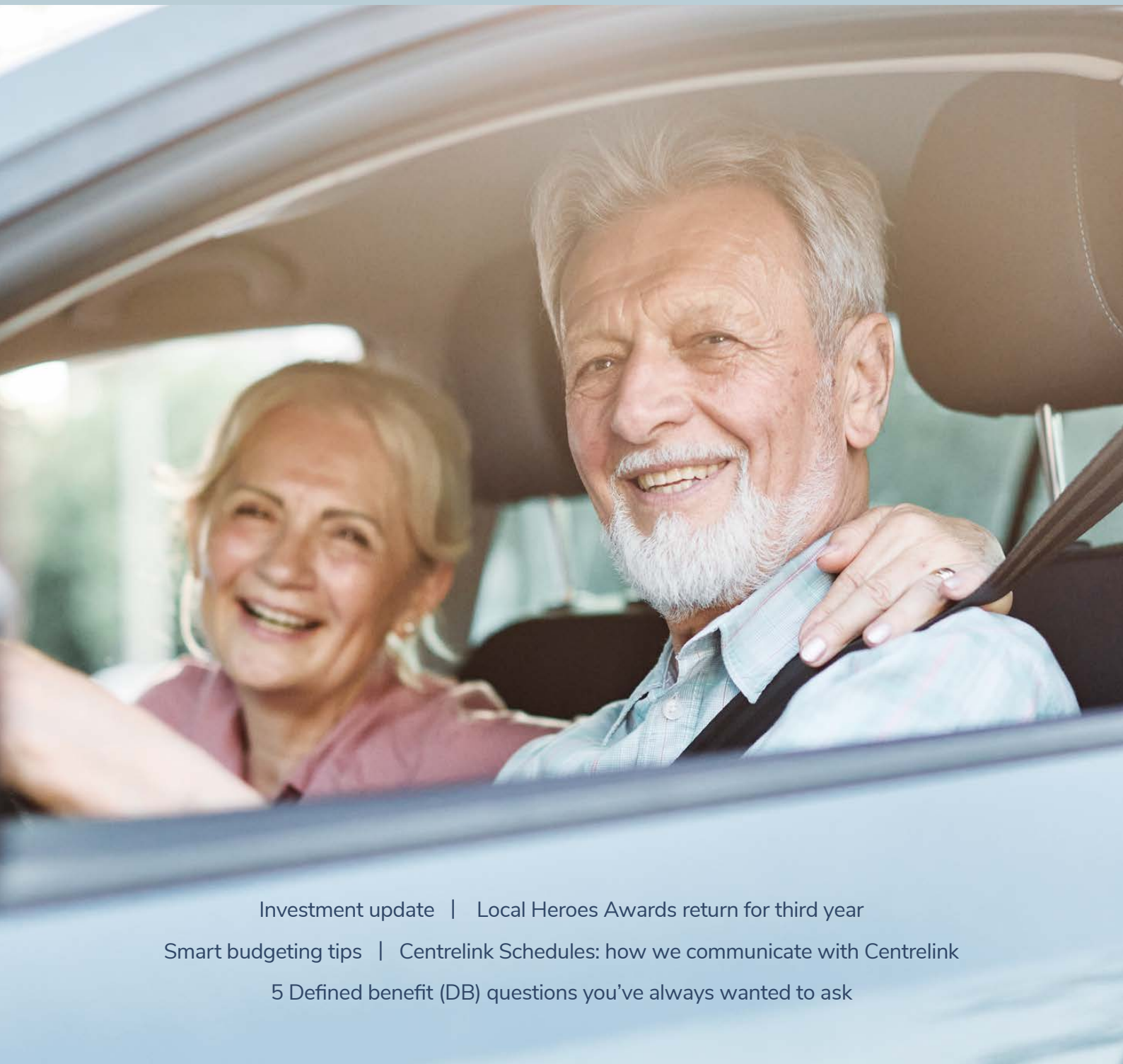




Insight

MEMBER NEWSLETTER **SUMMER 2024**



Investment update | Local Heroes Awards return for third year

Smart budgeting tips | Centrelink Schedules: how we communicate with Centrelink

5 Defined benefit (DB) questions you've always wanted to ask

Investment update — January 2024 market review

Central banks in the developed world continued increasing interest rates in 2023 as inflation remained higher than its targeted level. Despite this, global equity markets experienced strong gains. This was favourable for most of Vision Super's investment options where returns were generally strong. Vision Super's **Balanced growth option returned 11.71%** in 2023.

Covid-19

From a financial market perspective, the impact of Covid-19 is largely in the rear-view mirror. In May 2023, the World Health Organisation announced that Covid-19 is no longer considered a public health emergency. With a large proportion of the population vaccinated, the number of deaths has decreased significantly from early in the pandemic and Covid restrictions have been lifted globally.

Disinflation

Inflation in US and Australia fell from its peak level achieved in 2022 as supply-chains recovered and consumer demand eased. Our indicators suggest that US inflation will continue its downward trend and be consistent with the Fed's 2% target in the first half of this year.

Interest rates

The US Federal Reserve and the Reserve Bank of Australia rapidly increased interest rates over the last two years. Markets are pricing the current interest rate of 5.25 to 5.5% in the US and 4.35% in Australia as the respective peak levels and are expecting moderate rate cuts later this year. However, if inflation remains higher than expected, interest rates are likely to stay higher for longer. On the other hand, if inflation sharply falls below the target and/or economic growth materially deteriorates, interest rates are likely to fall substantially.

Geopolitical risks

A key downside risk for financial markets is a material increase in geopolitical instability. If the Israel-Hamas conflict broadens to the wider region, it could significantly disrupt global oil supply and aggravate supply-side price pressures. In the US, there are concerns of deepening domestic political polarisation. As such, the US election in November this year may result in heightened volatility in financial markets. Other geopolitical risks include an intensification of the Russia-Ukraine war or increased turmoil between China and Taiwan.

Outlook

Equity and bond markets experienced robust gains in the final months of 2023 as they factored in expectations of a soft landing. The decline in US core inflation throughout 2023 has also been an important positive for financial markets. However, we expect the lagged impact of tight monetary policy to dampen demand and lead to an increase in unemployment. Our base case is now a US recession commencing in 2024.

In Australia, house prices have continued to rise, with the unemployment rate near a record low. Although the Australian economy has generally performed well recently, job advertisements suggest a material slowdown in employment growth over the next six months that may result in the RBA cutting interest rates. The risk of Australia entering a recession over the next 12 to 18 months is elevated.

We maintain a cautious stance on the medium-term investment outlook. Reflecting this, our multi-asset class investment options are underweight growth assets such as equities and more constructive on defensive assets like bonds. We expect the equity market to fall this year, with global equity markets troughing before a US recession ends. Accordingly, we anticipate that there is likely to be a favourable opportunity to move to an overweight growth exposure in 2024. The main upside risk to our central case is that the US economy does not experience a recession this year and there is no material correction in equities. Conversely, the lagged economic impact of the interest rate increases so far may be greater than we expect. We continue to monitor developments closely.

Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Local Heroes Awards return for third year

We're pleased to announce the return of the Vision Super Local Heroes Awards for 2024, in partnership with the Australian Services Union (ASU).

Now in their third year, the awards are designed to bring much-needed recognition to the work of local government employees who go above and beyond for their community.

Nominations are open to all local government workers, including employees of associated organisations operated by the council, and local libraries. Nominations may be made on behalf of others or self-nominated.

Past nominees have stretched across the state, from Darebin City Council in Melbourne's inner north to Moira Shire Council on the New South Wales border.

What has remained consistent, year on year, is the passion shown by nominees for making a meaningful difference in their community.

Motivated by shared values of compassion, selflessness and generosity, nominees are often shocked and overwhelmed to discover they have even been put forward for an award.

It's no mean feat for the judges, comprised of members of the leadership teams at Vision Super and the ASU, to choose a winner and runners-up from such an inspiring group of people.

To be nominated, the local government or library worker must demonstrate at least one of the following criteria:

- > Made a significant difference to a community or member of a community
- > Contributed to the safety of an individual or group in the community
- > Made a substantial contribution to the welfare of a vulnerable person or group in the community.

One of last year's well-deserved runners-up, who was deemed to have contributed to the safety of an individual or group in the community, was Daniel Coon from Wyndham City Council.

Daniel was nominated by his colleague Caitlin for acting in the roles of Family Violence Contact Officer, Mental Health First Aider, Union Representative and HSR Representative, and providing integral employee support.

"Dan is the first person to offer and promote services to his Wyndham colleagues, whilst maintaining employee confidentiality and rapport. Dan organised a HSR Breakfast Forum on psychosocial risks with keynote speakers from WorkSafe and the unions, where our CEO and entire executive leadership team were in attendance – an achievement in itself," Caitlin explained.

Dan commented that we all have the power to make a positive difference to someone, even if our efforts don't seem like much.

"I personally don't do things for the recognition or acknowledgement, I am there to support, represent and listen to others who may be going through tough times and ensure that everyone has a voice," he said.

"Being nominated for the Local Heroes Award was an incredible honour. With the prize money I was able to take my family to the snow for the first time. Seeing the smiles on my kids' faces at the snow put all the effort of supporting others into perspective and validated the work that I, and many others like me, do each and every day."

Nominations for the 2024 Local Heroes Awards are now open and will close on 25 March 2024. The winner and runners-up will be announced at a gala awards ceremony on 9 May 2024, which will be held at Victorian Trades Hall Council in Carlton.

A \$1,000 gift card grand prize will be presented to the winner and \$500 gift cards to the four runners-up to acknowledge the outstanding contribution made by these individuals or groups.

Do you know a local hero?

For more information and to nominate, visit our Local Heroes page at: visionsuper.com.au/local-heroes/



Smart budgeting tips

Building a strong financial foundation for your superannuation

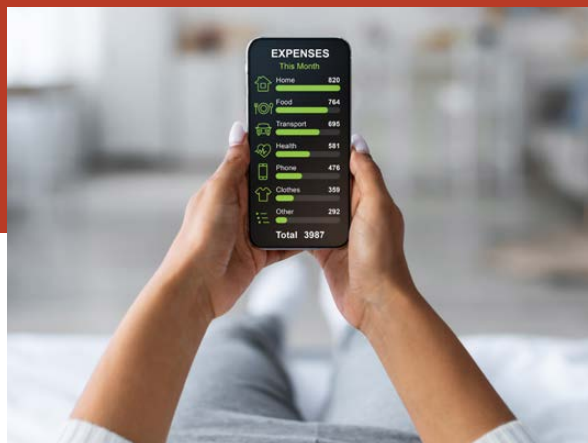


Cultivating sound financial habits early on is crucial for building a great foundation of saving, particularly with the cost of living increasing. Laying the groundwork now has great benefits long term, including building your superannuation balance which can help you achieve a comfortable retirement and secure financial future.

But how do you get there? Here are some practical tips to help you effectively budget and save.

Create a comprehensive budget

Begin by outlining a detailed budget that includes all sources of income and monthly expenses. Categorise expenses into fixed and variable, prioritising necessities such as housing, utilities, and groceries. A clear understanding of your financial inflows and outflows is the first step towards effective budgeting. Many banking apps will simplify this process for you with a summary of where your money is going, and MoneySmart (moneysmart.gov.au/budgeting/budget-planner) has a great tool that can help you detail your expenses.



Set realistic goals

Define short-term and long-term financial goals. Whether it's saving for a home, an emergency fund, or contributing extra to your superannuation, setting clear objectives provides motivation and direction. Break down larger goals into manageable steps to make progress more achievable, and helps you stay motivated to achieve these goals.

Emergency fund

Establishing an emergency fund is a key aspect of financial planning. Aim to save three to six months' worth of living expenses in a separate account. This fund serves as a financial safety net, protecting you from unforeseen circumstances such as medical emergencies or unexpected job loss.

Maximise superannuation contributions

You could leverage the benefits of compound interest by contributing to your superannuation fund. Take advantage of employer contributions and consider making additional contributions where possible. Starting early allows your money to grow over time. Explore government schemes and benefits that may be available to you, such as the First Home Super Saver Scheme and Government Co-Contribution. Utilising these benefits can significantly boost your savings and aid in achieving your financial goals. To explore types of contributions, and their benefits, visit: <https://bit.ly/3vnCQMp> (education module "Super contributions").

Cut unnecessary expenses

Identify areas where you can trim unnecessary spending. This might include dining out less, cancelling subscription services you don't use, reviewing your utility providers ([compare.energy.vic.gov.au/](https://www.compare.energy.vic.gov.au/)) or finding more cost-effective alternatives for daily expenses. Redirect the saved money towards your superannuation or other financial goals.

Regularly review and adjust

Life circumstances change, and so should your budget. Regularly review your financial plan to ensure it aligns with your current situation and goals. Adjustments may be necessary as your income, expenses, and financial priorities evolve.

Incorporating these budgeting and saving strategies into your financial routine can lay the foundation for a secure future. By being proactive and disciplined in managing your finances, you not only enhance your current lifestyle but also contribute to your superannuation, setting the stage for a comfortable retirement. Remember, the key to financial success lies in consistent and thoughtful planning.

Vision Super is here for you

Planning your financial future doesn't have to be overwhelming. Vision Super's friendly staff are here to help you on every aspect of your super, from the simplest question through to a comprehensive financial plan. To learn more, head to our Advice page or call us on **1300 300 820** Monday to Friday 8:30am to 5pm.



Centrelink Schedules

How we communicate with Centrelink

If you're receiving a payment from Centrelink and drawing from your superannuation via an income stream, Vision Super will send Centrelink information directly to assist them in assessing your entitlements.

What is a Centrelink Schedule?

A Centrelink Schedule is a document that Vision Super creates which is used to inform Centrelink of the various components relating to your superannuation income stream. The purpose of the Centrelink Schedule is to enable Centrelink to assess the income stream for 'income test' and 'asset test' purposes. This assessment then contributes to the calculation of your pension entitlements.

What is included in a Centrelink Schedule?

A Centrelink Schedule gives Centrelink all the necessary information they need about your account, including:

- > The name of your superannuation product
- > The date of purchase (commencement of income stream)
- > The initial investment into the income stream
- > Any lump-sum withdrawals since the income stream was created
- > The current balance.

Centrelink Schedules are easily accessed online

While we can send one to you directly when you contact us, the easiest way to get a Centrelink Schedule is if you log in online. Under "Pension" you can choose the drop down "Centrelink Schedule" and press the button which says "request a new Centrelink schedule". This enables you to export the document directly to your computer where you can print it or email it to Centrelink. It also allows you to see previous documents you have requested.

Centrelink might still ask you to provide a Centrelink Schedule

It is important to note that despite Vision Super sharing the Centrelink schedules, you may still be asked to provide a copy to Centrelink directly. Additionally, if there has been a significant change to your superannuation balance within the financial year, you may choose to manually update Centrelink with a new schedule to ensure your pension entitlements are up to date.

Questions?

If you'd like more information, or you're seeking your Centrelink Schedule, call us on **1300 300 820** Monday to Friday between 8:30am and 5pm and we can set you up with online access, or send the Schedule directly to you.

5 Defined benefit (DB) questions you've always wanted to ask

This article only applies to those that have a DB account.



Q1

What happens to my DB if I leave my employer, reduce hours or change jobs?

Once you leave your employer, and if you are not re-employed by a DB employer (Authority) within two months of your departure, your membership of the defined benefit plan will cease and you will be eligible for a benefit.

Your employer will advise Vision Super of your departure, including:

- > Confirming your final membership details
- > Advising the type of employment termination, for example, retirement, retrenchment, resignation.

This might occur either before or after your actual departure date. When all the correct information is received by Vision Super, we will calculate your benefit entitlements, write to you explaining the next steps and invite you to a meeting or phone call with one of our Member Services team.

You do not contribute to the defined benefit plan once you reach age 65, and years of membership after age 65 do not count for benefit calculation purposes. If you continue to work after you turn 65, your employer will make contributions on your behalf to an accumulation plan (Vision Super's Super Saver), and you may choose to contribute to this account yourself.

If you reduce hours your DB will still grow, but at a slower rate.

Q2

How are my entitlements calculated?

The formula used to calculate your benefit follows the general formula:

Adjusted Final Salary x **Accrual rates** x **Years of membership**

The components in the formula may vary, depending on:

- > The reason for leaving your employment with an Authority
- > The period to which your years of membership relates to
- > Whether you have ever worked part-time, or taken leave without pay

- > Your age when you leave your employment with an Authority.

Your entitlement may be reduced if you have an offset account, such as a family law offset account.

Q3

How do I nominate a beneficiary?

As a DB member, your balance will be paid to your estate if you die.

Q4

Does my DB include insurance?

While you're an active member of the defined benefit plan you are covered for death and disability benefits 24 hours a day. You should be aware that you are no longer covered if you have left employment with an Authority, but you can apply for cover in one of our Vision Super accumulation plans. If you'd like to do this, you may choose to speak to us first so we can understand your situation.

Q5

Am I eligible for a lifetime pension?

If you joined the Vision Super defined benefit plan on or before 25 May 1988, you can convert up to 50% of your DB retirement benefit into a lifetime pension once you are eligible to take your benefit after age 55.

Unlike an account-based income stream/pension, you can't run out of a lifetime pension or use up all the money – a Vision Super DB lifetime pension will be paid to you as a regular income stream/pension every fortnight for the rest of your life.

Your lifetime pension is CPI indexed twice yearly (June/December), subject to a 6-month qualifying period.

In the event of death, two-thirds of the gross pension reverts to a qualifying spouse.

Need to talk one-on-one?

Call the Member Services team on **1300 300 820** Monday to Friday 8:30am to 5pm to set up a time.



Your quarterly newsletter

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

Nominations are now open for the 2024 Local Heroes awards

Scan the QR code to learn more and nominate, or visit: visionsuper.com.au/local-heroes/



Embarking on your superannuation journey can be confronting, so we've added some handy tools to help you understand the essentials

To find out more, scan the QR code or visit: visionsuper.com.au/education/



Could you be eligible for a retirement bonus?

Scan the QR code to learn more or visit: visionsuper.com.au/retire/bonus/



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