

GEARINGUP

TransPersonal News for Members - February 2011

Get a free **scoop** from the Government

Make contributions to your super and get the Government to match every cent.



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TransPersonal

On the road to recovery

After a very disappointing end to the last financial year, the start of the 2010/11 financial year has seen a strong, though uneven recovery in equity markets.

Even though the Australian economy continues to be the envy of other developed countries, with strong employment growth and a booming resources sector driven by demand from China and India, the domestic equity market has not kept pace with its global peers over the last year.

While the Australian share market has returned an impressive 13% financial year to date (to the middle of December), investors have enjoyed better returns in international markets in their local currencies. In the US, shares are more than 19% higher, the UK in excess of 17% higher and global markets as a whole have risen close to 18% this financial year. However, the returns in Australian dollar terms are significantly less

because of the strength of the \$A against the major currencies.

The US government and the US Federal Reserve Bank are doing everything in their power to kick-start the US economy. The Federal Reserve recently confirmed market expectations of a second round of quantitative easing (QE2) of up to \$US900 billion and indicated that further QE programs could be implemented should low levels of economic growth and high unemployment persist. In addition, President Obama has proposed to extend tax-cuts and introduce fiscal programs to boost growth.

Although these measures have been a positive for equity markets, the effect on the bond market was the exact opposite. Bond yields rose aggressively as the bond market worried about the negative impact of these moves on the ballooning US budget deficit. While equity markets have generated double digit returns this financial year, bond markets have struggled to produce positive returns. The Australian bond market is up less than 1% and the global market has fared only slightly better.

Looking forward, the one thing investors can be confident about

is the likelihood of continued volatility in investment markets in the face of short and medium term dangers to the global economy.

However, on the positive side, investment market strategists point to generally attractive valuations for equity markets when compared with valuations over the past two decades. Despite the medium term risks, the strong cash flow generation of companies should look increasingly appealing to investors when compared to the returns available from cash and bonds.

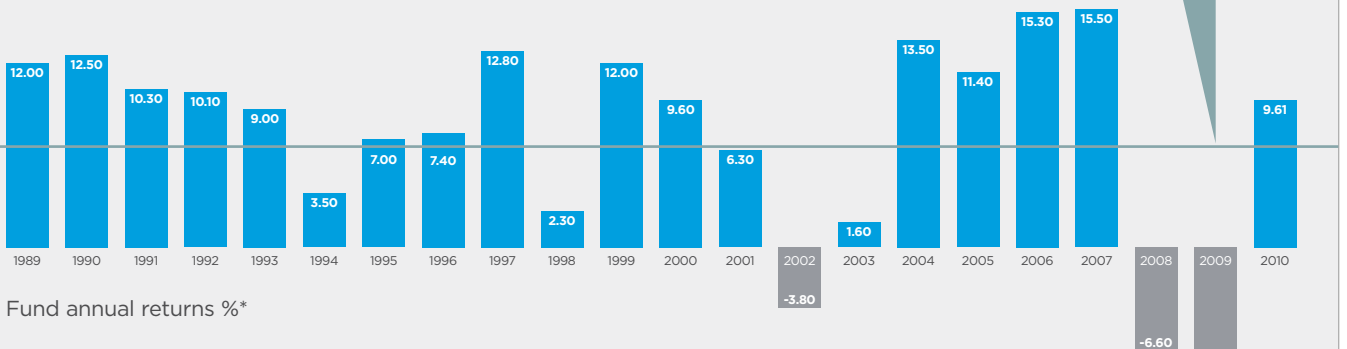
Andrew Killen
Chief Investment Officer



Strong long-term performance

Most people will keep building their super for over 40 years - and over such a long period of time, it's inevitable that investment markets will experience both ups and downs. So we're proud to have already delivered such strong, long-term performance for our members over 20 years.

6.38% The 20 year average compound return



* Based on returns of the Balanced investment option after fees and taxes. Investment returns are not guaranteed and past performance gives no indication of future returns.

Pat gives his super a boost

For forklift driver Pat Stapleton, turning 50 was a milestone that prompted him to think about his finances and where he wanted to be in the future.

Despite all good intentions, by 51 Pat still hadn't turned the feeling that he needed to put more away for the future, into action.

Actually it was at work that Pat got the assistance he needed. The Fund's Michael Darmanin, had just delivered copies of the *Super tips for any age* booklets, and Pat's boss, Baden Wales (a Fund member himself) handed Pat a copy.

'The Super tips were just what I was looking for. The booklet provided some simple information on the options I had to make my super grow. And the age-based tips were short and sharp and easy to understand,' Pat said.

After reading about contribution options, Pat thought that he could probably afford to put \$50 a

week into his super. He wondered if contributing from his before tax salary would suit his needs.

'I gave the Fund a call. After asking me a few questions, the bloke I talked to recommended he transfer me to a Money Coach* who could give me specific advice about what I should do, based on my income.

'I told the Money Coach I was thinking about contributing, and he couldn't have been more helpful. He advised me to split my \$50 between before tax and after tax contributions and told me exactly how much I should pay to each.

'I'm glad I made that call, as based on the co-contribution rules my super will now grow an extra \$350 a year in free Government co-contributions, all for the same money.



'The Fund has helped me make my money grow faster and smarter. That's what I call good service. And my Money Coach tells me putting aside that extra \$50 a week will put me in much better financial shape to retire,' said Pat.

If, like Pat, you've been wondering about your super and what you can do to make your money work harder, call **1800 222 071** or email twusfadmin@aes.com.au to order a *Super tips for any age* booklet.

* Money Coaches are employees of Money Solutions. The Trustee is not responsible for and does not accept liability for the products or services or actions of Money Solutions. You should use your own judgment before taking up any product or services offered by Money Solutions.

Award for simplifying super



The Fund recently upstaged a strong field of super funds (industry and retail based) to win the 2010 prestigious Rainmaker 'Best Integrated Campaign' Award for the Super tips education campaign.

The *Super tips for any age* booklet and dedicated website provide handy tips on how you can boost your super, no matter what age you are.

If you'd like a copy of the free booklet, simply call us on 1800 222 071.

You can also find the super tips online at:

www.hardworkingsuper.com.au



Get a free scoop from the Government

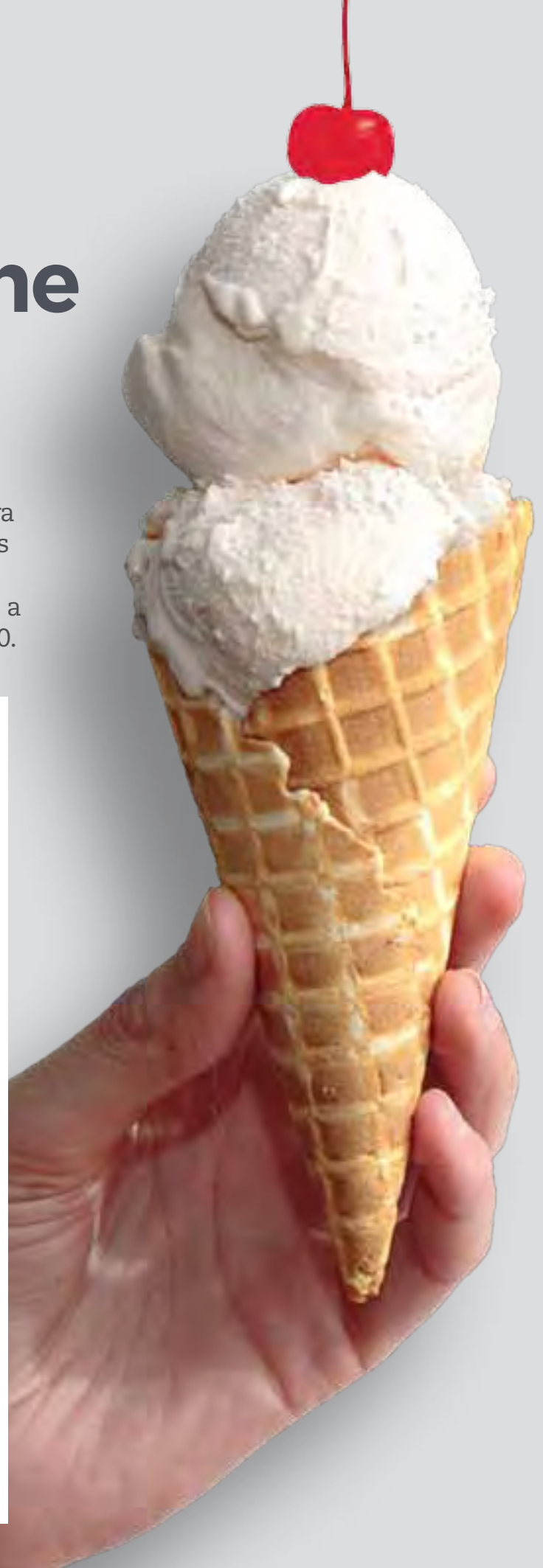
The co-contribution is a Government initiative to encourage people to make extra contributions to their super. If you earn less than \$61,920 p.a. and make an after tax contribution, you may be eligible to receive a Government co-contribution of up to \$1,000.

How much can you get?

The amount the Government will pay into your super account depends on your income and how much you contribute. If you earn \$31,920 p.a. or less, the Government will match your contribution dollar for dollar, up to a limit of \$1,000. For every dollar you earn over \$31,920, the Government contribution reduces by 3.33 cents in the dollar and cuts out completely if you earn \$61,920 p.a. or more.

Use this table to find out how much you need to contribute for your maximum co-contribution:

Your salary (before tax)	Maximum co-contribution	What you need to contribute
\$31,920	\$1,000	\$1,000
\$33,920	\$933	\$933
\$35,920	\$867	\$867
\$37,920	\$800	\$800
\$39,920	\$733	\$733
\$41,920	\$667	\$667
\$43,920	\$600	\$600
\$45,920	\$533	\$533
\$47,920	\$467	\$467
\$49,920	\$400	\$400
\$51,920	\$333	\$333
\$53,920	\$267	\$267
\$55,920	\$200	\$200
\$57,920	\$133	\$133
\$59,920	\$67	\$67
\$61,920	\$0	\$0



Are you eligible?

To receive the Government co-contribution, you must meet all of the following criteria:

- > earn less than \$61,920 p.a. (in assessable income plus reportable fringe benefits and salary sacrifice amounts)
- > make a personal after tax contribution to your TransPersonal account by 30 June
- > have provided your Tax File Number to TransPersonal
- > lodge a tax return for the financial year in which contributions are made
- > be younger than 71 at the end of the financial year in which contributions are made
- > earn at least 10% of your income as an employee or from running a business, or a combination of both
- > be a permanent resident of Australia (there are some exceptions).

How do you get the super top up?

If you're eligible, all you have to do to receive the Government co-contribution is to make an after tax contribution to your TransPersonal account and lodge your tax return for the financial year that you made the contribution.

The Australian Taxation Office (ATO) will then calculate your co-contribution and pay it directly into your super account. You don't need to apply or fill in any forms to receive the co-contribution – if you are eligible, it will be paid to your TransPersonal account automatically.

Easy ways you can make after tax contributions to your super account

BPAY®

Bill code: **857664**.

Call us on **1800 222 071** and ask for your personal reference number or log in to your secure *MemberAccess* account at **www.twusuper.com.au** to obtain your reference number if you don't already have it.

Electronic funds transfer (EFT)

Account name: **TransPersonal**

BSB: **032-002**

Account number: **272938**

Please quote your member number as the reference number for your payment.

Cheque

Send cheques (payable to TransPersonal) to:

Locked Bag 5094
Parramatta NSW 2124.

Please make sure you include your member number with the cheque.

Direct Debit

If you would like to set up a regular direct debit please call us on **1800 222 071** and ask for a *Voluntary contributions form* or download a copy from **www.twusuper.com.au**

Please note, it's essential that you have provided your Tax File Number to TransPersonal before you make the contribution as we are unable to accept after tax contributions without it.

* Registered to BPAY Pty Ltd ABN 69 079 137 518

AND THE WINNERS ARE...

We are pleased to announce the winners of our recent 'Stay in touch with your super' competition:

1st prize – Beefmaster Premium 4 BBQ

Paul Taylor VIC.

5 x runner-up prizes – \$100 Myer Gift Cards

Feroz Khan NSW, Paul Ankers QLD, John Franke VIC, Peter Thomas VIC and Lynette Charlton WA.



How much money will you need in retirement?

You probably have a good idea about how much money you need to live on now. But it can be a bit more difficult to work out what you'll need in retirement. The money you will need will depend on what type of lifestyle you are seeking and how long your money will need to last.

Research shows that to have a comfortable standard of living in retirement, a single person will need \$39,081 per year and a couple will need \$53,456 per year.* 'Comfortable' is defined as being able to enjoy a broad range of leisure and recreational activities and to have a good standard of living through the purchase of household goods, a reasonable car, clothes, electronic equipment and occasional international travel. These estimates assume you are in good health and have paid off your home.

Try our budget planner below

The planner below can help you to estimate your likely costs once you finish working. Simply enter your expected costs for the various expenses per week. You will note the average costs estimated for a comfortable standard of living in the middle columns. Your expenses may be more or less than these, and you may have home repayments or other costs to consider.

Fill in your estimated expenses per week

Expenses	A comfortable budget for a single per week	A comfortable budget for a couple per week	Your expenses per week
Housing Insurance, rates, home improvements, repairs (this does not include mortgage or rent costs)	\$62.68	\$72.66	\$ _____
Utilities Electricity, gas and water	\$29.06	\$39.41	\$ _____
Communications Home phone, mobile and broadband	\$25.22	\$32.09	\$ _____
Food Groceries and other fresh food	\$102.20	\$183.95	\$ _____
Clothing Total clothing and footwear	\$38.36	\$57.54	\$ _____
Household goods and services Household appliances, cosmetics and personal care, haircuts, music, newspapers and magazines, computers, pest control, alarm services etc.	\$73.07	\$85.61	\$ _____
Health Health insurance, out of pocket costs, ancillary health and chemist items	\$66.99	\$118.23	\$ _____
Transport Car running costs, registration and public transport	\$132.55	\$135.07	\$ _____
Leisure Club memberships, TV, DVD, dining out, cinema, day trips, vacations etc.	\$219.37	\$300.62	\$ _____
Home loan or rental costs	\$0	\$0	\$ _____
Other costs	\$0	\$0	\$ _____
Total per week	\$749.49	\$1,025.18	\$ _____
Total per year	\$39,081	\$53,456	\$ _____

* The Westpac ASFA Retirement Standard – June quarter 2010

What will you need to fund your total retirement?

Now that you have worked out roughly how much you will need to live on each year, you then need to consider the number of years you expect to spend in retirement. Depending on when you retire, you may need funding for 10, 20, 30 years or more.

The table below gives you an idea of how much you may need in retirement based on your estimated expenses and how long you expect to spend in retirement. The figures are based on your savings being invested in the Balanced option with TransPension.

Your estimated annual expenses in retirement	Years in retirement					
	10 years	15 years	20 years	25 years	30 years	35 years
\$20,000	\$152,000	\$204,000	\$246,000	\$278,000	\$304,000	\$324,000
\$30,000	\$227,000	\$306,000	\$369,000	\$418,000	\$456,000	\$487,000
\$40,000	\$303,000	\$408,000	\$491,000	\$557,000	\$608,000	\$649,000
\$50,000	\$379,000	\$511,000	\$614,000	\$696,000	\$760,000	\$811,000
\$60,000	\$455,000	\$613,000	\$737,000	\$835,000	\$912,000	\$973,000
\$70,000	\$530,000	\$715,000	\$860,000	\$974,000	\$1,065,000	\$1,136,000
\$80,000	\$606,000	\$817,000	\$983,000	\$1,114,000	\$1,217,000	\$1,298,000

Assumptions: Retirement balances are calculated in today's dollars; Annual income increases with CPI annually by 2.5% pa; Gross of tax investment return of 7.5% p.a. (this equates to 6.4% net of tax, however, please note investment earnings in TransPension are tax-free); Single payment annually, based on relevant estimated annual expenses in retirement, occurring in arrears (at the end of the year).

But what about the Age Pension?

If you are thinking of relying on the Age Pension, then you might be surprised to know that it pays just \$716.10 per fortnight for singles and \$1,079.60 per fortnight for couples (as at September 2010). That's just \$18,670 for singles and \$28,147 for couples per year, which is well below the estimated incomes required for a comfortable standard of living (\$39,081 for singles and \$53,456 for couples).

It's never too late to make a difference

Thinking about retirement may be uncomfortable - particularly if you don't have much super and are close to retirement. While you are still working, there are things you can do to boost your super and make a difference in retirement. Super can complement Government benefits such as the Age Pension. So taking the time to look at where you are in your life and getting good advice is essential.

Need some financial advice?

If you are unsure whether your super savings will be able to provide you with the type of retirement lifestyle you desire, we recommend you seek financial advice.

A licensed financial adviser can assist you with strategies to boost your super and determine whether your current investment strategy is best for your life-stage. By talking to an expert when you are still working, you can give yourself the best chance of having the lifestyle you are hoping for in retirement.

As a member, you are entitled to one free consultation over the phone on a single superannuation issue with a qualified adviser from Money Solutions*. If you have already used up your free consultation with Money Solutions, further advice is available at an affordable rate and you can pay for it from your super account. Call **1800 222 071** and ask to speak to a financial adviser.

* The Trustee is not responsible for, and does not accept liability for the products or services or actions of Money Solutions (AFSL 258145). You should use your own judgment before taking up any product or services offered by Money Solutions.

Are your super savings on track?

Refer to your latest super statement to see if your balance is on track to meeting your retirement needs. If it looks like your super needs a boost then you should consider making additional contributions. No matter how old you are or how small the amount, it's never too late to start.

There are several easy ways to make personal contributions to your super and even small regular amounts can make a big difference to your super balance. Call us on **1800 222 071** or visit **www.twusuper.com.au** for more information on how you can top up your super.

When can you access your super?

The purpose of superannuation is to provide you with money to live on in retirement. Government rules limit how and when you can withdraw your super, so you can meet your future income needs.

Super is made up of preserved and non-preserved components. Your super statement details how much preserved and non-preserved money you have. Preserved money has strict rules around withdrawal, while non-preserved money is generally more accessible.

- If you have **unrestricted non-preserved** super you can withdraw it from your account at any time.
- If you have **restricted non-preserved** super you can withdraw it when you cease employment.
- To access your **preserved super** you need to meet a condition of release. These include:
 - you reach age 65
 - your employment ceases after age 60
 - you permanently retire from work after reaching your preservation age (see table right)

- you cease work and your account balance is less than \$200
- as a temporary resident, you permanently leave Australia
- you suffer severe financial hardship
- you qualify for release on compassionate grounds
- you have a terminal medical condition
- you become totally and permanently disabled
- upon your death, your beneficiaries may withdraw your super.

Important things to consider

Withdrawing your super can have a big impact on your tax position and your eligibility for some Government benefits. Call Centrelink for details and seek financial advice if you are unsure how a withdrawal will affect you.

More information

If you would like further information about the conditions of release, you can download our *Withdrawing your super* fact sheet from www.twusuper.com.au or call us on **1800 222 071**.

Date of birth	Preservation age
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Get help from people who understand your industry

Our Client Relations Officers can help you make sense of your super by answering your questions or helping you to complete forms or paperwork.

Our team covers most of Australia. However if a team member can't get to you in person, they'll be able to talk to you over the phone. Call your local Client Relations Officer today to arrange a visit or a phone consultation.

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TransPersonal

> Low fees > Run only to benefit members > No commissions