

Goldman Sachs & JBWere Superannuation Fund

Newsletter

May 2016

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Helping you plan for Retirement

The Trustee is pleased to advise members that you will soon have access to an online Retirement Income Simulator. This web-based calculator enables you to create detailed and bespoke projections of your retirement income by taking into account factors such as:

- your voluntary contributions
- career breaks
- relationship status
- future age pension entitlements based on your current assets and projected income

Your superannuation member data will be pre-populated in the Retirement Income Simulator making it quick and easy to generate retirement projections. The calculator is also fitted with an interactive tutorial, a retirement budget planner and a direct visual indicator to allow you to compare different scenarios.

The Retirement Income Simulator will be available on the Fund website www.gsjbw.superfacts.com within the member portal from June 2016.

Top performing superannuation fund

Despite recent market volatility, the Fund has maintained its strong performance over the longer term. The Fund's investment performance was ranked number 1 over the 3, 5, 7 and 10 year periods to 31 December 2015 according to SuperRatings' data* after analysing 100 MySuper fund investment options. The Fund's performance over the 10-year period to 31 December 2015 topped the rankings with 8.5% pa.

- 3 year return to 31 December 2015 – Ranked 1 (with a return of 14.4%)
- 5 year return to 31 December 2015 – Ranked 1 (with a return of 10.9%)
- 7 year return to 31 December 2015 – Ranked 1 (with a return of 12.3%)
- 10 year return to 31 December 2015 – Ranked 1 (with a return of 8.5%)

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 Fund Crediting Rate Survey

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

Call the Helpline on **1800 025 026**

Check the website www.gsjbw.superfacts.com

Fund performance

A summary of the Fund's monthly crediting rates since 1 July 2015[†] is set out in the following table. The median 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 2015	5.11%	2.4%
August 2015	-4.85%	-3.0%
September 2015	-1.24%	-1.1%
October 2015	3.46%	3.0%
November 2015	0.62%	-0.3%
December 2015	1.36%	0.1%
January 2016	-3.37%	-2.4%
February 2016	0.03%	-0.4%
March 2016	1.11%	1.7%
9 Months to 31 March 2016	1.86%	-0.2%

[#] Account Based Pension crediting rates are available on the website www.gsibw.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 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 only applicable to JBWere and Retained members.

Year ending 30 June (1)	Annual net return (2)	Moving average return (3)	Moving average return target (4)
30/06/2015	10.74	9.38	6.65
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

[†] 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.gsibw.superfacts.com, at any time.

Investment Update

Australian Equities

The S&P/ASX 200 Accumulation Index fell by 2.75% for the quarter, the market having traded sideways for much of the period. March began strongly following offshore markets up as the likelihood of a further three hikes in the Federal Funds Rate declined. Speculation that the US and Russia could cooperate constructively in energy supply caused the oil price to rally and restocking by Chinese steel producers aided the iron ore price. During March, an increase in bad debt provisioning by ANZ and WBC which saw bank prices fell sharply leading the index down into the end of the quarter.

Global Equities

The earnings outlook for global equities has been revised sharply lower in recent months as the outlook for global economic growth has deteriorated. The weaker earnings outlook, together with fears of a hard landing in China and widening credit spreads in the energy sector drove an aggressive sell-off in global equities over the first six weeks of 2016. Losses have retraced since then as a softer USD and firmer oil prices alleviated pressure on struggling oil producers and emerging markets. The US market is modestly up YTD, but Europe remains down 6%.

Fixed Interest

Volatility in global equity markets in early 2016 contributed to increased flows to fixed income. The subsequent rally in domestic bonds resulted in a positive quarterly return despite a modest selloff in March. Although realising -0.21% in March, the Bloomberg AusBond Composite Bond Index was up 2.05% for the quarter. The supportive quarter contributed to 6- and 12-month returns of 1.80% and 1.97% respectively. Stellar quarterly returns were also seen in global bonds with the Barclays Capital Global Aggregate Index (AUD hedged) realising 3.71%. The performance bolstered the index's 6- and 12-month returns to 4.33% and 4.51% respectively.

Alternative Assets

Alternative strategies, as measured by the HFRI Fund of Fund Composite Index, fell close to 3% over the March quarter (in USD). Once again there were mixed results across the broad range of hedge funds managers available. There were examples of Commodity Trading Advisers and global macro strategies that generated solid positive returns, whilst many equity long short managers had a very challenging period. Particularly Australian equity long short and market neutral managers as we witnessed some of the more popular shorted positions rebounding mid quarter, including companies within the resources and energy sectors.

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

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 (also available on request from the Fund Helpline).

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

Upon your spouse 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.

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.

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

You and your spouse should read the important information contained in the *Features of the Goldman Sachs & JBWere Superannuation Fund* booklet. In particular you and your spouse should read 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.gsjbw.superfacts.com to find 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 which are capitalised but not defined 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.gsjbw.superfacts.com under the subheading 'fund information'.

Fee Change for Eligible Spouse Members

From 1 April 2016, the Fund introduced a new fee for spouses of JBWere members to cover some of the administration and management costs in respect of these members. The new fee charged is \$400 per annum plus an asset based fee of 0.10% per annum in respect of administration costs, which is payable by deduction from Eligible Spouse Members' super account balances on a monthly basis from 1 April 2016, or when the Eligible Spouse Member leaves the Fund (in relation to the final month you are a member).

Goldman Sachs has elected to continue to subsidise fees for Eligible Spouse Members who are spouses of Goldman Sachs employees.

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**

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.

For help, you can:

- visit the Fund website and use the [Insurance Pulse Check](#).

4. 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:

- use the Fund's interactive [insurance calculator](#) to see how much insurance you might need;
- visit the Fund website and open the [Insurance Guide](#) to read about the amount of insurance cover offered in the Fund;
- 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^.

5. 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 address 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. Please see page 6 for more information about the difference between these two forms.

6. 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.

Continued eligibility for Insurance Cover when you leave employment with Goldman Sachs or JBWere

Salary Continuance Insurance (SCI)

As a member of the Fund, you generally remain eligible for SCI cover in the Fund as long as you have secured employment* within 60 days after terminating employment with either Goldman Sachs or JBWere. If however, you commence employment with a new employer outside of this 60 day timeframe, you are no longer eligible for SCI cover. This condition is commonly misunderstood by members, and as the Fund does not maintain data on your new employment arrangements, it is each member's responsibility to advise the Fund if he or she does not meet the requirements for continued cover.

If you are no longer eligible for SCI cover as a result of this condition, you should advise the Fund as soon as possible to cancel your SCI cover as premiums continue to be deducted from your account until notified.

* permanent employment of at least 15 hours a week

Cover whilst living overseas

As a member of the Fund, you are generally covered 24 hours a day and may travel in any part of the world for up to 5 years without having to provide details to the Insurer. To ensure the continuation of your insurance cover in the Fund when you reside overseas for more than 5 years, full details of your whereabouts must be provided to the Insurer. Continued cover is subject to acceptance by the Insurer.

If you currently live overseas and would like to request to maintain your insurance cover, please contact the Fund by calling the Helpline.

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 13% 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.

Things to consider before 30 June 2016

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 2016, the Government may match 50% of your contribution up to a maximum of \$500.

For the 2015/16 financial year those with a "total income" of \$35,454 or less who make a personal contribution of \$1000 or more to super are eligible for a maximum Government co-contribution of \$500. The co-contribution reduces for each dollar over \$35,454, cutting out altogether once an individual's total income reaches \$50,454.

Concessional contributions cap

The concessional contributions cap for the 2015/16 financial year is \$35,000 for those aged 49 or over on 30 June 2015, 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

In the recent Federal Budget, the Government announced plans to introduce a \$500,000 lifetime cap on after tax (non-concessional) contributions. This will replace the current annual cap of \$180,000 (or \$540,000 every three years if you are aged 65).

The new cap is effective from the date it was announced (ie, 3 May 2016) and will apply retrospectively – backdated to take account of all contributions made from 1 July 2007. Whilst this change has not yet been legislated, you should take it into consideration before making non-concessional contributions.

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 2015/16 financial year contributions with your spouse, please remember you need to make this request before 30 June 2016.

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 Australian Tax Office (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.

Legislative Update

The Government announced a raft of changes to superannuation in this year's Federal Budget. The Trustee has summarised these changes in the Federal Budget Guide available on the Fund website www.gsjbw.superfacts.com.

No changes were announced to the Superannuation Guarantee (SG) Rates provided below.

Key Superannuation rates and thresholds for 2016–2017 financial year

The ATO has released the key superannuation rates and thresholds for 2016–17 financial year. These include the 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

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%

Important Note:

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The newsletter has been prepared for the general information of Fund members. The information and any advice in this newsletter is for educational purposes and general information only and has been prepared without taking into account any member's individual objectives, financial situation or needs. Therefore, before acting on any information contained in this newsletter, you should consider its appropriateness having regard to your objectives, financial situation and needs and you may wish to seek professional advice from a licensed or appropriately authorised financial adviser that takes account of your situation before making any decisions about your super. Any statements of law or proposals are based on Mercer's interpretation of the law or proposals as at 21 May 2016.

While all due care and diligence has been taken in the preparation of this newsletter, Mercer and the Trustee reserve the right to correct any errors or omissions. If there are any inconsistencies between the terms of the Fund's trust deed and this newsletter, the terms of the trust deed prevail. Also, if there are any inconsistencies between group insurance policies held by the Trustee and this newsletter, the terms of the policies prevail.

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