

FINANCIAL PLANNING

NEWS



FuturePlus Financial Services

January 2008

Transitioning to retirement and salary sacrifice



If you are over 55 and especially if you are older than 60, you should read the following article. Two recent changes to super can provide you with far more flexibility in boosting your superannuation savings and easing into retirement. Even if this doesn't affect you directly, it could be of benefit to your partner or spouse.

Transitioning to retirement

The first change came in from 1 July 2005 when the Government started allowing Australians who have reached their preservation age* to draw on their super without having to retire permanently from the workforce.

Under these rules, if you are still working, you can use your super to buy a special Transition to Retirement (TTR) income stream, called a non-commutable income stream or account-based pension. It lets you receive a regular income from your super benefits, but your super generally can't be withdrawn as a lump sum while you are still working.

With this new measure, you can roll some, or all, of your eligible super over into a retirement income stream. You can then reduce the hours you work and make up for this by drawing down some of this income stream.

Because you are still working, your employer will still be paying the 9% Superannuation Guarantee on your superable salary into your super, allowing you to continue to add to your savings, even though you are drawing down some of your retirement income stream.

An even further advantage came from the Government's Better Super reforms which removed the tax on super benefits for anyone over 60.

Salary sacrificing

Combining both these changes can benefit those who have reached preservation age*, even if you don't want to work less hours. Buying a TTR income stream and salary sacrificing some or all of your earnings can attract great tax benefits and help you boost your retirement savings, especially if you are over 60.

Combining a TTR pension with a salary sacrificing strategy into superannuation may increase your overall tax savings because:

- Salary sacrifice contributions into super are taxed at 15%. So for every dollar salary sacrificed into super, 85c will be invested. Whereas if you elected to invest this money in cash, for example, you would pay tax at your marginal tax rate (up to 46.5%) before the money was available to be invested. This represents an after tax saving of up to 31.5%.
- Super pensions pay no income tax (interest or dividends) or capital gains tax on investment earnings.
- If you're between the ages of 55 and 59, pension income paid out will attract a 15% tax rebate.
- For taxpayers aged 60 years plus, pensions paid out are completely tax-free.

If you are interested in using this strategy, our financial planners have developed a special calculator which will tell you within minutes whether it will work for you.

If you'd like to find out more, you are welcome to speak to one of our qualified financial planners at no additional cost to you. Just call **1300 883 788**.

*Your preservation age is the age you are allowed to access your super benefits when you stop working and depends on your date of birth (it is 55 for those born before 1/7/60).

Protect your non-dependant heirs

Super has never been a more attractive investment. The *Better Super* reforms have created a tax advantaged environment for those retiring after the age of 60. One area that hasn't changed, however, is the taxation of lump sum death benefits paid to your non-dependant heirs on your passing.

Non-dependants include children older than 18 years of age, heirs that were not your spouse or defacto spouse, or who do not receive financial and domestic support or personal care from you. These non-dependants may have to pay tax on any lump sum superannuation death benefits they receive from you of 15% (and sometimes more). That's if you don't take any action!

There are a number of strategies that you can put in place when you turn 60 to ease their future tax burdens and our team of financial planners are on hand to advise you about them. As a member of the Scheme, this advice is available at no additional cost to you. Just call **1300 883 788**.

You may qualify for the Age Pension

Many people who were previously ineligible for an Age Pension payment because of the value of their assets may now be eligible for a pension.

From 20 September 2007, the pension taper rate was halved from \$3.00 to \$1.50 for every \$1,000 of assets above the assets test free areas. This means the maximum amount of assets you can have and still get a pension has increased.

If you were on a reduced rate pension because of the value of your assets, you will get an automatic payment increase.

But remember that the assets test treatment of income streams purchased before 20 September 2007 has not changed. Further, the income test for pension payments also hasn't changed and to qualify for a pension, your income will need to meet the current income test.

Not sure what the changes mean for you and need some help? Centrelink's Financial Information Service is holding free seminars on the pension assets test changes. If you would like to attend a seminar, please call **136 357**.

Rollover and account-based pension plan changes

The Fund has made certain changes to the way we will accept requests from you for a lump sum withdrawal or to make a change to your investment strategy.

These changes were made to improve the integrity of our processing as well as improve service delivery to our members. The changes will reduce potential for errors, guard against fraud and meet our obligations under the Australian Government's Anti-Money Laundering & Counter-Terrorism Act which came into effect in December 2007.

The first change is that fax or email requests for a lump sum withdrawal or a change to your investment strategy will no longer be accepted by the Scheme. In line with this, our fax line on 02 9333 3044 has been disconnected.

When requesting a lump sum withdrawal, you will need to complete an original "Application for Payment" form. You will also have to provide us with documents to prove your identity. Generally, a certified and dated copy of your current passport and current driver's licence will be sufficient to verify your full name, your date of birth and/or your residential address. A copy may be certified by a Justice of the Peace, solicitor, certain financial planners and certain employees of Australia Post, among others. Full details are available on the website under "What is Required for Proof of Identity and Date of Birth".

When altering your investment strategy, you will need to complete a "Changing Investment Strategy" form.

You may access the forms via the website or contact our Member Services team on **1300 369 901** to have the forms sent to you.

Ways to lift your spirits

The festive season may be over, but here are some basic ways to lift your spirits over the rest of the year.

Get rid of your clutter

Get rid of those things you never use and don't like. Clutter weighs you down, collects dust and makes you feel disorganised. Be ruthless and systematic. Give it away to friends, family or charity, or sell it. You'll feel much lighter afterwards.

Make contact

Is there someone you haven't spoken to for ages who you have been thinking about? Have you neglected an old friend or family member? Reach out and contact them now.

Help someone else

Instead of focusing on your own woes, focus on someone else with bigger problems. You will do a good deed and it may put your own problems into perspective.

Laugh more

Don't take yourself too seriously and find ways to laugh more. Charlie Chaplin once said: "A day without laughter is a day wasted." Better yet, research is increasingly uncovering health benefits linked to laughter.

Do that unpleasant task

Is there something that you've been dreading or putting off? Do it now and get it out of the way. You'll feel better once it isn't weighing on your mind any more.

Change your diet

We are what we eat, so eat your way to happiness. A healthy diet helps foster a healthy body and mind. The experts suggest, for example, that fish, carbohydrates, bananas, berries, egg yolks, garlic, nuts, seeds, oranges, broccoli, asparagus and dark chocolate may lift your spirits. Avoid foods which bring you down such as lollies, refined starches, fatty meats and fatty snack foods.

Get fitter

Exercise is a great stress buster and will help you sleep better. Get out walking, join a yoga or water aerobics class or join a bowls club. Start off slowly and build up your routine as you gain strength – you won't regret it!

Get out of your comfort zone

Do something that you've always wanted to do. Start that hobby, join that club, plan that trip, climb that mountain...

Be kind to yourself

Don't be too hard on yourself. You are only human like the rest of us. Learn to forgive yourself and try accepting yourself the way you are. And, treat yourself to something special every now and then. You deserve it!



Time to put the kettle on

After water, tea is the world's second most popular beverage and just like water, it's very good for you.

Researchers can't quite agree on all aspects, but tea has been found to protect you from heart disease, strokes, and more. While not all teas are the same, they contain polyphenols which have antioxidant properties which help to protect cells from damage and fight against some forms of cancer.

Tea is also full of other valuable ingredients such as flavonoids, calcium, zinc, folic acid and Vitamin B.

Recent research by the University of Newcastle also found that drinking tea can help improve memory and perhaps even slow the development of Alzheimer's disease. Other studies have found that tea can lower blood pressure and cholesterol and reduce the risk of hypertension.

So go put the kettle on. But remember before you do, most herbal teas on the market are not tea at all. They are only infusions made with herbs, flowers, roots, spices or other parts of some plants. They may not contain as many polyphenols as tea does, but they may have health benefits such as offering relaxation and calming effects.



Keep mortgage payments in check



Interest rates are on the up and up, but that doesn't necessarily mean that you or your families have to keep forking out more on mortgage payments.

One way to keep these payments in check is to secure one of the more competitive home loans around – one which comes at a low mortgage rate and without unnecessary fees and charges.

Chifley Home Loans was created especially to help our super members and their family members own their homes sooner by offering them lower interest rates.

It funds its loans from an Authorised Deposit Taking Institution which, along with banks, is subject to regulatory standards under the Banking Act 1959 and overseen by the Australian Prudential Regulation Authority (APRA). Other non-bank lenders may not be subject to such prudential standards.

Chifley is also part of a member-based organisation that includes the Local Government and Energy Industries Superannuation Schemes, with our services designed to benefit members, not shareholders.

Both you and your family are able to benefit from Chifley's low interest rate home loan products which don't have application or monthly account keeping fees. We have experienced and helpful staff who can advise you on any aspect of home loan lending - without obligation.

Chifley's Super Mortgage Loans and Super Investment Loans have been rated "superior value" and awarded 5 stars by CANNEX, the independent financial services monitoring agency. A CANNEX 5 star rating places Chifley within the top 5% of home loan products, which is a pretty super endorsement when you consider there are over 2,000 products in the mortgage category.

So if you're interested in a loan for a new home, an investment or if you simply want to re-finance your existing loan, why waste your money on higher rates or unnecessary fees? Talk to Chifley instead. Call us on **1800 800 002** or check out our website at www.chifley.com to find out about our 5 star, fee-free*, low-rate loans.

* Conditions apply. Legal and government and other fees may apply. Fees, charges and all loan details will be disclosed in the loan contract. Some charges such as valuation fees and costs charged by the lender's solicitors are payable. These charges may be non-refundable should they be incurred and the loan is not proceeded with. An early repayment fee may be payable. Chifley Financial Services Limited (ABN 75 053 704 706, AFSL: 231148), trading as Chifley Home Loans, provides services through an agreement with Select Credit Union Limited (ABN: 20 058 538 140, AFSL: 238257). Chifley Financial Services Limited does not guarantee the obligations of Select Credit Union Ltd.

Chifley Financial Services Limited is co-owned by the Local Government Superannuation Scheme, the Energy Industries Superannuation Scheme and Unions NSW.

The latest from Fair Go

The Fair Go member benefits program provides you with a wide range of savings, from essential items like health cover and pharmaceuticals to holidays, travel insurance, car hire and family outings. And we are also constantly looking to introduce new and improved offers to the program. Here is a summarised list of offers available now:

- Sydney Wildlife World, where you can save 15% on admission.
- Sydney Tower and Oztrek, where you can save 10% on admission.
- Petals Flower Delivery, an online florist where you qualify for a 15% discount on the flower value of your order.
- A state-of-the-art alarm system package worth \$499.90 for only \$99.00 (incl. GST) when you sign up for a back-to-base monitoring service.
- Save up to 30% off Travel Insurance with AIG Australia.
- Discounts on computer equipment.
- Special accommodation offers at ECO Point Resorts.
- 3 courses for the price of 2 at 360 Bar and Dining.

For more information, visit the Fair Go website at www.fairgo.com.au or call Member Services on **1300 369 901**.

SPECIAL FAIR GO OFFERS



Think Thrifty this holiday season!

Fair Go members currently receive special rates on Australia's most diverse range of cars, trucks, buses, 4WD's & luxury vehicles from over 260 Thrifty locations nationwide.

Members also receive a substantially reduced Compulsory Premium Protection (PP) of just \$9.90 per day (on Cars) and \$16.50 per day (on Trucks). This is a saving of up to 50% on PP! Please note this PP offer is only applicable when booking on your Fair Go rates.

These great rates and conditions are available to you all year round, so remember to think Thrifty this holiday season. Book now to ensure you secure your vehicle on **1300 367 227** and quote your Corporate Discount (CD) Number: FAIRGO or visit the car section at www.fairgo.com.au to book online.



And the winner is....

Glenn Morley of Granville, NSW, is the first quarterly winner of our Eco-Point questionnaire mail out sent to all members who attended our retirement seminars between July and September last year. He wins an Eco-Point weekend getaway. **Congratulations Glenn!**

Sensational Experiences



RedBalloon Days is Australia's leading online gift retailer for experiences. They carry the largest range of experiential gifts to thrill, excite and indulge friends, family and colleagues.

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If you are looking for a new vehicle why not take the time to speak to one of our Automotive Buying Service consultants. They will provide you with the best advice, best price with fleet type discounts on most new cars and assist with your trade-in if required.

Contact Member Services on **1300 369 901** or visit www.fairgo.com.au to have an Automotive Buying Service consultant contact you to discuss your motor vehicle requirements in more detail.

What's on in NSW?

2008 Chinese New Year Festival

When: 1 – 24 February 2008
Where: Chinatown, Belmore Park, Darling Harbour, Sydney
What: Celebrate the Year of the Rat, Lunar New Year and all things Chinese. Over 40 events covering culture, sports, food, performing and visual arts and history.
Find out more: www.sydneychinesenewyear.com.au or call 02 9265 9333

Tumbafest

When: 23 – 24 February 2008
Where: Tumbaramba
What: A weekend of music, wine and great entertainment.
Find out more: www.tumbafest.com.au

Jazz in the Tops 2008 Festival

When: 7 - 9 March 2008
Where: Coolah and Coolah Tops National Park
What: Features live bands and jazz in various locations.
Find out more: www.jazzinthetops.com.au

Blue Mountains Music Festival

When: 13 – 16 March 2008
Where: Katoomba
What: Over 100 international and local performers, children's entertainment, workshops, buskers and market stalls, all just 800 metres from the iconic Three Sisters.
Find out more: www.bmff.org.au

Opera in the Paddock 2008

When: 15 March 2008
Where: Delungra
What: A selection of music from opera, operetta and musical, presented by top artists.
Find out more: www.operainthepaddock.com.au

Kurri Kurri Nostalgia Festival

When: 28 - 30 March 2008
Where: Kurri Kurri
What: Over 300 classic American cars, low rider bikes, market stalls, live bands, free dance lessons.
Find out more: www.kurrikurri nostalgiefestival.com.au

Heritage Festival 2008 - 'Our Place'

When: 5 - 20 April 2008
What: The National Trust organises over 400 community-hosted events held across metropolitan and regional NSW.
Find out more: www.nsw.nationaltrust.org.au

NSW Seniors Week

When: 6-13 April 2008
What: Over 700 events across metropolitan, regional and rural NSW.
Find out more: www.nswseniorsweek.com.au

2008 Camden Haven Music Festival

When: 25 April – 4 May
Where: Laurieton
What: Classical music, cabaret, singing, band music and dance, ending with a Food and Wine Festival.
Find out more: www.camdenhavenmusicfestival.org.au

Seminars

It's a fact that we are now living longer, which means that your retirement period could last up to 30 years or even longer. This makes careful planning for your retirement even more vital as you will need to make sure your savings last the distance. If you haven't retired yet, or your partner is planning to do so, why not attend a free pre-retirement planning seminar brought to you by your Scheme? Also, if you have family or friends that you think may benefit, please feel free to invite them along too.

The following lists the pre-retirement seminars that are coming up in the next few months:

18th	February	Mudgee
19th	February	Newcastle
27th	February	Eastern Suburbs/Sydney Metro
4th	March	Blacktown
7th	March	Bathurst
12th	March	Forster
12th	March	Hornsby

To attend one of our free financial seminars near you, call **1300 369 901**. Alternatively you can book a seat via email by writing to info@futureplus.com.au

It couldn't be simpler.

Regional office details are:

Lismore

81- 83 Molesworth St

Newcastle

161 King St

Orange

187 Summer St

Parramatta

10-14 Smith St

Sydney

28 Margaret St

Wagga Wagga

2/209 Baylis St

Wollongong

Shop 2 & 3, 60 Burelli St

Albury*

621 Dean St

*Bookings are essential. Phone 1300 883 788 to make an appointment.

How have investment markets performed?

The big story in 2007 was the subprime crisis in the US. It was sparked by poor mortgage lending practices which led to a surge in defaults on US home loans. This, in turn, led to a global credit crunch, where nervous lenders stopped lending and reassessed the risk of borrowers. Credit became tough to obtain and the cost of debt rose.

Share markets around the world surged and fell sharply as investors watched anxiously for signs of just how deep the fallout of subprime went and whether this would thrust the US, the world's largest economy, into recession, denting global economic growth and hampering company profits.

Investor jitters intensified as the year drew to a close, and after a major Australian property group, Centro, announced it had become another victim of the subprime crisis. This led to many asset classes ending the year on a sour note.

Australian shares

In 2007, the Australian share market delivered its lowest annual return in four years after the US subprime crisis sparked fears of a recession in the US and investors became jittery.

The global credit crunch ended the time of cheap money for takeovers and private equity deals, which had bolstered share prices in previous years. Nonetheless, buoyant demand for Australian resources from Asia, especially China and India, helped local shares perform better than those in Europe and the US.

The All Ordinaries index rose 13.8% in 2007 and after making positive gains during the year, the S&P/ASX 300 came off 2.7% in the last quarter.

International shares

In Australian dollar terms, international shares dropped 2% over 2007 and 3.5% in the December quarter. Given the strength of the Australian dollar, those who did not hedge their overseas investments back to Australian dollars would have suffered bigger losses.

China was the world's best performing share market for the year, climbing 96.7% on the back of the country's strong economic growth. This growth also benefited other Asian stock markets which together grew by 36%. Japan, however, was the world's worst-performing major share market, with the Nikkei sagging 11% over 2007.

US stocks made modest advances in 2007 with energy and technology stocks performing and financial shares being sold off in the wake of the subprime crisis. Thanks to its heavy exposure to technology stocks, the Nasdaq composite index jumped 9.8%

in 2007, outperforming the broad S&P 500, which gained 3.5% and the blue-chip Dow Jones industrial average, which rose 6.4%. But for the fourth quarter of 2007, all three major US stock indexes made a loss.

The performance of European markets varied. Germany, for example, was up 22.3%, Britain 4.1% and France 1.5%.

Listed Property Trusts (LPTs)

LPTs, typically viewed as safe-haven investments with stable returns, posted their first annual decline in seven years, a fall of 7% over 2007 and a drop of 13% in the last quarter.

As 2007 drew to a close, investors began to worry that LPTs' aggressive overseas expansion in recent years may not have been without risk. In December, the Centro Properties Group became a victim of the subprime crisis after revealing that it had problems refinancing \$3.9 billion in debt because of the global credit crunch. Its woes also dented sentiment towards some other large Australian LPTs which had investments in Centro.

Cash and fixed interest

The global credit crunch resulting from the subprime crisis left its mark on the bond market too, denting sentiment towards more risky corporate bonds and creating a flight to the quality of safer government bonds.

Australian bonds were up 4% for the year and 0.25% in the December quarter. Global bonds performed better, returning 6% for 2007 and 2.6% for the quarter.

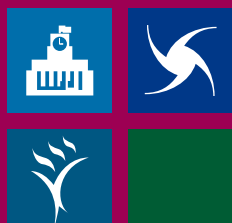
With interest rates on the up, cash was a solid performer, gaining 6.5% in 2007 overall and 1.7% in the last three months of the year. Meanwhile, the Australian dollar finished 2007 at US88.18c after rising from US79c over the year.



Please note that the information contained herein is of a general nature only. It has not been prepared taking into account your particular investment objectives, financial situation and particular needs. You should assess whether any advice is appropriate to your individual investment objectives, financial situation and particular needs before making any investment

decision. You should also consider seeking the assistance of a professional adviser. In particular, you should obtain a Product Disclosure Statement (PDS) for the relevant financial product and consider the PDS before making any decision in relation to the matters set out in this publication.

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