LUCRF TTR News August 2015

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We've hit our target for you

We'd like you to experience the best possible retirement. That's why our investment objective for the Balanced option (our default option) is 'CPI plus 4%' over a rolling ten-year period.

We're glad to say that we've been able to meet this objective despite the Global Financial Crisis and a difficult economic environment.

What does 'CPI plus 4%' actually mean?

CPI is the government's measure for inflation, or how fast the price of basic living items – food, petrol, clothes – is going up.

If your super account balance was only increasing at the same rate as inflation, it would mean that it would just keep level with the cost of living and that's all.

Receiving an investment return more than the cost of living (CPI) will make life that little bit easier and means you'll have more money to enjoy in retirement. After all, you've worked long and hard for it!

2016 – set expectations to '*realistic*'

How will the current record low interest rates affect you and your investment returns?

One of the roles that the Reserve Bank of Australia (RBA) has is to ensure that inflation levels remain steady. It achieves this by setting the cash rate.

When the economy needs to cool down, the RBA drives up the rate of interest, and this effectively decreases the rate of national spending. On the other hand, if the economy needs to speed up the RBA drives interest rates down. Historically, this has served to promote a sense of general prosperity and it's the strategy that the RBA has adopted across the past few years. Unfortunately, this activity is currently not producing the expected or desired results.

Did you start a TTR Pension in 2013?

It's recommended that TTR Pension members receive a financial health check-up every two years.

Call **1300 130 780** to book an appointment with a LUCRF Super Financial Adviser. You'll receive tailored guidance and an update on any changes that may affect your situation.

Our TTR and Super – long-term returns*

Default option	1 year	3 year	5 year
Transition to Retirement – Balanced	9.64%	13.33%	10.58%
Super – MySuper Balanced	8.45%	11.62%	9.12%
Additional return on your TTR Pension	**1.19%**	**1.71%**	**1.46%**

*As at Aug. 2015 returns are net of fees and taxes. Past performance is not a reliable indicator of future investment returns.

Some background

To power China's rapid rate of growth, Australia has been exporting substantial quantities of coal and steel. This meant that throughout the Global Financial Crisis, we were somewhat protected from the economic downturns experienced by America and Europe.

However, China's economy is now levelling out and our economy is beginning to feel the strain. This tightening effect will almost certainly be reflected in superannuation returns across the country. That said, given that super is a slow burn, smaller super returns are no cause for alarm. Each year is unique which is why it takes a certain amount of time to build a solid super nest egg. It's wise to remain calm and keep your investments stable, regardless of the economic climate.

At LUCRF Super, our aim is to keep growing your super over the long term and provide you with the comfortable retirement you deserve.

We're working hard to reduce our fees

As of 1 December, the indirect costs of your investment and our administration remain at the same level as last year. Our administration fee of $1.50 has stayed the same since November 2012.

In fact, all LUCRF Super fees (excluding the Retirement fee) will either remain the same or decrease. The table below details the upcoming changes to our activity fees.

Activity fee type	Current fee	Fee from 01/12/2015
Rollovers out	$70	$25
Retirement	$60	$65
Severe hardship	$80	$50
Compassionate grounds	$80	$55
Death	$225	$130
Total & Permanent Disability (TPD)	$225	$130
Family law split (members and non-members)	$225	$120*
Family law enquiry	$50 + GST to non-member	$24 + GST to non-member

*This figure is split between the two parties resulting in each paying $60.

Federal Budget pension news

I'm coming into retirement and own my own home. Will I win or lose because of the changes that came from the 2015 Federal Budget?

If you're entering into retirement, you'll be interested to know that there will be very few shifts to superannuation overall.

In a nutshell, the changes will act as a win for pensioners with lower levels of assets, but a blow for those with higher levels.

For a home-owning couple, the maximum value of assets you can own to receive the full Age Pension has increased from $286,500 to $375,000 and if you're a home-owning single from $202,000 to $250,000.

On the other hand, the maximum amount of assets you can own to receive the part Age Pension has decreased from $1.15 million to $823,000 for home-owning couples, and from $775,000 to $547,000 for home-owning singles.

These changes will come into effect as of January 2017.

High five! We've gone the distance

Superannuation is all about going the distance – both in how our investments perform and how we choose to invest.

We were glad to learn from Roy Morgan Research that you're some of the most satisfied super members in the country.* Leading on from that, we've been recognised by independent ratings agency SuperRatings for our strong commitment to managing sustainable investments.#

It's our top priority to keep your satisfaction levels high, so we'll continue to provide quality customer service, solid investment returns and low fees.

Thanks for your ongoing support.

*Roy Morgan Research,. Roy Morgan Superannuation and Wealth Report. Roy Morgan, 2015
#SuperRatings,. SuperRatings media release, June 11, 2015

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