000 a year.

If you have access to a sum of money you want to save long term, perhaps from the sale of a property, or from other investments or maybe an inheritance, you can do that through your super.



Case study *(illustrative only)*



Ted is 60. He recently sold an investment property and decides to contribute the proceeds into super.

He contributes \$250,000 in 2011/12 as a non-concessional contribution. This triggers the 'bring forward' rule, so in 2012/13 and 2013/14 he can only make a total of \$200,000 in additional non-concessional contributions before he reaches his cap.

If he makes no contributions in these next two years, he can't carry the \$200,000 forward. Instead his annual cap will revert to the standard \$150,000 plus indexation.

There are limits, but plenty of scope

There is a limit, or cap, on the amount of non-concessional contributions you can make without triggering a tax penalty. This limit is very generous though, at \$150,000 a year (which is indexed). And if you are able to put away more in a particular year, you can. If you're under 65 you are allowed to bring forward up to 2 years' worth of contributions, which effectively allows you to contribute up to \$450,000 in one go covering a 3 year period.

Salary sacrifice

Another way to get more money going into your super is through **salary sacrifice**. This is where you arrange with your employer for some of your before-tax pay to go into your super account. There's no income tax taken out, just the 15% contributions tax when the money goes into the fund.

Depending on your income level and how much you sacrifice, you may end up paying less tax overall and give your super a substantial boost.



Case study *(illustrative only)*



Carole earns \$60,000 a year and would like to give her super a boost. She can live quite comfortably on her income so it won't hurt her standard of living too much if she sacrifices \$5,000 of her pay into super. This is how it works.

	Before	After
Gross pay	\$60,000	\$60,000
less salary sacrifice to super	Nil	- \$5,000
Taxable pay	\$60,000	\$55,000
less income tax (including Medicare levy, Flood levy and allowing for the low income tax offset)	- \$12,200	- \$10,400
After-tax pay	\$47,800	\$44,600

Super contribution	Nil	\$5,000
less contributions tax	n/a	- \$750
Extra super savings	Nil	\$4,250

So Carole has saved \$1,050 in tax overall. She has \$3,200 less income to live on, but at the same time her super has received a kick-along of \$4,250. And that's just in the first year.

How to make salary sacrifice contributions

- Decide whether this strategy is appropriate for you. If you need advice, call our Client Service team and ask to speak to a financial planner.
- Arrange with your employer to have some of your future pay – either regular earnings or bonus or commission – paid into your Asset account along with their regular Superannuation Guarantee (SG) contributions.
- Make sure your employer will continue to pay the 9% SG contributions on your full pay, not the reduced amount.
- Review your strategy from time to time to make sure it's still working for you.

Limited opportunity – don't miss out

Salary sacrifice and your SG contributions are known as **concessional contributions**, and there is a limit, or cap, on the amount you can make without triggering a tax penalty. This limit is currently \$25,000 a year, or \$50,000 a year if you're aged 50 or over.

The increased cap for people over 50 only lasts until 30 June 2012. The Government has proposed that the increased cap of \$50,000 will remain after June 2012 for people over 50 but only if their super balances are below \$500,000. This proposal has not yet been passed by Parliament.

Step 6

Protect your family

One of the most valuable assets you have is your ability to earn an income. But accidents and illness do happen, and if they jeopardise your income this can have serious consequences for your family finances.

With insurance, Asset doesn't believe that 'one size fits all'. Different people have different needs and circumstances. This is why we offer what we call common sense insurance. It's designed to suit different stages in your life, making money available when it's needed if something happens to stop you earning your usual income.

You can choose from:

- standard lump sum cover that gradually reduces above age 32, where the premiums are fixed, or
- fixed cover, where the amount of cover doesn't change but the premiums increase as you get older.

In either case you can opt for death and total and permanent disability cover (death + TPD) or death only.

In addition you can apply for:

- income protection, which pays you a monthly income if illness or injury keeps you off work for an extended period of up to 2 years.

We also understand that in life, things change.

We make it easy for you to increase your insurance (within limits) when you need it most – marriage, divorce, birth or adoption of a child, taking out your first mortgage – without the need to provide evidence of health.

Case study *(illustrative only)*

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Craig joined Asset a few years ago when he was single, and the standard death + TPD cover has been adequate for his needs. Now, at age 28, he's about to get married and he and his fiancée have bought a new home and taken on a large mortgage.

His insured benefit on the standard scale is \$230,640 at a cost of \$3.45 a week, but he decides he needs \$300,000 of protection to cover the mortgage if he should die or be unable to work again.

He applies to increase his cover to \$307,520 for death + TPD. If the increase is approved, the charges will be $4 \times \$1.15 = \4.60 a week.

And he continues to enjoy the cost effectiveness of paying for insurance through his super fund.

How to protect your family

- Check what cover you have in place now, either from your last statement or from the MemberAccess section of the website.
- Decide if the type and level of cover you have is suitable. To help you, there's a worksheet you can use in our booklet called ***A Guide to Insurance***. You can download the booklet from our website, or you can order a copy by calling our Client Service team on 1800 805 981.
- If you decide you need a different type or level of cover, complete the application form in the back of the Guide to Insurance. Again, you can get this from the website or from Client Services.
- Regularly review your insurance, especially if anything has changed in your life that might make it sensible to reassess your needs.



Step 7

Get the right advice


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Super is important, but at the same time it can be a little complicated. This is why Asset doesn't just provide a place to invest your super, we also provide you with the information and advice you need to make the most of it.

For information, you need look no further than our website, www.assetsuper.com.au which of course you can access 24 hours a day, 7 days a week.

Whenever it suits you, you can browse the fact sheets, tools, calculators and other resources that will help you understand your super better. You may also find some tips and strategies you can use to get your super growing even faster.



Talking of strategies, you may want to get some professional advice to decide what might work best for you. As an Asset member, you can get this sort of advice over the phone – and it's free! You'll speak to a financial planner who can advise on any single aspect of your Asset account – investment, insurance, and making contributions.

There may come a time when you'd like more detailed advice, taking into account all your financial affairs, not just your super. We can arrange this, too.

We'll set up a free 1 hour meeting where you can discuss your situation with a financial planner. If you wish, they can follow this up with a full financial plan (known as a Statement of Advice). The cost of the plan will be discussed with you at the outset, but the important thing to remember is that your financial planner will be working on a fee basis for you, not on a commission basis paid by a financial product provider.



Case study *(illustrative only)*

7



Jane is 60, earns \$60,000 a year and would like to ease back to part-time work for a while before she finally retires. She currently has \$210,000 in her super account. Cutting back to 2½ days a week would reduce her salary to \$30,000, but she needs all her current income to live on.

Jane decides to get some professional advice. She calls Asset's Client Service team, who put her in touch with a financial planner from Money Solutions, who is contracted to provide advice to Asset members.

Jane's financial planner suggests a way to achieve what she wants by converting her super into a **transition to retirement pension**. This is a way of drawing an income from your super while you're still working. In Jane's case, she draws just enough from her pension account to keep her after-tax income intact.

Case study continued

How it works in the first year.

	Before	After
Taxable salary	\$60,000	\$30,000
plus TTR pension payments (tax-free)	Nil	+ \$20,352
Total income before tax	\$60,000	\$50,352
less income tax (including Medicare levy, Flood levy and allowing for the low income tax offset)	- \$12,200	- \$2,552
After-tax income	\$47,800	\$47,800

So Jane still has the same income to live on. She's drawn down just \$20,352 from her pension account – far less than the salary she has given up. This is because her pension income is completely tax-free and, with her reduced salary, she qualifies for higher tax offsets and doesn't have to pay the flood levy.

There are other benefits too. Firstly, Jane's super is now in her pension account where the investment earnings are completely tax free.

Secondly, because her taxable earnings have been reduced, she can now qualify for a higher Government co-contribution. To claim the maximum co-contribution Jane needs to make a personal contribution of \$1,000 from her after-tax earnings, and the Government will top it up with a contribution of \$1,000 of its own. This is \$2,000 a year saved back into her super, which helps to offset her pension withdrawals.

Note: Salary sacrifice contributions are included as income in determining your qualification for co-contributions and other Government benefits.

Before making a decision about the Asset Flexible Pension you should consider the Product Disclosure Statement available from ASSET Limited by calling 1800 805 981.

How to get the right advice

- For information about the fund, how it works and fact sheets covering a range of important topics, go to www.assetsuper.com.au
- If you are interested in finding out whether a transition to retirement strategy can work for you, why not start with our transition to retirement calculator. You'll find this on our website, too.
- For personal information about your account details, register and login to MemberAccess.
- To arrange a free phone consultation with a financial planner, or to set up a free 1 hour meeting, call our Client Service team on 1800 805 981.
- We also have Client Relationship Managers who you can talk to in your workplace. You'll find their details, and the regions they cover, on our website.





Now for action

In this booklet we've touched on 7 steps you can use to take control of your super – and with it, your financial future.

One or more of these steps may be relevant to you, and you may already have worked out which ones these are.

The secret now is to do something, while the ideas are still fresh in your mind. We've provided some 'How to . . .' guidance for each step, but if you need more help we'll be happy to provide it. It's as close as your phone or your computer.



Go to www.assetsuper.com.au and follow the navigation signs to find what you're looking for.



Email us at asset@assetsuper.com.au.



Call our Client Service team on 1800 805 981.

About Asset Super

If you're not already an Asset member, here's a little information about us.

Asset is an industry super fund that was established in NSW in 1987. Since then we have grown steadily and now look after over \$1.5 billion on behalf of almost 85,000 members throughout Australia. Nearly 10,000 employers contribute to Asset Super on behalf of their staff.

Asset is a multi-employer, multi-industry fund. As a complying public offer fund, we're open to anyone who is eligible for super and has a choice as to which fund they join.

As well as super for working members, we also offer a Flexible Pension product for members who are retired or have embarked on a Transition to Retirement strategy.

A.S.S.E.T. Limited recommends that, before you make any financial decision regarding Asset Super, you consider your objectives, financial situation and needs. You should also read the Product Disclosure Statement for the Asset Super product you hold or are considering investing in, available from the issuer, A.S.S.E.T. Limited, by calling **1800 805 981**.

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Asset Super
Our members first

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