

LUCRF Super NEWS

ISSUE 1 | May 2019

We're lowering fees again



Don't want fees eating up your super? Neither do we.

We recently announced consecutive reductions to our investment and administration fees (effective October 2017 and 2018). Now, we're introducing further changes from 1 July 2019, which will mean less fees and more super for you.

We've removed our exit fee and adopted a 3% total fee cap for members with an account balance of \$6,000 or less. This is in line with the government's *Protecting your Super Package* that we fully support. In fact, we've taken this one step further and introduced an upper cap as well, meaning no matter what your account balance is, you'll never pay more than \$495 per annum in administration fees.

These changes start from 1 July 2019. For further information please contact us.

 1300 130 780

 lucrf.com.au

Got questions? We've got the answers

Which investment option is right for me?

Should I be making extra contributions to my super?
And what type of contributions?

Am I eligible for a co-contribution?

How much super will I need to retire?

How can I maximise my super?

Should I start a pension now or wait until I retire?

If you're considering any of these questions, then you could benefit from talking to one of our friendly financial advisers.

They can answer your questions and help you make decisions about your super or pension. Whether you have a little super or a lot, these decisions are important. Our financial advisers don't receive any commissions and there is no fee for advice regarding your super or pension.

Meet the team

Have a chat to one of our financial advisers by calling:  1300 130 780



Sheena Vohra



Francis Kwan



John Panagiotopoulos



Raj Singh



Arpita Bhatt



Chau Ngo



Nick Huang



Alice Liang



Helen So



David Lithgow



Investments continue to go up and down



We chatted to our Head of Investment Strategy, Michael McQueen, about recent volatility and what it all means for you.

What is volatility?

Volatility is simply the ups and downs of investing. The more the price of an investment fluctuates over a given period, the more volatile it's considered. Investment markets always move in cycles, so in a sense there's always some level of volatility in investing.

What's causing current volatility in investment markets?

We believe the key driver is the reduction in liquidity (the supply of money) globally, driven by central banks increasing interest rates (the cost of money) and reducing the size of their balance sheets.

Drivers of volatility in the short term include trade tensions between the US and China and a slowdown in economic activity over the last few months.

How long will this volatility last?

That's a bit like asking "how long is a piece of string?" No one really knows how long this instability will continue and we do not invest your retirement savings on a month-to-month basis.

What we do know is that investments always go in cycles and for every downturn, there's an inevitable rebound. Large downturns are usually preceded by irrational behaviour and corporate activity, whereas smaller, quicker downturns,

like the one we experienced in December, are harder to justify in hindsight.

It's also worth remembering that we've been lucky to experience much lower levels of volatility than normal in the last seven years (until 2018), with share markets generally consistently going up around the world. So, to some extent, the recent volatility is a 'return to normal'.

We've developed an investment strategy that seeks to balance both risk and return to maximise the long-term returns of your super regardless of market volatility.

 **To learn more, check out our video at lucrf.com.au/upanddown.**

Michael's *tips* for dealing with investment volatility



- 1 Talk to us.** We provide financial advice at no extra cost for members, where advice is related to your super or pension. You can call us on **1300 130 780**.
- 2 Stay up-to-date.** Our monthly and quarterly market snapshots are available at lucrf.com.au/snapshots. They provide updates on financial markets that drive the performance of our investment options.
- 3 Don't react to the hype.** Quite often, by the time an event in financial markets reaches the TV or the front page, it's too late to react.
- 4 Diversify.** Don't put all your eggs in one basket. Many of our investment options (including our MySuper Balanced option) are diversified, meaning they invest in a range of asset classes. If one asset is performing poorly, another may be performing well, so having a mix of assets can minimise the effect of volatility.
- 5 Think long-term.** At times returns will be high and at other times they will be low (sometimes even negative). This is normal and over the long term, growth assets (like shares) significantly outperform defensive assets (like cash).
- 6 Don't chase last year's 'winners'.** We know some of our members like to switch into last year's top performing investment option. Unfortunately, this is usually not next year's top performing option. Speak to one of our advice team on **1300 130 780** before choosing an investment option that's right for you.
- 7 Keep calm.** As with anything, remember, this too shall pass. Investments come in cycles and learning to ride the waves is important.

A message from our CEO



I'm proud of the fact that we put our members first in everything we do. That's why we've been the strongest voice in the superannuation industry advocating for consolidation of members' multiple accounts, especially those with low account balances.

While Australians continue to have multiple accounts, they continue to pay unnecessary and duplicate fees and possible insurance premiums too. That's not right.

We've been pushing to change this for several years and I'm so glad to see that it's now being addressed. From 1 July new legislation to consolidate low balance inactive accounts will be introduced, requiring super funds to transfer low balance inactive accounts to the Australian Taxation Office (ATO).

Prior to this new legislation being announced, we've been working hard behind the scenes to proactively help members consolidate their accounts. Just this month we participated in a cross-fund matching process through AUSfund, a low-fee specialist eligible rollover fund, who look after inactive, lost or unclaimed super.

If a member has an inactive account for 16 months, it's likely that they've changed jobs and their new employer is contributing to a different super fund. We'll do whatever we can to help them be reunited with their active super account, even if it's not with LUCRF Super.

Of course, if they'd prefer to stay with us and want their new employer to contribute to their LUCRF Super account then we can help them make this happen too.

Looking after our members is what we do best.

We shouldn't have a system that's based on insurance companies and administrators gouging super from workers who have more than one super account because of the nature of their work. It's great that we're creating a system that protects, consolidates and grows everyone's super.

We do everything we can to help maximise the retirement benefits of all members. We demonstrate this in our desire to eliminate any unnecessary fees, our latest fee reductions and through our investment strategies.

Keeping members informed, especially during times of investment market volatility (like now - see opposite page) is imperative. Importantly, we offer financial advice at no extra cost to all members, regarding their super or pension and encourage members to call us to have a chat about their financial situation.

We're an industry super fund that cares deeply about our members and also about standing up for one another. Our Community Program update (see back page) shows how we help those less fortunate and support charities that are making a difference in our community.

If you have any questions about your super or pension, feel free to get in touch with our friendly contact centre team, who are always happy to help.

Wishing you all the best in the coming year.

Charlie Donnelly,
CEO, LUCRF Super



Reminder for insurance changes cut-off

We're changing the way we offer insurance so that it's tailored to be age-based using a life-stages approach, rather than a one-size-fits-all method. Because of this, we'll soon be making some significant changes to our Death & Total and Permanent Disablement (TPD) and Death Only Fixed Premium insurance cover.

Although these changes aim to make sure you're suitably covered at each stage of your life, your personal circumstances might mean your individual insurance needs are different.

If you're affected by these changes you would have recently received a letter and a form. If you're 33 or under with Fixed Premium cover and you're happy to move to your new lower level of cover, then you don't need to do anything – we'll take care of it! However, if you'd prefer to keep your current level of cover, then you need to lock it in before our insurance changes on 1 July 2019.

The cut-off date to let us know if you want to keep your current cover is 31 May 2019.

 Please contact us if you need any help or to learn more visit lucrf.com.au/insurance.

 New insurance calculator

Our online insurance calculator at lucrf.com.au/calculator can help you tailor your insurance cover according to your personal requirements.



Supporting the vulnerable in our community

At LUCRF Super, we believe in fairness for all and helping those less fortunate.

Our Community Program (established in 2010) demonstrates our values of fairness, integrity and standing up for one another. We use part of our marketing budget to partner with charities that make a difference in our community. We support our partners to develop sustainable programs that focus on one of four key areas:

Basic needs	Health
Skills development	Community building



One project we're currently sponsoring is the ARVOs Program at Youth Family Community Connections (YFCC) in Tasmania. Supporting youths living in Devonport and Burnie, this program is focused on building life skills (skills development). Intergenerational unemployment, poverty and welfare dependency are significant issues in north-west Tasmania.

Through weekly after-school activities, the ARVOs Program promotes social engagement and provides a space where young people can feel safe and supported.

A range of activities and excursions are offered, including craft and woodworking, cooking, games days and special events. Guest speakers are also regularly featured, discussing varied topics from self-care and confidence to local artists and music.

A key component of ARVOs is to build rapport and positive relationships between the social workers who run the program and its participants. This puts the social workers in a position where they can offer assistance and referrals to other services if they recognise the need.

Our Community Program is partnering with YFCC to maximise opportunities for young people on the north-west coast of Tasmania.

Proudly supporting the Mother's Day Classic



The Mother's Day Classic is an annual fun run and walk raising funds and awareness for breast cancer research.

We've supported this event for a number of years and we're again proud to be sponsoring our staff to participate in Mother's Day Classic events Australia-wide on 12 May 2019.

1.27 million people have participated since 1998.

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