

# insight

Member newsletter

Autumn 2019



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Alice**

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# Investment Update

## Carbon Intensity and Divestments

In recent years, the focus towards holding companies responsible for their actions environmentally has gained momentum, resulting in an increase in ethical investments.

Vision Super's approach to carbon intensity and divestments is informed by the peer reviewed scientific evidence in this area. While we're not experts on climate science, we are happy to report that our Australian equities investment option weighted CO2 intensity for aggregated managers was 6.7% lower than the benchmark, and our international equities weighted CO2 intensity for aggregated managers was 49.7% lower than the industry benchmark.

Investing in line with community values is not a new initiative for Vision Super. In 2015 the decision was made not to invest in companies that derive material revenue from controversial weapons. And in 2018, the Vision Super Board also determined that in keeping with Fund's community values, not to invest in companies that derive material revenue from the mining of thermal coal or tar sands and tobacco manufacturers.

### Voting

Vision Super believes it is important to vote, on behalf of our members, on all our shares to protect their interests. We take advice on voting, but we do not outsource this important task to other parties.

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry findings were at the forefront of our voting recommendations in the second half of the 2018 Australian proxy season. Vision Super remained vigilant during this period and evaluated proposals, especially about remuneration on a case by case basis. And over this time, we commenced disclosing our voting cards more frequently for all our equity shareholdings. Voting can be located at the following link on our website: [visionsuper.com.au/investments/active-ownership](https://visionsuper.com.au/investments/active-ownership)

### Other Collaborative Initiatives

Vision Super joined the PRI Collaborative Engagement on Corporate Tax Responsibility with the objective of encouraging companies to extend their public tax reporting to segmentation by jurisdiction to ensure they are paying their fair share of tax.

Vision Super is a support investor to the Climate Action 100+ initiative which will be conducted over a 5-year period. The initiative aims to secure commitments from boards and senior management of companies to improve governance of climate-related risk and opportunity, develop a credible transition plan to curb emissions in line with the Paris Agreement and strengthen climate-related financial disclosures.

Our aim is to help every member achieve a comfortable and financially secure life in retirement through consistent investment performance. Please note that superannuation is a long-term investment and we cannot guarantee investment returns as markets can be volatile and as such, returns can be positive or negative. Past investment performance is not a reliable indicator of future performance.

 For the latest investment returns, unit prices and financial market updates visit [visionsuper.com.au/investments](https://visionsuper.com.au/investments)

# Protecting Your Super

## What you need to know

We see it often – multiple super funds being eroded away by fees and unnecessary insurances. The reason it happens so often is because super is viewed as complicated and difficult therefore it tends to get placed at the bottom of the to do list.

To address this, the Government is introducing the Protecting Your Super package which will regulate the way the industry protects your super savings. The move is set to reunite three million Australians with lost super and increase their active accounts by an average of \$2,000 each<sup>1</sup>.

It addresses the following three areas from 1 July 2019:

### Insurance

Superannuation funds will no longer be able to provide insurance for certain members (this includes any insurance for Death, Total and Permanent Disablement and Income Protection) whose accounts have been 'inactive' for a period of 16 consecutive months or longer and who do not elect to keep their insurance cover.

If you have an inactive account and would like to keep your cover, then you can activate your account by simply contributing into your super. You can do this as a contribution or rollover and it doesn't matter how much the amount is, or who pays it, as long as your account receives it before the cut-off of 1 July 2019 for many members. Alternatively, you can provide us with an election in writing to keep your cover.

If you are an inactive member, we will be in contact with you through the post in the coming weeks if we haven't already.

### Fee capping

For members who have less than \$6,000 in their Vision Super accounts, there will be a 3% cap on the amount of administration fees, investment fees and certain costs that can be charged. The cap aims to slow the rate of super being eaten away in fees on low balances.

There will also be a ban on exit fees which may make it easier for people to make the decision to consolidate funds into other super accounts. If you've been waiting for this ban so you can move your money into Vision Super, you will no longer be penalised by exit fees to do so.

### ATO Transfers

To allow for the consolidation of multiple super accounts that a member may hold across several super funds, superannuation funds are required to transfer "inactive low balance accounts" to the Australian Tax Office (ATO). Your account may be transferred to the ATO if:

- your account is less than \$6,000;
- we have not received an amount (such as a rollover from another fund or a contribution) to your account within the last 16 months;
- we are not owed an amount in respect of your account;
- you have no insurance cover;
- you have not changed your investment options in the last 16 months;
- you have not made or amended a binding death benefit nomination in the last 16 months; and
- you haven't made an election in writing to the Commissioner (ATO).

If you have more than one account, the ATO will attempt to match your inactive super account into an active account (within 28 days of matching), where the reunited balance exceeds \$6,000.

### What does that mean for me?

It is important for Vision Super members to be aware that if you have a low balance or inactive account, your insurance is at risk of being cancelled and/or your account being transferred to the ATO. If you're not sure if you'll be affected, call us and we can confirm whether you're at risk of losing your insurance or being transferred. We can also give you all the relevant banking details necessary to make a payment into your account.



<sup>1</sup> Treasurer Media Release: <http://jaf.ministers.treasury.gov.au/media-release/022-2019/>



# Grow your super

## Make additional contributions before June 30

For many people, compulsory super won't be enough to fund a comfortable retirement. Contributing a little extra can make a surprisingly big difference to your savings – it all adds up.

To ensure you retire with enough to afford occasional splurges here and there, you can put a little extra into your super. There are a few ways you can boost your super but which one will work best for you depends on your circumstances.

If you start thinking about it now, you'll have plenty of time to make additional payments into your super ahead of the June 30 deadline.

### Concessional contributions

A concessional contribution is an amount that's been added to your super before tax, such as your 9.5% employer contribution or salary sacrifice, and are taxed at 15%. Comparing that to your marginal tax rate, putting money into super may be a tax effective solution for you.

Also, if you salary sacrifice, you may reduce your taxable income while increasing your super!

More information about salary sacrifice can be found on the Vision Super website.

### Non-concessional contributions

Non-concessional contributions are voluntary after-tax payments such as direct debits or one-off lump sums. Since this money has already been taxed at your marginal tax rate, it will not be taxed when it comes into super.

If you have a lower income, non-concessional contributions may be effective for you as the government's co-contribution (GCC) scheme could reward you with up to \$500 of extra super when you invest \$1,000.

If you're over the age of 65, the government has introduced an opportunity for you to boost your retirement savings by contributing up to \$300,000 from the proceeds of the sale of your main residence into superannuation. And the best thing is, the amount you contribute under the downsizer initiative is exempt from the non-concessional cap.

More information about Downsizing and the GCC can be found on the Vision Super website.



Read our fact sheets at [visionsuper.com.au/](https://visionsuper.com.au/) publications or make an appointment with a financial planner by calling **1300 300 820**

Many employees take time off work to raise children or care for loved ones, so the super system offers a few ways in which couples can make sure their super is adequate.

### Spouse contributions

Your spouse can make contributions into your account at any time, but if you're on a low income, they could also get a tax rebate. A spouse contribution (which is non-concessional) of \$3,000 could get them a tax offset of \$540!

Don't forget there are annual caps that apply and other conditions, so make sure you go to the Australian Taxation Office (ATO) website first.

### Contribution Splitting

You can ask Vision Super to transfer up to 85% of your spouse's financial year's taxed splittable contributions. These are generally any concessional contributions their employer made for them.

You or your spouse can contact Vision Super for details of what contributions were made and whether they can be split.

The regular caps apply and make sure you look at the ATO website for more information

### June 30 deadline

While there are great opportunities to put money into super, annual caps limits apply. You can't put everything into super to pay less tax, but if you're under the limit, there's still time to contribute.

**Concessional contribution cap** : \$25,000 for the 2018/19 financial year and this amount includes your employer Superannuation Guarantee.

**Non-concessional contribution cap** : \$100,000 for the 2018/19 financial year, but if you're under the age of 65 you can use the "Bring Forward Rule", where you can contribute three years of the cap in the one year but it means you can't put any more in for the next two financial years.

There are a few ways you can make a payment: :

- BPAY with your account specific reference number
- EFT to Vision Super's bank account
- Cheque addressed to Vision Super and delivered to our offices in Melbourne CBD.



Contact Vision Super for the relevant forms and account numbers on **1300 300 820**

# Alice

## Vision Super's interactive chatbot

Now that computers are understanding normal conversations with increasing ease, chatbots are becoming increasingly helpful.

They help improve a customer's experience by making it easier to receive fast replies to common questions on specific areas of knowledge and can easily connect you to online content. Chatbots simulate human conversation through text and artificial speech, sometimes called "Natural language processing".

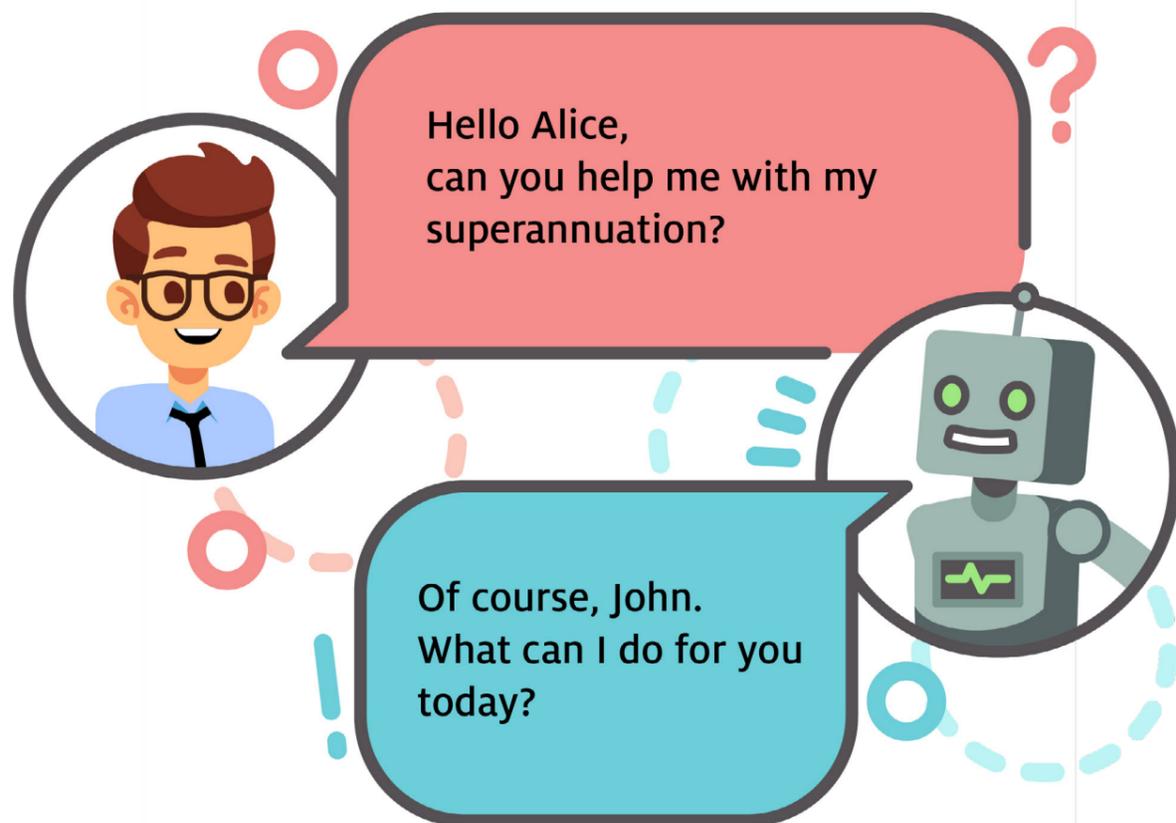
If you shop or book holidays online, you've probably met chatbots already. A chatbot designed to help Tennis Australia directly sell tickets to the Australian Open via social media chalked up 170 per cent more conversions than its traditional go-to-market model<sup>1</sup>. And the ABC's chatbot interacted with over 70,000 people in its first month<sup>2</sup>!

### Introducing Alice

Today we'd like to introduce you to Vision Super's very own chatbot called "Alice". Alice lives at [visionsuper.com.au](http://visionsuper.com.au) and is available to you through Google's Assistant on Google Home devices and Android phones. She has been 'trained' by drawing on the expertise and knowledge of our financial planners, superannuation consultants and the insurance team. She can answer general superannuation questions and queries.

We're always looking at ways to improve how we communicate with you. Alice offers you another option. If you have a question and don't want to send an email or pick up the phone, our virtual assistant can help.

Go to [visionsuper.com.au](http://visionsuper.com.au) and connect with Alice now.



<sup>1</sup> <https://www.cmo.com.au/article/629095/australian-open-chalks-up-strong-ticket-sales-chatbot/>

<sup>2</sup> <https://stackchat.com/blog/australian-brands-using-chatbots-whos-using-them-and-why/>



## Best Doctors Offering you more value

None of us ever want to get sick, but unfortunately at one time or another, we do. Getting a second medical opinion ensures that you get diagnosed correctly and receive the most appropriate treatment.

### Why a second opinion is important

- You might be diagnosed with an illness but don't feel confident. A second opinion may lead to an alternative diagnosis
- If you've been recommended serious but non-emergency surgery such as tumour removals, hysterectomies and heart bypasses, there often are alternative procedures you can try first. Another doctor could recommend another treatment plan
- One doctor may not have all the answers, but drawing on the knowledge of one (or more) will build your confidence and ensure you're on the right path.

Don't worry about the specialist taking it personally when you source a second opinion – most will encourage it and often people seek third opinions. Fully understanding your diagnosis and treatment plan is the only way you can feel confident moving forward.

Finding another specialist after you've heard some difficult news may seem overwhelming and time consuming, but getting a second opinion is easier to get than ever before.

### Best Doctors

If you hold eligible cover under Vision Super, you and your family have access to Best Doctors which connects you and your family with Best Doctors - a unique service that gives members and their family access to a global network of more than 50,000 medical specialists to seek advice or a second medical opinion.

### Key benefits

- You can use Best Doctors at any time and won't need to be claiming on your insurance
- Available to you and your family – children, parents, partner and partner's parents
- Convenient, virtual access to leading specialists for a second medical opinion. No need to travel, book appointments or take time off work
- Expertise and knowledge of an independent specialist helps members and their treating doctors agree on the best way forward
- Completely confidential – no information is shared with Vision Super or MLC Life Insurance and using the service won't affect the assessment of a claim
- Support for mental health conditions with the Mental Health Navigator service – providing access to leading Australian clinical psychologists and psychiatrists and a dedicated mental health nurse.

Be proactive when getting a second opinion. Ask the hard questions and make sure you understand what's going on. Put yourself in a position where you can weigh all the options and make clear decisions about your healthcare.



To benefit from Best Doctors visit [visionsuper.com.au/best-doctors](http://visionsuper.com.au/best-doctors) for more information or contact us on **1300 300 820**.



## Your **super** snapshot

Log in to **Vision Online** to keep up to date with your account and what's happening at Vision Super.

Your membership number

I love my quarterly updates but how do I get them to my email address?

### Wondering why you're receiving your quarterly update in the post?

Log in to Member Online and update your email address making sure your preferred communication method is set to "digital".

You'll get the same update, but next time it will be delivered to your email address and much sooner than the post!

Alternatively, call us today and we'll do it for you **1300 300 820**