



# DIRECTIONS

Spring 2017

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## With change comes opportunity



Let's face it, embracing change can be a challenge. Most of us prefer to stay in our comfort zone. After all, it's called a comfort zone for a reason. It makes us feel calm, relaxed and secure. But change is inevitable and every now and then we are all forced to shake things up.

This issue is all about change. With the latest legislative super reforms now in place as of 1 July 2017, we encourage you to take stock of your super strategies to ensure they remain a viable approach to managing arguably, one of your most valuable life assets.

In this edition, we've created a super reforms survival guide. Particularly worthwhile for those who are contributing to super or beginning to plan for retirement, the guide has been written to help you navigate the latest changes without getting lost in the wilderness of legislative language. On page 7, we delve into the super reforms affecting members who are close to retirement and thinking about scaling back from work.

At VISSF, we've also been working on exciting changes to enhance the way members manage their insurance. Our article '*You can stand under our umbrella*' shines a spotlight on our new online insurance capabilities. These include an interactive calculator to assess your cover needs and get a premium estimate, a new insurance portal for members and easy online claim forms.

Finally, we invite you to join us at our upcoming 'How to Retire Ready' seminar. See the back page for more details.

Happy reading,

Rachel Richardson  
Editor, Directions newsletter

If you have editorial ideas for future issues of Directions or would like to share your member story, please email [directions@vissf.com.au](mailto:directions@vissf.com.au)

# HELLO

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## Retire Ready Seminar

### Get a head start on healthy finances down the road

Designed to help you stay ahead when it comes to your retirement savings our 'How to Retire Ready' seminar is aimed at members aged 50 and over. Packed with useful and independent information to help you manage your money, you'll also get the opportunity to have your questions answered by a financial expert from Russell Investments.



**Venue:** TeamSquare  
Level 1, 520 Bourke Street  
Melbourne VIC 3000

**Time:** 5.30pm, Wednesday, 18 October 2017

**RSVP:** To register go to [www.vissf.com.au/retire-ready](http://www.vissf.com.au/retire-ready) by Friday, 13 October 2017

## Global markets deliver strong returns for pensions



Pension members will be pleased to learn that investment returns for VISSF have been very strong over 2017, with the diversified options benefiting from their exposure to Australian and global shares. For the year ending 30 June, the All Growth option produced a 17.7% return for members, while the Balanced and Conservative options delivered 13.4% and 7.2% respectively.

The financial year began with investors finding their feet in a post-Brexit environment. This affected investments in the short-term but soon saw stocks gain momentum as the decision was found to have little impact on the global economy. Markets also made good gains during the financial year amid evidence surfacing of an increasingly stabilised Chinese economy. Adding to the favourable market conditions were encouraging US and European earnings results and Emmanuel Macron's convincing win over Marine Le Pen in France's presidential election.

VISSF continues to meet investment objectives and maximise returns relative to inflation, as measured by the Consumer Price Index (CPI), with our diversified Pension options outperforming their CPI relative investment objectives across almost all periods to 30 June 2017.

## Winners are grinners



The latest Tap our App competition saw hundreds of members downloading the new VISSF app. This time, Harry Leather was the lucky winner of an iPhone 7. He's now happily tapping and swiping as he manages his super on the go. And if you missed out on the competition, you can still grab our free app. Just search VISSF on Google Play or the App store.

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## Hello from the VISSF advice team

Isn't it nice when someone offers help before you've even asked? We thought so too. That's why the VISSF team have started making proactive phone calls to members via our service with Link Advice. If you have any questions about your super, insurance or retirement, keep an ear out for a call from our helpful advice team. And if you simply can't wait, you can access advice by calling us on 1300 660 027.



# Your super changes survival guide

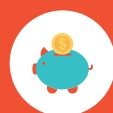
A raft of super changes were ushered in with the new financial year. Not all of the reforms will impact you and your super balance, but it's important to understand those that will. Use our super survival guide to ensure your current strategy is still on track.



## Stay alert: Super contribution limits have been cut

If you are making non-concessional (after-tax) contributions to your super or are considering ways to maximise your retirement savings, then changes to the super contribution limits may apply to you.

As of 1 July 2017, the annual limit on before-tax contributions reduced to \$25,000. Previously, it was \$30,000 for people under 50 and \$35,000 for those 50 years and older. For after-tax contributions, the annual limit reduced to \$100,000 on 1 July - it was previously \$180,000.



## Changing paths: Tax deductions for voluntary contributions

Voluntary contributions are the amounts you contribute to super from your after-tax income - that is, from your take-home pay. Before 1 July 2017, if you were an employee, in nearly all circumstances, if you made a personal super contribution you could not claim a tax deduction. However, you could receive a similar tax benefit by making salary sacrifice contributions.

With the new changes, eligible Australians under the age of 75 can claim tax deductions for personal super contributions, subject to the annual concessional contributions cap.



If you work for an employer who doesn't allow you to make salary sacrifice contributions or if you're self-employed, you can take advantage of the new concessional contributions rules by making voluntary super contributions, for which you can claim a tax deduction.



#### Keep an eye out: \$1.6 million super cap

As of 1 July 2017, the Federal Government introduced a \$1.6 million limit on the amount of super savings that can be transferred to a pension account. Designed to limit the total amount of super savings that can be moved from the accumulation phase into 'a tax-free retirement account', this cap applies to both current retirees and to individuals yet to enter their retirement phase.

Members with account balances greater than \$1.6 million must maintain up to that amount in the pension phase and retain any additional balance in the accumulation phase.



#### Supporting partners: Low income spouse tax offset

Many Australians take time out of the workforce for family duties, study or periods of unemployment. These broken work patterns can significantly impact super balances.

As of 1 July 2017, if your spouse earns less than \$37,000 per annum and you make a contribution to their super, you can claim a tax offset equal to 18% of the contributions, up to \$540. You could also be entitled to a partial super tax offset if they earn up to \$40,000. While other restrictions do apply, this change allows couples to receive greater benefits from contributing to each other's super.



#### Goodbye tax exempt status: For TTR pension earnings

For Transition to Retirement (TTR) members, the government has removed the tax exempt status of earnings that support the transition to retirement income stream (TRIS), making the tax rate the same as a super accumulation account. For example, if you had a TTR pension of \$200,000 and the investment earnings were \$10,000 for the year, there was previously no tax on those earnings. Now the earnings will be taxed at up to 15%, or up to \$1,500 in this example, depending on the type of underlying investments.

Whether you are contributing to super, about to retire or already retired, now might be a good time to discuss your plans. At VISSF, we offer an extensive range of advice services for members. **Visit [www.vissf.com.au/get-advice](http://www.vissf.com.au/get-advice)** to see your options.

**Get a head start on healthy finances**



Join us at our complimentary retirement seminar on Wednesday, 18 October 2017. Details can be found on the back page.

# Can you still have your cake and eat it too?



## How the rules affecting transition to retirement and contributions have changed.

For most, super is one of the central pieces to consider when preparing for retirement. With changes to transition to retirement (TTR) regulations implemented on 1 July 2017, those who have retired or nearing retirement should be carefully examining their strategy to ensure it continues to meet their needs.

Transition to retirement strategies are much like having your cake and eating it too. The strategy allows you to keep working while drawing on some of your super benefits as you move towards complete retirement. By supplementing your salary you can maintain your lifestyle while reducing work hours or salary sacrificing into super to save on tax.

This was an attractive approach for upcoming retirees looking to boost their savings as the earnings for TTR accounts were not subject to tax. However, today the investment earnings on a TTR account no longer receive a tax exemption and are taxed at 15% - just as they are in a super accumulation account. This measure applies to all TTRs whether they were started before 1 July or not.

For members under the age of 60, or higher income earners, the strategy may no longer be beneficial. While the tax on the income drawn from a TTR stays the same (the marginal tax rate less 15% if under 60 and tax-free if over 60) the addition of tax on earnings will likely make this strategy less worthwhile. On the flip side, for those focused on reducing work hours for lifestyle reasons it may be suitable to use their super to replace lost income.

There are other changes to consider. The concessional super contributions cap has been reduced from \$30,000 or \$35,000 a year - depending on age - to \$25,000. Where concessional contributions caps were previously available on an annual 'use it or lose it' basis, a 1 July 2018 'catch-up' concessional contribution measure will be introduced. There are also new restrictions on the way death benefit payouts are calculated.

So, will you be eating cake? Given the latest round of super changes, we recommend reviewing your retirement strategy to be sure your plans remain on target.



## Happy Birthday with Pension Join Online

Bridge the gap between super and retirement by accessing Pension Join Online. The new tab will appear within Member Online when you reach preservation age. Just follow the prompts to seamlessly move to a pension account.

# You can stand under our umbrella

Our new online insurance tools will help you find cover to protect in any weather

Here at VISSF, we've made changes to the way you can access and manage your insurance cover. Why? Because we believe every member should have access to resources that support them in making informed decisions when it comes to insuring themselves and their loved ones.

As a member, you more than likely have default cover for death, total and permanent disablement and income protection. And as we purchase insurance policies in bulk, you receive group discounts, offering considerable savings on premiums.

Default cover is a good start, but it's often not enough to maintain a comfortable standard of living should the unexpected happen. While it's up to you, we suggest reviewing and adjusting your insurance cover to ensure it caters for your current situation. Our new online resources can guide you in finding the ideal cover to match your needs.

## Determine your cover needs

Discover the cover that is right for you with our interactive calculator. In a few clicks, you'll uncover the amount of insurance needed to satisfy your current state of affairs, along with an affordable premium estimate.

## Request extra cover in a jiffy

Now you know your ideal level of cover and have an estimate of how much it will cost, you can request any extra cover you need online. Completely secure, we will send you a unique link, granting you access to Insurance Online where you can submit your application and track its progress.

## Make a claim online

Get your insurance claim sorted quickly using our easy online claim page. Have your details on hand, use our search tool to find the right claim form and complete the entire process in a matter of minutes.

## Take care of things today

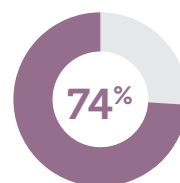
Now that we've made it easy to manage, it's your turn to check you have adequate insurance cover to protect your family in the future. Visit [www.vissf.com.au/insurance](http://www.vissf.com.au/insurance) to explore our new online tools.

You can also call the VISSF Client Services Team on 1300 660 027 during normal business hours to discuss your insurance options.

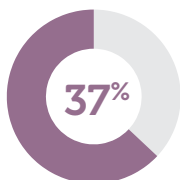
## Fast facts and figures\*



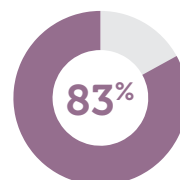
of Industry Super Fund members are underinsured by \$100,000 for life insurance



of Industry Super Fund members are underinsured by \$100,000 for TPD



of Industry Super Fund members believe life insurance is a low priority given other financial commitments



of Australians say they have insurance for their car, but only 31% have income protection



# How to Retire Ready seminar

This seminar is open to all members and their guests

## A complimentary event to align your retirement strategy with legislative changes

If retirement is on your radar, then this is the seminar for you. With the 1 July 2017 super changes now in place, assessing your retirement strategy should be number one on your agenda. Join us at our upcoming seminar in Melbourne and discover how the changes will affect you and your retirement lifestyle.

### Join us to:

- Learn how the 1 July 2017 changes to super will affect you
- Discover strategies to boost your retirement savings including contributions and consolidations
- Gain a clear picture of whether a Transition to Retirement strategy will work for you
- Take advantage of the VISSF advice and help services available to you

**Venue: Teamsquare at Level 1, 520 Bourke Street Melbourne VIC 3000**

**Time: 5.30pm, Wednesday, 18 October 2017**

**RSVP: To register go to [www.vissf.com.au/retire-ready](http://www.vissf.com.au/retire-ready) by Friday, 13 October 2017**