

Goldman Sachs & JBWere Superannuation Fund

Newsletter

May 2015

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Top Performing Superannuation Fund

The Fund has continued to perform strongly over longer terms. The Fund's investment performance was ranked number 1 over the 3, 7 and 10 year periods to 31 December 2014 according to SuperRatings data* of more than 160 super fund investment options. The Fund's performance over the 10-year period to 31 December 2014 topped the rankings with a 10.20% pa, a return 2.53%pa ahead of the next ranked super fund.

- 3 year return to 31 December 2014 – Ranked 1 (with a return of 17.84% pa)
- 7 year return to 31 December 2014 – Ranked 1 (with a return of 6.95% pa)
- 10 year return to 31 December 2014 – Ranked 1 (with a return of 10.20% pa)

As the key benchmark for superannuation fund performance is longer term investment returns, we are pleased to announce these results. The Trustee's investment strategy is to prudently invest the assets of the Fund in pursuit of the maximum rate of return possible, subject to acceptable risk parameters and maintenance of an appropriate diversification of investments. By continuing to utilise access to the investment resources of Goldman Sachs and JBWere, the Fund has continued to meet the key investment objectives over the longer term.

*SuperRatings' Top Performing Super Funds for 2014 (Growth Option)

Investment Update

Growth assets had a strong quarter to start the 2015 year, with Australian shares dominating returns. The broader S&P/ASX300 Accumulation Index returned 10.3% driven by Financials X-REITs (+14.1%), Consumer Discretionary (+13.9%) and Utilities (+13.8%). The hunt for yield was again a continuing feature with the RBA cutting interest rates in February by 25bps to 2.25% as it fights to stimulate growth from the downward trajectory of the mining sector. A number of tailwinds were beneficial for the Australian share market including a lower interest environment, a buoyant housing market and lower AUD in combination was enough to off-set weaker commodity prices.

The S&P/A-REIT300 Accumulation Index total return of 8.8% for the quarter saw the property sector underperform the broader market. On a monthly basis, January's performance (+7.4%) did the heavy lifting for the March quarter. The reporting season in February (+3.7%) provided adequate returns but was toned down in March (-2.0%). Reporting season for the A-REITs sector saw largely earnings growth of 3.7% and distribution growth of 3.0% on a weighted average measure. Asset valuations continued to firm from the previous corresponding period as capitalisation rates firmed across all sub-asset classes (retail, office and industrials).

Globally, markets were supported by the strength in the US economy, the ECB implementing its own €60B a month quantitative easing program, while expansionary policies in Japan and China assisted markets to be more bullish. US economic activity is at its strongest since the GFC with the unemployment rate recently improving to a seven year low of 5.5%. The US Fed is edging toward an initial hike in the Fed Funds Rate but is data dependent regarding the actual move. While in the Eurozone, the monthly purchases of €60 billion commenced in March and will continue until at least end-September 2016 providing further stimulus in the region.

For further information or to make changes to your Fund arrangement, simply:

Call the Helpline on **1800 025 026**

Check the website

www.gsxbw.superfacts.com

Commodities though continue to weigh on markets especially the Australian market with the Energy sector down 3.7% for the quarter. Over the quarter, oil prices were down roughly 10.6% despite some reduction in oil rig counts in the US. Geopolitical risks remain heightened – Iraq, Syria and Yemen are the current flashpoints while developments in Ukraine, Greece and tensions in North Asia are potential near term sources of instability.

Australian shares in general outperformed global shares as the currency depreciated against the USD attracting the marginal overseas and yield hungry investors. The MSCI World ex-Australia in local currency returned 4.9%. Overall, developed equity markets moved higher over the quarter with European markets outperforming the US and emerging markets in local currency terms. For the quarter the S&P500 was up 1.0% while Germany's DAX (+22.0%), France's CAC40 (+18.0%) and Japan's Nikkei225 (+10.1%) all recorded double digit growth.

Australia's February's reporting season was better than expected although earnings growth was largely absent but this was tempered with increasing dividends and capital management. In terms of Australia's economic conundrum, the economy continues to adjust to the declining mining investment and lower export revenues from commodities which are placing an ever increasing strain on the budget. A bright spot is improving consumer sentiment as reflected in the Consumer Discretionary sector out-performing (+13.9%) and greater planned infrastructure expenditure which is expected to off-set weakness in mining capital expenditure. With the employment rate holding up and further increase in house prices (large debate about a bubble in house prices) these are some key indicators that investors are watching which to date have not been turning negative.

Against the backdrop of the disinflationary impact of collapsing oil prices and elevated currency market volatility, more than 20 developed and emerging market central banks have eased monetary policies during the past few months. The policy rates of four central banks – the ECB and the central banks of Denmark, Sweden and Switzerland – were below zero early in March. The People's Bank of China cut official interest rates for a second time in three months and reduced the bank required reserve ratio to support growth and ease domestic liquidity conditions. Fixed asset investment continues to slow while ongoing property market weakness is pressuring property developers, banks, and municipal governments. As expected, the Chinese Government lowered the economic growth target for 2015 to "approximately" 7%, down from the "approximately" 7.5% target set for 2014.

As a result, developed world bond yields have fallen to historic lows. Weak global inflation data, a further widespread lowering of central bank official interest rates and the commencement and expansion of European and Japanese quantitative easing (QE) programmes respectively are all at play. Currency volatility has increased and the US dollar has continued to appreciate against most currencies over the quarter driven by a macro backdrop of diverging growth and monetary policies and weaker commodity prices.

While the deflationary forces buffeting the global economy are likely to prevail for some time, investors need to be cognisant that the central banks are doing everything in their power to reflate their economies and therefore the prospect of higher inflation at some stage down the track is almost inevitable.

Investment Update Source: Goldman Sachs Australia Pty Ltd and JBWere Ltd

Fund performance

A summary of the Fund's monthly crediting rates since 1 July 2014[†] is set out in the following table. The returns on the Mercer Employer Super Balanced Growth Survey have been included for comparison.

Month	Crediting rate for the month [†]	Mercer Employer Super Balanced Growth Survey Balanced Median for month
July 2014	2.30%	1.3%
August 2014	0.95%	0.9%
September 2014	-0.87%	-0.7%
October 2014	1.35%	1.2%
November 2014	0.87%	0.8%
December 2014	2.72%	1.3%
January 2015	2.20%	2.0%
February 2015	4.71%	3.1%
March 2015	0.54%	0.6%
8 Months to 31 March 2015	15.67%	11.0%

[†] Account Based Pension crediting rates are available on the website www.gsjbw.superfacts.com

Under the Fund's Investment Strategy, our investment return objective is to generate a total net return of at least 4% above inflation over a 10 year rolling period. The Investment Benchmark for the monthly, financial year and 5 year crediting rates is the median return from the Mercer Employer Super Balanced Growth Survey. The Investment Benchmark for the 10 year crediting rates is calculated based on the 10 year compound increase in the Consumer Price Index (CPI) plus 4% pa. The following table demonstrates the Fund's performance relative to the benchmark over the short to medium term[†].

	30 June 2005	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010	30 June 2011	30 June 2012	30 June 2013	30 June 2014	Average 5 year return pa
Crediting Rate	22.1	23.7	18.1	-7.2	-6.7	13.2	8.5	-1.8	25.5	16.52	12.0
Benchmark Return [§]	13.0	15.7	14.6	-9.4	-13.9	9.8	8.3	0.3	14.7	12.3	9.0

§ Mercer Employer Super Balanced Growth Survey Median Return

The following table demonstrates the Fund's strong performance relative to the benchmark over the long term[†], relative to the investment return objective. Note that the Fund's Annual Net Return allows for all fees and costs including administration fees deducted from member accounts applicable to JBWere and Retained members.

Year ending 30 June	Annual net return	Moving average return	Moving average return target
30/06/2014	15.56	10.46	6.76
30/06/2013	25.49	10.26	6.71
30/06/2012	-1.75	8.02	6.73
30/06/2011	8.50	8.03	6.89
30/06/2010	13.20	8.53	7.14
30/06/2009	-6.68	8.74	7.14
30/06/2008	-7.20	11.19	7.10
30/06/2007	18.10	13.10	6.73
30/06/2006	23.70		6.55
30/06/2005	22.10		6.46

† It is very important to note that past performance is not a reliable indicator of future performance.

Remember that you can look up the Fund's most recent crediting rates on the Fund website www.gsjbw.superfacts.com, at any time.

Director Changes

The Trustee acknowledges the contribution of Hamish Tadjell as a director of the Fund between November 2009 and October 2014. During his tenure on the Board, Hamish played an active part in ensuring that the Fund's investment performance, in particular through his contribution and insight in the selection of Australian equities, exceeded the benchmark and that of its peers over a number of years. We thank him for his contribution to the Board.

Kate Aitken was initially appointed as a Deputy Director on 11 November 2013. Following the departure of Hamish Tadjell, Kate was appointed as a Director and commenced effective 27 October 2014.

In addition, Conor Smyth has been appointed as a Deputy Director to fill the vacancy created by Kate's elevation to a full Director.

As a result of Bohdan Abrat's relocation overseas, Garvin Louie has been appointed as Company Secretary.

Election Result: The Trustee is pleased to announce that Frank Macindoe and Andrew (ART) Tanner have been re-elected unopposed in the recent member representative director election. Their new four year terms will commence on 1 July 2015.

Making contributions is easier with BPAY®

As a member of the Fund you are now able to make voluntary contributions to your super account using BPAY. BPAY allows you to make a contribution by phone or from your internet banking account at a time convenient to you. BPAY is available 365 days a year.



You can find details about how to make a contribution via BPAY, including the Biller Code and your personal Reference Number, by signing in to your account at www.gsibw.superfacts.com.

For assistance, call the Goldman Sachs & JBWere Superannuation Fund Helpline on 1800 025 026. If you would prefer to make a contribution via cheque, please continue to use the form available on our website. Contributions received via cheque may take up to three working days to process following receipt of the cheque and your completed form.

Spouse Division

The Fund's Eligible Spouse Division provides for eligible spouses to be members of the Fund and access many of its benefits.

If your spouse wants to become an Eligible Spouse Division Member, please complete and sign the membership application form for eligible spouse members (available on request from the Fund Helpline).

Please send these forms and an initial contribution of at least \$2,000 to the Administrator, GPO Box 9946, Melbourne VIC 3001.

Upon becoming an Eligible Spouse Division Member, the Trustee will establish and maintain an Eligible Spouse Division Member's Account on your spouse's behalf. This Eligible Spouse Division Member's Account works in a similar way to a bank account.

Amounts that may be paid into, or credited to, the Eligible Spouse Division Member's Account include, but are not limited to:

- contributions made by you as his/her spouse (i.e. the permanent employee and 'original' member of the Fund);
- allotments from your account following a valid contributions splitting application;
- any contributions that your spouse makes; and
- any amount made by, transferred or allotted to the Fund's Eligible Spouse Division from another superannuation fund which is permitted by relevant law.

Please note: The Fund does not allow external employer contributions to be made on behalf of a spouse.

Spouse Contributions

The Trustee will accept contributions into the Fund made by you (i.e. the permanent employee and 'original' member of the Fund) on behalf of your spouse as long as:

- he/she was your spouse at the time the contributions were made; and
- you were a Member of the Fund at the time the contributions were made.

Subject to the Trustee's approval, your spouse may also make personal contributions to his/her Eligible Spouse Division Member's Account (whether concessional or non-concessional), although external employer contributions cannot be made. Contributions can be made by cheque or via BPAY.

You and your spouse should read the important information about 'Benefits of investing with Goldman Sachs & JBWere Superannuation Fund' before making a decision. Go to the document & forms section of the Fund's website www.gsibw.superfacts.com and read the *Features of the Goldman Sachs & JBWere Superannuation Fund* booklet for more information. The material relating to 'Benefits of investing with Goldman Sachs & JBWere Superannuation Fund' may change between the time you read this and the day when the product is acquired.

Note that the key terms in this section are defined in the Fund's Trust Deed. The Fund's Trust Deed is available on the document & forms section of the Fund's website www.gsibw.superfacts.com under the subheading 'fund information'.

Super check up

Although we do not provide personal financial advice, you can use this self-help Check List to help you review your super and access some resources to help you make decisions about your super.

1. Do you know how much super you'll need when you retire?

- ☐ **Yes, I know.** Go to question 2 ☐ **No, I don't know**

For help, you can:

- visit the Fund website and use the [Retirement planner](#) tool which allows you to see how different choices impact your estimated retirement income.

2. Will you have enough super?

- ☐ **Yes.** Go to question 3 ☐ **No, not sure**

For help, you can:

- visit the Fund website and use the [Retirement planner](#).
- consider making personal contributions to your super and use the **Salary sacrifice/Co-contributions calculator** to see the difference that additional contributions can make.

3. Has your situation changed?

Have you recently been married? Divorced? Had a baby? Bought a house? Had a pay rise? All these things can affect the amount of insurance cover that you may need for financial security. It's important to regularly review your insurance cover to make sure you're adequately covered throughout the different stages of your life.

a) Do you have enough death and disability insurance cover?

- ☐ **Yes.** You and your family can enjoy peace of mind, knowing you are financially prepared for the unexpected.
☐ **No, don't know**

For help, you can:

- visit the Fund website and go into the 'Insurance' tab on the top toolbar to learn more about the insurance available in your Section of membership;
- apply to change your cover by downloading an 'Update Insurance Cover' form from the Member forms section under the 'Forms and publications' tab on the website.

4. Do we know who your preferred beneficiaries for your death benefit are? Are they up to date?

- ☐ **Yes** ☐ **No, not sure**

For help, you can:

- Check your current beneficiaries - if we have their details, they will be listed on your benefit statement.
- To make or change a beneficiary nomination, you can do one of the following.
 - Visit the Fund website and sign into your super account to make or change a beneficiary nomination. You'll need your member number (which is on your statement) and your PIN. You can update your PIN online if we have your email details. If you don't have a PIN, call the Helpline.
 - Visit the Fund website and download a *Making a non-binding death benefit nomination* form or *Making a binding death nomination* form, or call the Helpline on 1800 025 026 to request a copy of one of these forms.

5. Are your contact details up to date?

Make sure the Fund has your correct contact details, so you receive all your super information. To receive Fund information as quickly as possible (and so we can be as environmentally friendly as possible), you can provide your email address too. You can update your details online or call the Helpline.

[^] if you request to increase cover, you may need to provide health and lifestyle evidence and your request may be accepted or rejected by the insurer.

Things to consider before 30 June 2015

Government co-contributions

If you qualify for the Government super co-contribution, now is the time to make the most of it. If you make a personal after-tax contribution to super prior to 30 June 2015, the Government may match 50% of your contribution up to a maximum of \$500.

For the 2014/15 financial year those with a “total income” of \$34,488 or less who make a personal contribution of \$1,000 or more to super are eligible for a maximum Government co-contribution of \$500. The co-contribution reduces for each dollar over \$34,488, cutting out altogether once an individual’s total income reaches \$49,488.

Concessional contributions cap

The concessional contributions cap for the 2014/15 financial year is \$35,000 for those aged 49 or over on 30 June 2014, and \$30,000 for others, so now is a good time to check your contributions to make sure you are not going to breach this cap and possibly incur additional tax on any excess contributions.

Non-concessional contributions cap

Consider making an after tax (non-concessional) contribution to boost your superannuation savings. The non-concessional contributions cap is \$180,000 for the 2014/15 financial year. The bring-forward option, allowing people under 65 years to make non-concessional contributions of up to 3 times the non-concessional limit in the first year of a 3 year period, is capped at **\$540,000** (up from \$450,000). If the bring-forward was triggered before 1 July 2014, the cap over the three year period remains at \$450,000.

Making spouse contributions to super

If you make at least a \$3,000 contribution to your spouse’s super and their ‘total income’ (ie, assessable income, reportable fringe benefits and reportable employer superannuation contributions) is \$10,800 or less, you may be eligible to receive a tax offset of \$540. If your spouse earns more than this, or you make a smaller contribution, the rebate will be smaller (cutting out where your spouse has a ‘total income’ of \$13,800 or more).

Splitting spouse contributions

If you are considering splitting 2014/15 financial year contributions with your spouse, please remember you need to make this request before 30 June 2015.

High Income Earners – Division 293 Tax

Division 293 tax is an additional 15 per cent tax imposed on relevant concessional contributions made into superannuation funds by individuals who are classed as high income earners. A person is classed as a high income earner if his/her income threshold and low tax contributions equal \$300,000 or more. Division 293 tax reduces the superannuation tax concession that high income individuals receive.

Paying the Division 293 tax

The ATO will issue Division 293 tax notices of assessment in the name of individuals. These individuals have three options on paying the tax, namely:

1. pay the assessed tax out of their own monies;
2. pay the assessed tax and then seek to be reimbursed from their superannuation fund; or
3. pass on the notice of assessment to their superannuation fund (using a release authority) and have their superannuation fund pay the tax on their behalf.

Please note: If you request the Goldman Sachs & JBWere Superannuation Fund to pay the tax to the ATO (or seek reimbursement from the Fund), the Fund will apply a withdrawal fee of \$180 to cover the administrative costs associated with this transaction.

Have you made a binding death benefit nomination?

It is highly likely that your superannuation benefit will become one of your most valuable assets. However, what you may not realise is that this benefit on death does not automatically form part of your estate and therefore is not covered by your will. A valid binding death benefit nomination can help alleviate any concerns you may have regarding how your superannuation benefits will be distributed following your death.

Under the current Fund arrangements, members can nominate to whom they would like their benefit paid in the event of their death by either making a binding or non-binding death benefit nomination. To date, only 12% of Fund members have made a binding death nomination.

In the event that you die without a valid and 'in effect' binding death benefit nomination in place, the Trustee of the Fund will be required to exercise its discretion to decide on payment of your death benefit to any one or more of your dependants or to your estate.

What's the difference between Binding and Non-Binding nominations?

Binding Nomination

If you make a valid binding death benefit nomination the Trustee will pay your benefit as nominated. This allows members to plan with certainty, knowing how their superannuation benefit will be paid in the event of their death (provided all requirements are complied with, including that any individuals nominated remain within the 'dependant' definition).

Binding nominations are valid for 3 years. However, a binding nomination should be reviewed if your circumstances change (e.g. birth of children, marriage or separation etc), as the Trustee has no discretion when paying a death benefit that is subject to a valid binding nomination.

Generally, a valid binding death benefit nomination will expedite the release of your superannuation benefit relative to a non-binding nomination.

You may confirm, amend or revoke your binding death benefit nomination at any time.

Non-binding Nomination

This type of nomination is not binding on the Trustee. That is, the Trustee will take your nomination into account but is not bound to follow it. As with a binding nomination, if you have made a non-binding nomination it should be reviewed if your circumstances have changed.

You may amend or revoke your non-binding death benefit nomination at any time.

How to make or update a nomination

You can make death benefit nominations (binding or non-binding) and update your beneficiaries at any time. Forms are available on the website www.gsjbw.superfacts.com or you can call the Helpline on 1800 025 026 for assistance with making a death benefit nomination.

Your annual Member Statement shows your nominated dependants and the proportion of your death benefit that you want them to receive in the event of your death. It also shows if your nomination is binding or non-binding.

Please note you should seek financial advice before making any decisions in regard to your superannuation.

Legislative Update

Key Superannuation rates and thresholds

The Australian Tax Office has released the key superannuation rates and thresholds for 2015-16 financial year, that contains rates and thresholds that apply to superannuation contributions and benefits, Superannuation Guarantee, and co-contributions, as well as other useful information. Of note, a number of rates and thresholds are as they stand currently.

Superannuation Guarantee (SG) Rates

The SG legislation requires employers to provide sufficient super support for their employees. Employers are obliged to contribute a minimum percentage of each eligible employee's earnings. The rates, as currently legislated are outlined in the table below. Due to recent changes in the law, the SG rate will remain at 9.5% for 7 years, increasing to 10% from July 2021, and eventually to 12% from July 2025.

Period	Super guarantee rate (charge percentage)
1 July 2014 – 30 June 2021	9.5%
1 July 2021 – 30 June 2022	10%
1 July 2022 – 30 June 2023	10.5%
1 July 2023 – 30 June 2024	11%
1 July 2024 – 30 June 2025	11.5%
1 July 2025 – 30 June 2026 and onwards	12%

Concessional contributions cap

Normal indexation has resumed with the general concessional contributions cap. For the 2015-16 financial year it will remain at \$30,000.

Concessional contributions cap for the over 50's*

The concessional contributions cap will remain temporarily increased to \$35,000 for the 2015–16 financial year for those aged *49 years or over on 30 June 2014. The temporary higher cap is not indexed and will cease when the general concessional contributions cap is indexed to \$35,000.

Non-concessional contributions cap

The non-concessional cap for an income year is 6 times the standard concessional contributions cap and therefore for the 2015-16 income year, the cap remains at **\$180,000**. The bring-forward option, allowing people under 65 years to make non-concessional contributions of up to 3 times the non-concessional limit in the first year of a 3 year period, remains capped at **\$540,000**. If the bring-forward was triggered before 1 July 2014, the cap over the three year period remains at \$450,000.

On 19 March 2015, legislation was passed which introduces an option for individuals to withdraw excess non-concessional contributions, including 85% of any 'associated earnings'. If withdrawn, the 'associated earnings' will be taxed at the individual's marginal tax rate, subject to a 15% tax offset.

Benefits

Low rate cap amount

The low rate threshold for lump sum superannuation payments (over preservation age and under age 60) is capped at **\$195,000** for the 2015-16 financial year (up from \$185,000). The low rate cap amount is reduced by any amount previously applied to the low rate threshold.

Important Note:

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BEST Superannuation Pty Ltd ABN 57 070 732 008, trustee of the Goldman Sachs & JBWere Superannuation Fund ABN 55 697 537 183, (Trustee).