

Goldman Sachs & JBWere Superannuation Fund

Annual newsletter

May 2024

In this newsletter:

■ FUND PERFORMANCE	2	■ WHAT’S HAPPENING IN SUPER?	5
■ YOUR TRUSTEE BOARD	2	■ AN UPDATE ON THE PROPOSED \$3 MILLION CAP FOR SUPER TAX CONCESSIONS	5
■ ANNUAL MEMBER MEETING	3	■ DIVISION 293 TAX: AN ADDITIONAL TAX FOR HIGH INCOME EARNERS	6
■ MEMBER OUTCOMES SUMMARY	3	■ IS FINANCIAL ADVICE IMPORTANT?	6
■ LIVE NOW! OUR NEW LOOK WEBSITE	3		
■ MAKING THE MOST OF YOUR SUPER	3		
■ 2024 ECONOMIC UPDATE	4		



Fund performance

The Trustee is proud to advise that the Fund continues to deliver strong long-term performance for members.

As presented in the Annual Member Meeting on 27 February 2024, the Fund’s investment performance was ranked number one over fifteen years, and 19th over ten years, to 29 February 2024 according to SuperRatings¹ peer group data.

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.

The **INVESTMENT OBJECTIVE** is to generate a total net return of at least 4% above inflation over a rolling 10-year period

10 years to 29 February 2024

- **Fund returned:** 8.37% p.a.
- **Objective:** 6.9% p.a. (CPI +4%)

The **INVESTMENT BENCHMARK** is the median return from the Mercer Employer Super Balanced Growth Survey

10 years to 29 February 2024

- **Mercer Survey Median Return:** 6.9% p.a.

Remember that you can look up the Fund’s most recent investment performance on the Fund website gsjbwsuper.com.au at any time, including returns for pension members.

The Fund has an investment committee comprising Fund directors in addition to representatives from both Goldman Sachs and JBWere. Your investment strategy is managed by actual members of the Fund.

A high-performing super fund powered by the combined expertise of Goldman Sachs and JBWere and designed to deliver a better retirement outcome for our current and past employees. Members benefit from:



Leading investment performance

Investment returns that consistently outperform the market over the long term can mean thousands of dollars more in your super.



Fair fees

We know that every dollar invested counts, so fees are competitive and some administration fees are capped for members with higher account balances.



Transparent investment strategy

Goldman Sachs and JBWere’s in-house investment expertise is used by the Fund’s Investment Committee.



Protect against the unexpected

A good understanding of members’ needs means the Fund’s insurance benefits have you very well covered.

Your Trustee Board

Company	Employer representatives directors	Member representatives directors	Alternate directors	Company secretary
Goldman Sachs Australia Pty Ltd	Conor Smyth Paul Sundberg	Jack Dawson Catherine Rich	Melissa Muratore	Monique Morgan
JBWere Limited	Angela Manning (Chair)	Brian Jones	-	-

¹ SuperRatings Fund Crediting Rate Survey – Growth 77-90 options (as of 29 February 2024). The Fund’s investment performance was ranked number two over fifteen years, and 18th over ten years to 31 March 2024.

Annual member meeting

The Fund's fourth annual member meeting was held on 27 February 2024 via video conference. Trustee chair, Angela Manning provided a detailed overview of the Fund, its operational governance and an update on key events during 2023 and the outlook going forward.

An investment update followed from Paul Sundberg, Chair of the Investment Committee. During the meeting Directors answered both live and pre-submitted questions from members. The [recording](#) of the meeting and the meeting [minutes](#) can be viewed by visiting gsjbwsuper.com.au.

Member outcomes summary

Each year, the Fund is required to assess its performance against objectives and outcomes across a range of areas including investment performance; insurance options and costs; fees and costs and features and benefits offered to members. From this assessment, we have determined that for the year ended 30 June 2023, we continued to promote the financial interests of all our members.

For more information, read the [Member outcomes summary](#), available on the Fund website gsjbwsuper.com.au.

Live now! Our new look website

Our website, gsjbwsuper.com.au has had a refresh! The expanded site is designed to help you find the tools and information to help make the most of your super.

The new **Tools and resources** page gives easy access to:

- The **Retirement Income Simulator** (RIS), helping you to model your retirement outcomes using different strategies and see how long your super might last. The RIS is also available on the **Tools** page after you log into your account, which will prepopulate with your current balance.
- An interactive budget planner to help plan and manage your cash flow.
- Articles on growing your super, financial advice and our account based pension.

Our annual investment performance is now front and centre and the streamlined **Documents** page makes it easier to find what you need.

Latest news brings you more articles of interest as well as regular updates on the investment environment.



Making the most of your super

Want to make the most of your super? Here are four ways to take control of your super to make sure your retirement savings are working for you.

Check your account regularly

Log in and check your super balance regularly so you can ensure your retirement goals are on track and you can mitigate any gaps early. Navigate to the login page on our [website](#).

While you are there you can view the **Contributions** page to track your total contributions, go to the **Beneficiaries** page to make or update your preferred beneficiary nominations, update your **Personal details** and **Communication preferences**.

Make regular voluntary contributions (pre-tax)

Consider boosting your super by making before-tax contributions via salary sacrifice and benefiting from tax savings. Start saving now and you can get the added benefit of compounding interest – earn interest on not only the money in your account, but on the interest you have already earned. Simply complete the [making a voluntary contribution form](#) available on the Fund [website](#).

Make a lump sum contribution (pre or post-tax)

Whether you're an active member or a member of the Retained Division you can top up your super by making a lump sum contribution. Simply fill in the [application to make lump sum contribution](#) form to make a contribution via cheque or log into your online member account for BPAY options. To have your contribution treated as a concessional (pre-tax) you must submit an ATO notice before you lodge your tax return. Note: annual contribution limits apply.

Review your insurance cover

Know your cover! Check your insurance cover online by logging in to your [member account](#) or request your cover details from us via the Helpline on **1800 025 026**. Make sure you have the amount of insurance that is right for your needs. To learn more about the Fund's insurance options available to you, read our [insurance guide](#).

2024 economic update

Australia

There are signs of slowing growth emerging in Australia, despite economic conditions remaining broadly resilient with the labour market continuing to be strong and business conditions holding up in most sectors. Growth is expected to slow as previous supportive factors such as (low) fixed rate mortgages and additional savings accrued over COVID-19 fade and the tighter monetary conditions begin to have a greater impact.

Q4'23 GDP was weak, with the underlying details suggesting that households are feeling the pinch with consumption down. Company insolvencies have also been rising, led by the construction sector. Despite encouraging signs for inflation, it remains above the Reserve Bank of Australia (RBA)'s 2-3% target. Inflation is likely to slow, though less than other developed economies with pressures from the residential rental markets among the drivers.

The RBA kept interest rates unchanged at 4.35% p.a. in May. There is growing evidence that domestically we have passed the peak in interest rates this cycle and the risks of a more pronounced slowdown in activity appears more likely than currently anticipated by markets.

Investment experts have a favourable view of Australian government bonds over cash with signs growing that cash rates have peaked and more interest rate cuts likely than priced in by markets.

Global economy

Internationally, there are divergent conditions across regions and these are expected to continue to be so.

The US has remained resilient, with the services sector continuing to record growth whilst its manufacturing sector showed signs of recovering after a period of weakness. The US is expected to slow yet remain resilient as the impact of higher interest rates and tighter financial conditions take their toll. The Fed has kept rates unchanged since July 2023.

Conditions in Europe remain weaker with the UK entering a technical recession as of December quarter. Stronger growth is anticipated for the Eurozone as manufacturing activity picks up and inflation slows. ECB kept interest rates unchanged, whilst the Swiss National Bank (SNB) became the first developed region central bank to cut interest rates, lowering its policy rate by 0.25% to 1.5% p.a.

China's growth has been lacklustre as weakness in the property sector continues to weigh on sentiment and activity. There are some signs of improvement in the services industries. Stronger growth is expected for China driven by the supportive policy backdrop and the recovery in the manufacturing inventory cycle.

Japan raised interest rates for the first time in 17 years, raising its policy rate from -0.1% p.a. to 0.0-0.1% p.a. and terminating its Yield Curve Control program, whilst indicating that any further rate increases will occur slowly. Conditions in Japan are likely to strengthen as it emerges from a prolonged period of deflation.

Markets

Equity markets had a strong start to the year.

With a relatively stable and positive macroeconomic environment over the quarter, financial asset returns were positive for the first quarter of 2024. The Australian equity market was up over 5%, despite a decline in the Materials sector following a fall in iron ore prices of around 28.0% since the beginning of the year.

High inventory levels and weak sentiment towards China having the greatest impact on metals prices of the period. Australian government bond yields experienced mixed movements, with the 10-year bond yield unchanged at 3.96% while the Australian dollar has depreciated against most major currencies, finding support around 65 US cents.

Internationally, equity markets have delivered very strong returns, supported by resilient economic conditions and better-than-expected earnings results in the US. The 'magnificent 7' had more mixed performance though strong overall contribution to the market was evident with the likes of Nvidia, up over 90% as the company reported an increase of over 250% in revenues compared to the same quarter last year. This follows strong demand for its artificial-intelligence-supporting chips. Tesla and Apple were among the weaker performers of the US large cap stocks for the period.

Emerging market shares have lagged developed markets, with China's equity market remaining a key laggard, weighed down by ongoing woes in its property sector, though still a positive 7% return for the quarter. The Japanese market performed strongly on growing evidence that it's sustainably emerging from deflation.

Source: Mercer Investments

What's happening in super?

Super guarantee (SG) rate increase

The SG rate at which employers are required to make superannuation contributions for employees increased from 10.5% to 11.0% from 1 July 2023.

The SG rate is legislated to rise to 11.5% from 1 July 2024 and then to 12.0% from 1 July 2025. No further increases are currently scheduled after 2025.

More flexible contribution rules for older Australians

Changes to superannuation rules effective from 1 July 2022 offer opportunities for older Australians to boost their retirement savings:

- members aged 67 to 74* no longer need to meet the Work Test in order to make voluntary super contributions (the Work Test or the Work Test exemption rules, along with other requirements, will still have to be met to claim a personal tax deduction); and
- the maximum age for the 3-year non-concessional contribution bring forward rule was extended to age 74*

* The cut-off is 28 days after the end of the month of the member's 75th birthday in certain circumstances.

Increase in the Transfer Balance Cap for pensions

The general pension Transfer Balance Cap increased from \$1.7m to \$1.9m from 1 July 2023. It is not proposed to increase on 1 July 2024.

The Transfer Balance Cap rules limit the total amount of super a person can transfer into the retirement phase (being products eligible for tax-exempt investment earnings). A lower limit generally applies to anyone who already had funds in the retirement phase before 1 July 2023 (called a 'personal transfer balance cap').

COVID-19 early release 're-contributions'

Individuals who utilised the COVID-19 early release of super initiative can make 're-contributions', between 1 July 2021 and 30 June 2030, that do not count toward their non-concessional contributions cap. A personal tax deduction cannot be claimed on such re-contributions.

Super co-contribution scheme threshold changes

Where your total income during the 2023/24 financial year is below \$58,445 and you make an after-tax contribution to your super fund, the federal government will pay you 50 cents for each dollar you contribute to your super fund, up to a maximum. The maximum co-contribution is \$500 if you earn less than \$43,445 (increased from \$42,016) and reduces as your total income increases. If you earn more than \$58,445 (increased from \$57,016), you will not get a co-contribution.

Eligibility conditions include that you will need to:

- be under the age of 71; and
- have had a total super balance of less than \$1.9 million at 30 June 2023.

These income thresholds will increase from 1 July 2024. The lower income threshold will increase from \$43,445 to \$45,400 and the higher income threshold will increase from \$58,445 to \$60,400.

For more information about any of the above changes, head to the ATO website.

Regulatory changes announced but not yet legislated

Payday super initiative: The government has announced its proposal that, from 1 July 2026, employers will be required to pay their employees' superannuation guarantee (SG) contributions at the same time as their salary and wages (instead of quarterly). This initiative is aimed at reducing unpaid super and getting SG contributions into members' accounts sooner. This proposed change had not been legislated at the time of preparation of this newsletter.

An update on the proposed \$3 million cap for super tax concessions

In February 2023, the Albanese Government proposed the introduction of an additional 15% tax (on top of the current 15% tax) on investment earnings for account balances with over \$3 million (including pension accounts, if any). This has been referred to as a new "Division 296" tax. Investment earnings on super balances below the cap will still be taxed at up to 15%. Investment returns on account-based pension accounts will remain tax free where an individual has a total superannuation balance below \$3 million.

Despite the continuing concerns raised by the Actuaries Institute and peak national tax bodies about the 'unintended consequences' of the current draft, the two Bills forming this proposal were introduced to Parliament on 30 November 2023 but are yet to be passed. Concerns not yet addressed highlight the lack of indexation of the cap and inclusion of unrealised capital gains.

Draft regulations setting out the calculation of the proposed Division 296 tax (with specific reference to calculation of tax applying to defined benefits) were released for public consultation, and submissions closed on 26 April 2024.

If introduced, the legislation will take effect from 1 July 2025 not retrospectively.

Division 293 tax: an additional tax for high income earners

What is Division 293 tax?

Division 293 tax is an additional tax on super contributions for individuals whose combined income and concessional contributions exceed \$250,000. The tax is charged at 15% of the excess over the threshold or the taxable super contributions, whichever is less.

While Division 293 is an additional tax to the standard 15% contributions tax, concessional contributions can still offer tax advantages for individuals, despite the tax implications. While you may be taxed at a rate of 30% on your concessional contributions (within the contribution cap), this is still lower than the top marginal tax rate of 47% including Medicare levy typically applicable to high-income earners liable for Division 293 tax.

Be aware that if you have taken advantage of any unused caps from previous years, all your contributions under your higher cap will be taken into account for the Division 293 calculation for the relevant financial year.

How is it calculated?

The Australian Taxation Office (ATO) determines if an individual is liable for Division 293 tax based on their tax return and contribution information from their super fund. Certain events or one-off occurrences such as a capital gain, eligible termination payment, or a salary bonus can temporarily increase an individual's income to the Division 293 threshold. However, the tax rate will decrease the following year if your income falls back below the threshold.

Example: Division 293 tax calculation

Division 293 income	\$240,000
Division 293 super contributions	\$15,000
Total	\$255,000

Division 293 taxable contributions are the lesser of Division 293 super contributions (\$15,000) or the amount above the \$250,000 threshold (\$5,000).

Division 293 tax payable is 15% of \$5,000.

Division 293 tax payable is \$750.

Example source: ATO website

How will I know if I need to pay Division 293 tax?

The ATO will determine your liability for Division 293 tax and you will receive a notice of assessment detailing the amount of tax payable. There are two payment options, you can either choose to pay this out of your super account by filling out a release authority or you can pay this from your personal bank account.

More information can be found on the ATO website.

Is financial advice important?

Research overwhelmingly shows that Australians could greatly benefit from financial advice. A staggering 77% of Australians express financial regrets, with their top regrets being insufficient knowledge about finances, inadequate savings, investment, and budgeting². The *Financial Advice Report*³ reveals that 91% of Australian adults are concerned about their financial well-being.

Personal financial advice can address a single issue or provide a comprehensive financial plan, depending on what you require. When seeking advice, it's essential it is tailored for your specific situation, financial objectives and preferences. The rules governing the provision of personal financial advice from licensed providers require that it be in your best financial interests. As your circumstances change, your plan may need to adapt accordingly.

As a member of the Goldman Sachs & JBWere Superannuation Fund, you can obtain limited personal financial advice at no cost over the phone through the Fund's Helpline.

In your 50s

As retirement starts to become more tangible, seeking professional advice can help with developing a financial plan based on your short, medium and long term goals to ensure you're well positioned financially for retirement.

Repayment of outstanding mortgages and other debts may be a priority to avoid having to delay retirement, liquidate assets or use retirement income to cover debt. There is an interactive budget planner on the **Tools and resources** page of the Fund website that can help to give an overview of income and expenses.

The **Retirement Income Simulator** ('RIS') on the **Tools and resources** page of the Fund's website shows a projection of your super savings at retirement and how long they might last. You can also log into your account, go to the **Tools** page to use the RIS, where it will prepopulate with your current Fund account balance. You can then add other investments and your spouse's super balance to adjust the projected outcome. If you prefer, you can call the Fund helpline to speak with a financial adviser at no extra cost, about your retirement projection.

Given the annual contribution caps for super, financial advice can help you to maximise your super by optimising available tax savings.

Review your insurance needs to be sure you and your family's financial commitments are adequately covered in the event of unforeseen circumstances. The Fund offers generous insurance cover that you can adjust as needed. Be sure to nominate your beneficiaries for your Fund death benefit.

² How Australians feel about their finances and financial service providers 2019. University of Melbourne https://www.unimelb.edu.au/_data/assets/pdf_file/0005/3145613/Consumer_Research_Report.pdf

³ 2022 Investment Trends Financial Advice Report <https://investmenttrends.com/report/financial-advice-report/>

In your 60s

You've now reached your preservation age. Considering retirement may span 20 years or more, a carefully formulated financial plan can help ensure your savings will last the distance. Retirement planning, estate planning and future age care needs may all need careful consideration as you move into your third act.

From a super perspective, you and your spouse can take steps to maximise your joint retirement outcomes. Personal super contributions can be made to age 75, irrespective of whether you're still working. Downsizer super contributions may be an option following the sale of your home, allowing you and your spouse to each contribute up to \$300,000.

Once you retire, an account-based pension, such as the one offered by the Fund provides a flexible income stream with significant tax advantages.

Financial advice as you approach and move into retirement can be a good adjunct for making informed decisions to secure your financial well-being.



Have a question?

If you need assistance with your super or would like to speak to a financial adviser for limited personal advice, call the Helpline on **1800 025 026**. Alternatively, visit the website, **gsjbwsuper.com.au** for latest news, information and investment updates.

Important Note:

This newsletter is provided by Mercer Consulting (Australia) Pty Ltd ABN 55 153 168 140 AFS Licence #411770. Mercer has been appointed by BEST Superannuation Pty Ltd ABN 57 070 732 008, AFS Licence 530672, the trustee of the Goldman Sachs & JBWere Superannuation Fund ABN 55 697 537 183 (Fund), to provide general financial product advice to Fund members.

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 May 2024. 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 (Trustee) ABN 57 070 732 008, AFS Licence 530672 trustee of the Goldman Sachs & JBWere Superannuation Fund (Fund) ABN 55 697 537 183