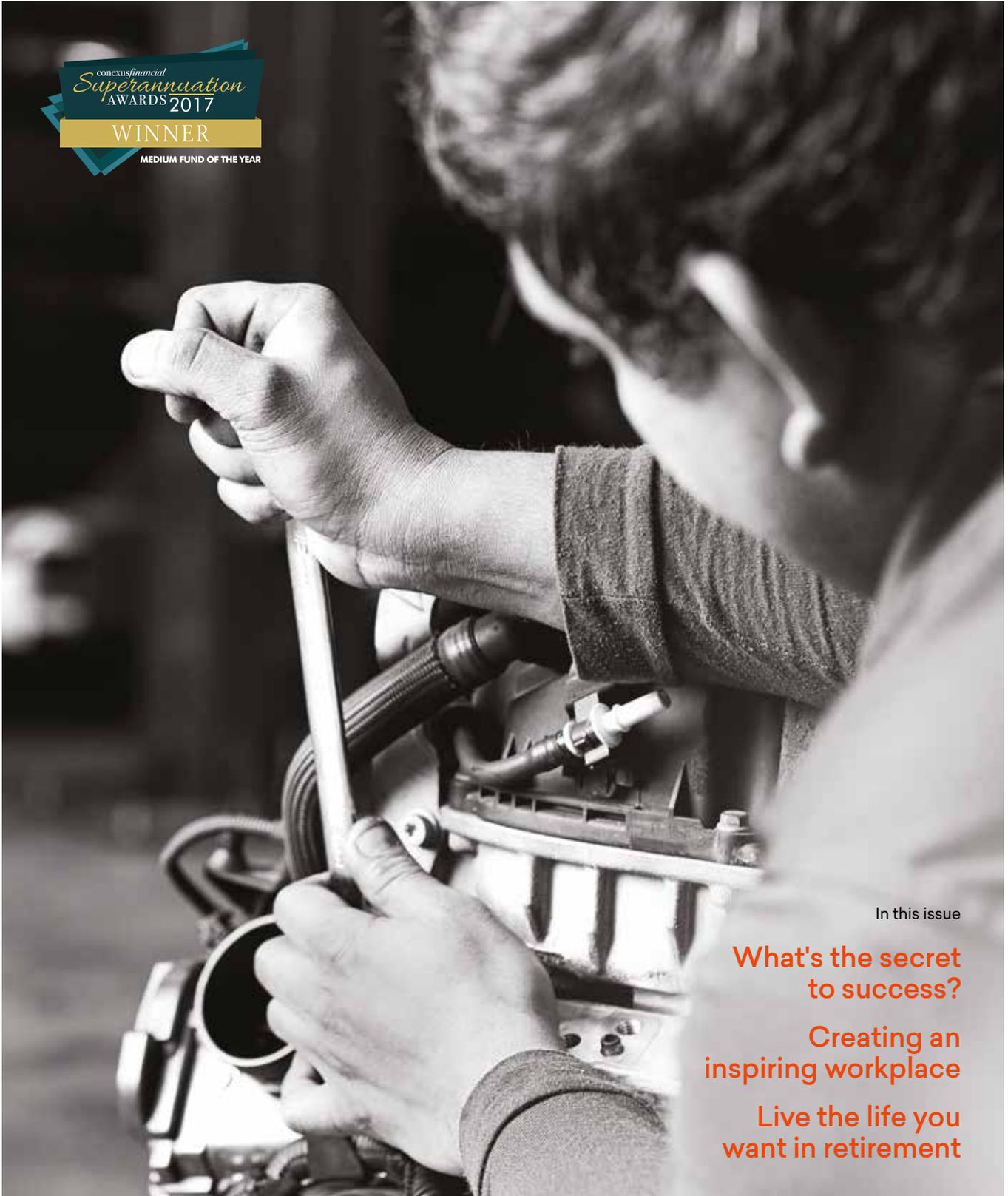


Momentum



conexusfinancial
Superannuation
AWARDS 2017
WINNER
MEDIUM FUND OF THE YEAR

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This document is issued by Motor Trades Association of Australia Superannuation Fund Pty. Limited (ABN 14 008 650 628, AFSL 238 718) of Level 3, 39 Brisbane Avenue Barton ACT 2600, Trustee of the MTAA Superannuation Fund (ABN 74 559 365 913). Motor Trades Association of Australia Superannuation Fund Pty Limited has ownership interests in Industry Super Holdings Pty Ltd and Members Equity Bank Limited.

The information provided is of a general nature and does not take into account your specific needs or personal situation. You should assess your financial position and personal objectives before making any decision based on this information. We also recommend that you seek advice from a licensed financial adviser. The MTAA Super Product Disclosure statement (PDS), an important document containing all the information you need to make a decision about MTAA Super, can be obtained by calling MTAA Super on 1300 362 415. You should consider the PDS in making a decision.



Be inspired to get what you want in life. Dream big, stay healthy, nurture your relationships.

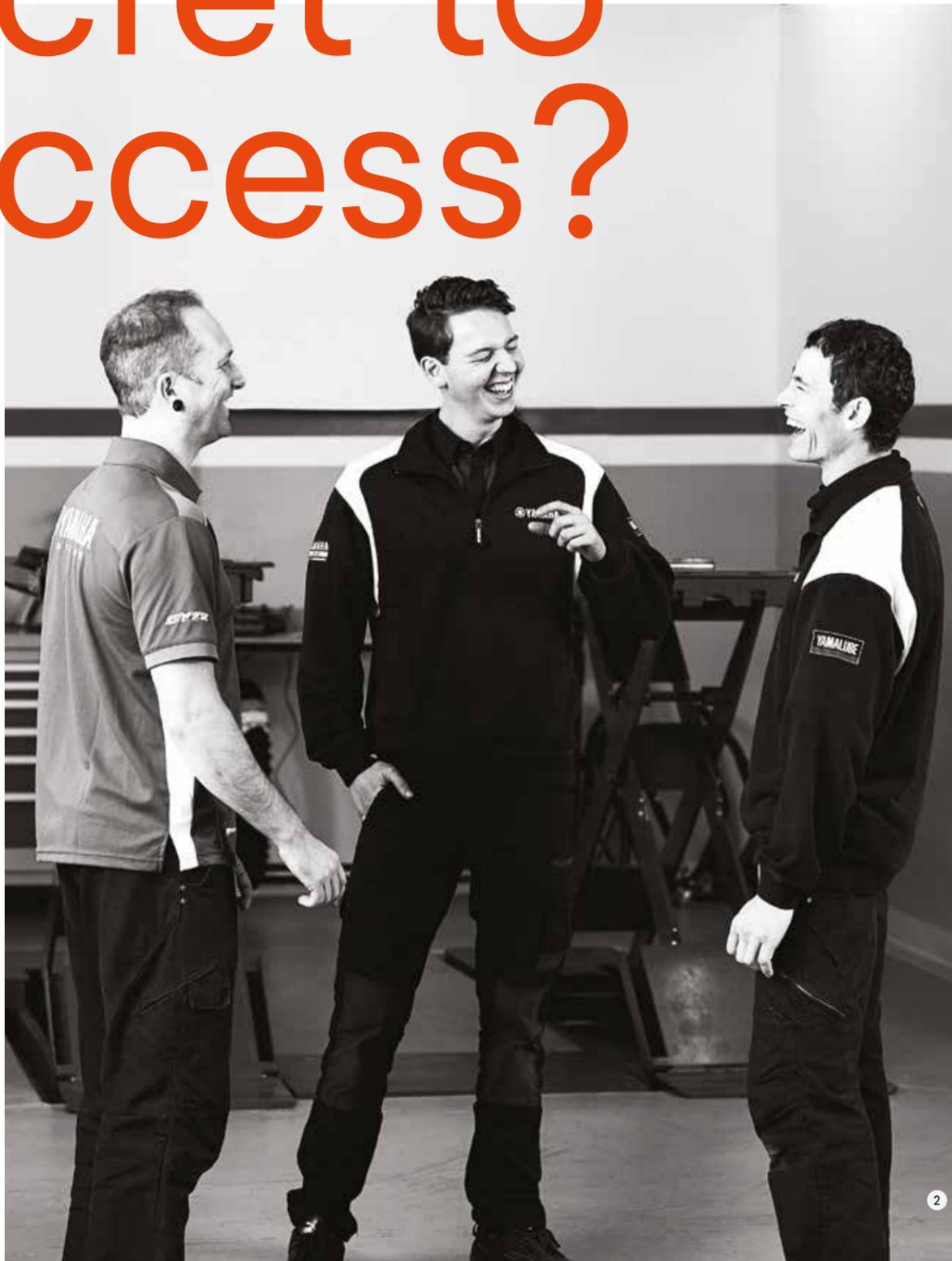
Inspiring you to live the life you want

Welcome to *Momentum*, our new magazine designed to make super more meaningful for you – our members and employers. *Momentum* aims to inspire you with feature stories, insights and tips about making the most of super and money, whatever your stage of life. We're here to travel the road with you, wherever you are on your life's journey.

In this first issue you'll find feature stories on running a successful family business, what makes an inspiring workplace and setting yourself up to live the life you want in retirement.

Enjoy!
Leeanne Turner, CEO

What's the secret to success?



DID YOU KNOW?

As at 31 January 2017 MTAA Super had 50,051 participating employers.



1 Mary-Ann Alvaro
2 Yamaha of Canberra Motorcycles staff

Domenic and Mary-Ann Alvaro own Yamaha of Canberra Motorcycles and Cars of Canberra. We spoke with Mary-Ann to find out what makes their family business so successful.

What inspires you and your husband to run your own business?

Domenic is passionate about the motoring industry. I think motor oil flows through his veins. He's been in the industry for over 40 years and loves the challenge of building a business.

Dom always says you don't go to work because you have to, you go because you want to and if you're having fun, it's not work.

For me, it's the satisfaction of putting in the hard work and seeing it pay off for us as a family. When we started our first business in 1993, it was sink or swim. I was determined we'd succeed and started working alongside Dom when our youngest was at kindergarten, to keep wages down.

We built that business, a Hyundai dealership, up to 53 employees including our children, their partners and our nephew. When we sold the business in 2015, it felt like a real achievement.

Now we've taken on something new, going into a motor bike franchise. Yamaha has been very supportive, and we've got wonderful staff who are very knowledgeable about bikes.

We went into it because Yamaha is a fun, young brand and it's a dynamic industry.

“

It's a challenge, but I believe you can make a change at any age, as long as you've got the right mindset.

”

What advice would you give someone who wanted to join the automotive industry?

I'd ask them if they're passionate about what they want to do. If they are and they're ready to put in the hard work, then I'd say go for it!

We have staff working in all types of jobs — Administration and Sales or as Parts Interpreters and Mechanical Technicians. It's about finding what motivates you.

How important is super to you?

It's extremely important to me and my family. Super is going to be our livelihood when we sell or pass on the business — it will determine our lifestyle. I'd like to have a substantial amount behind me because I'm not going to get anything from the government.

What about super and your employees?

Our people are becoming more aware of super and the need to build savings for when they stop work. If you can afford it, it could pay off in the long term to put in an extra \$10 a week of your own money.

It's not much to spare and you'll get the benefit from it when you're older.

We're an MTAA Super employer. That's our industry fund. All the MTAA Super people I've met have been passionate and knowledgeable. They do a great job for our employees.

Want to find out how MTAA Super can work with your business?

We help businesses big and small to meet their super obligations and provide default super for their employees.

To find out about the range of benefits and services we offer employers, go to mtaasuper.com.au/employer-benefits or give us a call on 1300 362 415.

Creating an inspiring workplace:

What matters to your employees?

In its 2016 Employee Benefit Trends Study (EBTS), MTAA Super's insurer MetLife explored the attitudes of Australian company managers and full-time employees towards employee benefits and issues.

The study found that managers and employees have different priorities when it comes to workplace health and wellness. Employers don't place as much importance on health issues such as depression, stress and anxiety, even though these are key concerns for employees.

When asked what the greatest health fears for their employees were, employers ranked medical problems over emotional health and lifestyle issues. However, the study showed 84% of workers worry about their emotional wellbeing, compared with 70% who are concerned with medical issues.

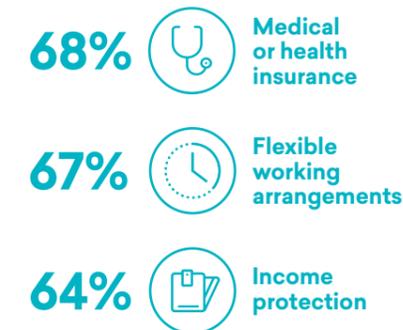
Top 3 health concerns for employees*

1. Work/life balance
2. Depression/anxiety
3. Stress

Getting the right benefits

While employers recognise the benefits of offering wellness programs to staff, the most widely offered health and wellness programs, such as flu shots and employee assistance programs, didn't resonate with employees.

According to the study, the benefits that most interest employees include medical or health insurance, flexible working arrangements and income protection insurance. In fact, a high proportion of workers said they would be willing to split the costs with their employer to get access to these benefits:



What can you do to create a more inspiring workplace?

To achieve the best employer-employee outcomes, it is important for employers to align their benefits with the interests of their employees and identify ways to create a more inclusive workplace.

With working hours growing longer and associated stress and anxiety on the rise, it's important for employers to acknowledge employees' mental health concerns and address these head on.

Here are some actions you can take:

- ✓ **Ask your employees what benefits are important to them**
Check out MTAA Super's range of benefits for members, including income protection cover at mtaasuper.com.au
- ✓ **Monitor workplace stress**
Make sure workloads aren't unmanageable and your employees feel supported.
- ✓ **Offer support in the workplace**
Provide an Employee Assistance Program, such as counselling services, through a reputable provider.
- ✓ **Consider flexible working arrangements**
It could work well for you and your employees.

By creating a more inspiring workplace, you can help boost staff satisfaction, reduce staff turnover and increase overall productivity.

MetLife Australia, 2016 Employee Benefits Trend Study – Australia, Available from metlife.com.au/campaigns/ebts
* Identified in EBTS study

Member benefits

① nib

Health insurance

MTAA Super members get discounted rates on health insurance from nib.

You can save 8% off premiums plus waive the usual 2 and 6 month waiting periods when you choose combined Hospital and Extras cover.

To find out more

Visit mtaasuper.corp.nib.com.au or call nib on **1800 131 463**.

② ME

Home loan

Buying or refinancing a home?

ME is a bank owned by 29 industry super funds, including MTAA Super – built to help Australians get ahead.

If you're buying or refinancing, MTAA Super members could get a 0.10% pa discount on a variable rate flexible home loan with a Member Package.*

To find out more

Visit mebank.com.au/benefitsmtaasuper

Credit criteria, terms, conditions, fees and charges apply. *A Member Package annual fee of \$395 applies. Australian Credit Licence 229500

③ MetLife

Insurance

Do you have enough insurance cover?

To work out how much insurance cover you need to protect yourself and your family, try MetLife's quick and easy insurance calculator. It only takes a few minutes.

To get started

Visit mtaasuper.com.au/insurance-options

You'll get an instant estimate of how much cover you need.



Help your kids into their first home

With rapidly rising house prices in Australia, many first home buyers are looking to their families for help.

ME research shows that 20% of Australian families have provided financial assistance to help family members purchase their first home.*

Here are some things to consider if you're looking to give your kids a helping hand.

Charging interest on family loans

While the 'Bank of Mum and Dad' is not especially new, ME found 24% of parents are charging their adult kids interest – often as a means of imparting a life lesson about the value of money.

You may also want to consider having formal loan documents drawn up, so there are no misunderstandings down the track about repayments.

Acting as guarantor

Around 5% of first home buyers have parents acting as their guarantors. However, this brings with it noteworthy risks, particularly for older parents.

If the borrower defaults, the guarantor can be called on to pay off the entire loan – something that can leave parents financially worse off, while also causing considerable family friction.

Agreeing to be a co-buyer

ME found 14% of first home buyers purchased jointly with a family member – an option that can provide an opportunity for older parents to build equity in their child's home. Importantly, boomer parents acting as co-buyers need to have an exit strategy so they're not left working for longer just to help pay off their child's home.



Encouraging co-buying between friends and siblings

By pooling resources, buyers can often afford a better quality property or a more desirable location. Running costs like rates and insurance can also be shared. In fact, ME research shows the increasing popularity of the teaming up of siblings (12%) or friends (4%) to buy a home.

But it is worth first home buyers having a co-ownership agreement in place that addresses every possibility – including what happens if one owner wants to sell up further down the track.

Get advice

Before you make any decisions about helping your kids purchase their first home, it pays to get advice from a qualified financial planner. MTAA Super members can access financial advice through Industry Fund Services (IFS).† To find out more go to mtaasuper.com.au/advice or call **1300 362 415** to make an appointment.

DID YOU KNOW?

The average loan amount for a first-home buyer has increased by 50% in the 10 years to 2016.†

Members Equity Bank Limited ABN 56 070 887 679 Australian Credit Licence 229500. *goo.gl/eufp0l † IFS Financial Planners are representatives of Industry Fund Services Pty Ltd (AFSL 232 514), which is responsible for the financial services provided by its representatives. † First Home Buyers Association analysis of ABS housing finance data from April 2006 to April 2016.

Set yourself up to live the life you want in retirement

DID YOU KNOW?

23% of Australians aged 45 and older plan to keep working until at least age 70.‡

Many of us think about retirement as a time when we get to live the life we want, free from the responsibilities of earning a living and raising a family. That's the ideal, but it doesn't always work out that way.

Relationships

Usually work involves dealing with people. Your boss, co-workers, customers, clients, suppliers. It's those interactions – the social side – that retirees report missing the most. Men in particular often don't realise how much they get from their work friendships until after retirement.

So think ahead – what are the significant relationships in your life that will help you feel less isolated in retirement?

If you have a partner, have you discussed life in retirement, how you want to spend your time and where you want to live? What about relationships with family members, friends, social clubs or volunteer groups?

It's a good idea to start building your social networks and investing in key relationships now, ahead of retirement.

Health

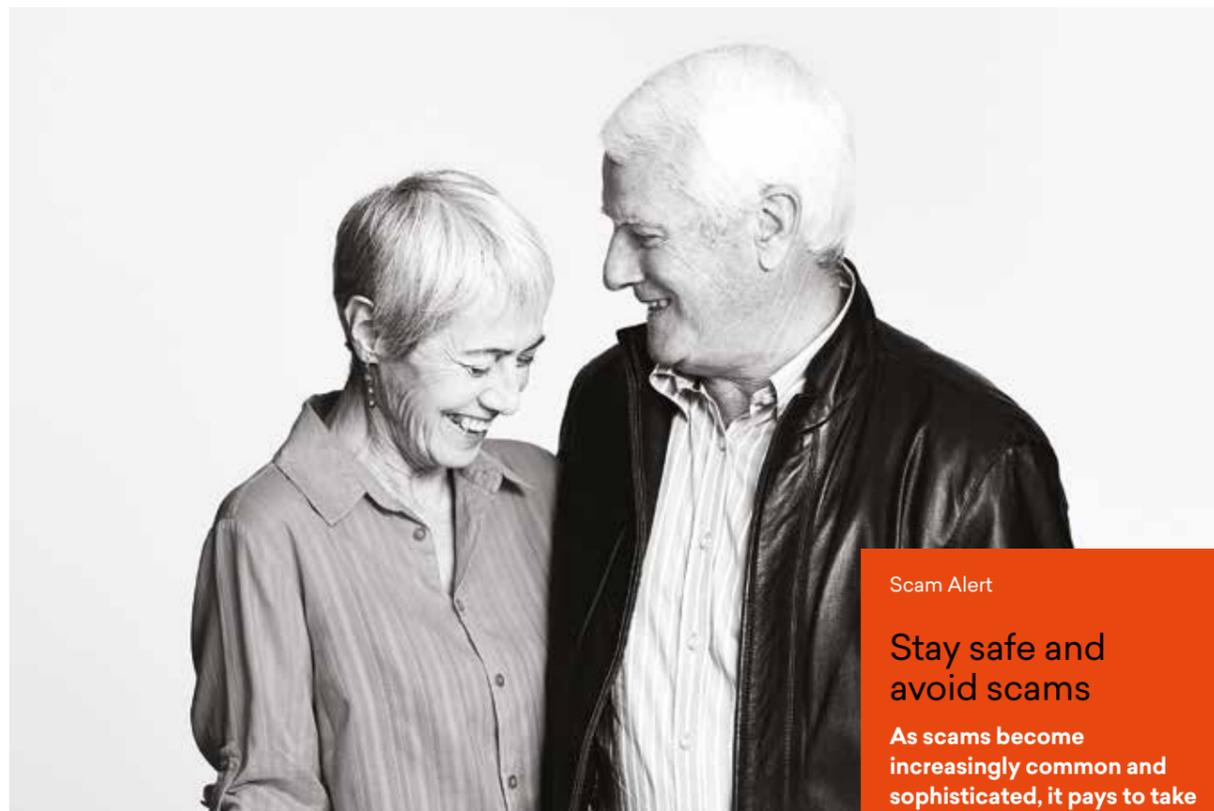
As the saying goes, without your health, you have nothing. The state of your health will play a big factor in whether you're physically able and have the energy to do the things you want to in retirement.

Now's the time to get the basics right – do you eat a balanced diet, get enough sleep and exercise for at least thirty minutes a day?

Your GP is an obvious place to start if you need help. You might be surprised by the resources available if you ask. Some states offer free health coaching if you're considered a risk for diabetes, heart disease or stroke.

Almost one third of retirees find the transition to retirement stressful or show a decline in wellbeing after retirement.*

‡ ABS, Retirement and Retirement Intentions, Australia, July 2014 to June 2015.
* nationalseniors.com.au



Scam Alert

Stay safe and avoid scams

As scams become increasingly common and sophisticated, it pays to take steps to keep yourself safe.

Over the phone

✔ Be wary of people who call asking for personal details such as bank or credit card details. Most organisations, including MTAA Super, will never call you and ask you for information.

✔ If in doubt, get the person's details and let them know you will call them back through the company's main telephone number.

Online

✔ Use a reputable anti-virus software.

✔ Be suspicious of emails that ask you to click through and enter personal information.

✔ Back up your data.

✔ Set strong passwords and use different passwords for different accounts.

Finances

As an MTAA Super member you can stay with us through your working life and into retirement. An MTAA Super Pension is a great way to supplement your income while you are transitioning into retirement or to give you an income stream when you're retired.

Getting the right financial advice is an important step. If you're planning for retirement, we can help you. Visit mtaasuper.com.au/advice or call **1300 362 415** for more information.

Source: nationalseniors.com.au

Wellbeing

Your emotional and mental wellbeing is linked to how you feel about yourself and your life. If you're experiencing stress, anxiety or depression, you don't have to suffer through it. Some people find self-guided or group activities like meditation, yoga and relaxation exercises make a real difference. Talking things over with a close friend or loved one, increasing physical exercise and getting more sleep can also bring about big changes.

There are many resources out there to draw on – talk to your GP about coping strategies and treatments. For personal crisis support, call Lifeline on **13 11 14** or visit lifeline.org.au

Depending on your GP's assessment, you may qualify for a GP Mental Health Treatment Plan. That means you can access therapy services from a clinical psychologist, social worker or occupational therapist at low or no cost.

Your questions answered

Emily from Melbourne asks:

 **Q. How do I decide which option I should have my super invested in?**

 **A. There's no 'one size fits all' approach to investing your super. But there are a few things to think about that can help you work out what's right for you.**

Firstly, consider your approach to risk. Higher risk investment options tend to offer higher returns over the long term, while lower risk options offer lower returns. So, ask yourself what do you feel more comfortable with – having higher returns and greater risk, or having lower returns and less risk of negative returns?

Secondly, work out your investment timeframe. For most people, super is a long-term investment that might be invested for 10, 20 or even 30+ years. A general rule of thumb is that the longer you have to invest, the more risk you can assume. This is because market fluctuations will even out over long periods of time.

Even if you're a cautious investor, it's important not to play it too safe. If you have a long investment horizon and your money is earning less than the inflation rate, you will be losing money over time. Ideally, you want your investments to earn more than the inflation rate so you can maintain the purchasing power of your money in retirement.

MTAA Super's investment options

You can invest in one or a mix of our eight MTAA Super investment options. Each has its own investment strategy and risk and return profile.

You can read more about our investment options, including their risk and return profiles and performance, at mtaasuper.com.au/investment-options

Need help?

We can help you decide which option or combination of options will be best for your super. To speak with someone from our Financial Education and Advice Team, call **1300 362 415** or send an email to contact@mtaasuper.com.au and we'll get in touch.

Your questions answered

Send your question to digital@mtaasuper.com.au

Your question may be featured in the next issue of *Momentum*.

Investing with a conscience

Environmental, Social and Governance (ESG) risk management has become critical to mainstream investment practice.

When it comes to investing, there are a number of risks. Many of these risks are financial, however some are not.

For example, a company with poor labour standards may have lower costs initially, however as societal standards and regulations change, the company may find itself in decline. Social media may draw attention to such issues which can affect the company's reputation, sales and value. Viewing companies through a long term lens and against certain standards, helps identify issues and complications which can and do effect their long term performance.

Members often focus on fees and returns when it comes to their super, and there's nothing wrong with that. But as long-term guardians of your money, we have a responsibility to weigh up a range of risks for you.

Sometimes a focus on longer term issues can come at the expense of shorter term performance, however by identifying these issues now and making changes to the portfolio, longer term issues can be avoided.

Much work has been done to show that following an ESG investment approach can provide positive longer term returns.

“

Climate change and other environmental, social and governance risks are now widely recognised and it is important to ensure these risks are managed along with all other risks that can have a financial impact on the portfolio.

”

These risks include assets that may harm the earth (e.g. polluters), negatively impact society (e.g. violators of human rights) or be unethical or immoral (e.g. prostitution).

To help protect your savings, MTAA Super follows an investment philosophy that includes the consideration of ESG factors.

ESG is much more than being 'green'. Just as the approach resulted in us divesting your savings from tobacco, it also guides us as to how we discharge our shareholder voting rights at company meetings.

Also, many of our managers for listed assets, as well as our Asset Consultant, are signatories to the United Nations' Principles for Responsible Investment and we look for the strongest possible governance within unlisted assets.

As a foundation member of the Australian Council of Superannuation Investors, which has various ESG policies, we're helping to influence how companies operate. The aim is to support and foster businesses with the highest probability of providing strong long term returns.

Management of ESG risks is all about finding a balance to promote and encourage sustainability throughout the investment portfolio, which supports the long term growth of your super.

Market Snapshot

Quarter 4: 2016 highlights

Global markets experienced uncertainty and volatility in the quarter to 31 December 2016. However the finalisation of the US election, despite Donald Trump winning, saw some of the uncertainty dissipate. Donald Trump's winning speech also provided a number of initiatives which were viewed as positive by markets, which saw an uplift into the end of the year. Despite this, Europe and the US performed solidly with the Australian share market supported by the improvement in resource prices and a rebound in the banks.

Fixed income markets came under pressure, with the expectation that highly stimulative interest rates would no longer be required as growth improved. This saw most fixed income markets underperform.

Returns across the main asset classes were positive over the last twelve months:

- **Cash:** +1.83%
- **Fixed Interest:** +3.04%
- **Australian Shares:** +10.31%
- **International Shares:** +6.84%

The returns are in line with an expected emerging trend of lower medium term growth for super savers generally. However, super is a long-term investment, and the existing return targets of MTAA Super's investment options remain unchanged.



Super changes explained

From 1 July this year, there are changes to super that may affect you.

Let's take a look at some of these changes and what they might mean for you.

Note: These changes will apply for the 2017/18 financial year, and not for the current year.

Lower before-tax contributions caps

Before-tax (concessional) contributions include the 9.5% your employer contributes to your super each year. There are limits to the amount of pre-tax contributions you can make to super each financial year.

Current rule

You can contribute up to \$30,000 per year if you're under age 49 and up to \$35,000 per year if you're age 49 or over.

Rule from 1 July 2017

Everyone will have the same limit of \$25,000 per year.

? If you are adding extra to your super, you will need to check your contributions and make sure you're not going over the new annual cap.

Lower after-tax contributions caps

After-tax (non-concessional) contributions are extra amounts you pay into super from after-tax money. There is a limit to how much you can contribute in each financial year or over three years.

Current rule

You can contribute up to \$180,000 per year or \$540,000 over three years (if you're under age 65*).

Rule from 1 July 2017

You can contribute up to \$100,000 per year or \$300,000 over three years (if you're under age 65*).

If you have a super balance over \$1.6 million, you won't be able to make any after-tax contributions.

? If you're considering making an after-tax contribution, you may want to do it by 30 June 2017 to make the most of the higher cap.

* If you're over age 65, you need to meet the work test before you can make after-tax contributions.

New limit on transfers to pension

The Government has introduced a limit to the amount you can transfer from super into a pension account.

Current rule

No limit.

Rule from 1 July 2017

Limit of \$1.6 million. Any amount above this can be left in super or taken from the super system (as long as you meet a condition of release).

? If this applies to you, you may want to consider reviewing your pension before 30 June 2017.

Personal payments to super

You can claim a tax deduction for payments you make to super up to your annual before-tax (concessional) cap. This is usually claimed by people who are self-employed due to the current rules.

Current rule

You are eligible if you earn less than 10% of your income from salary or wages.

Rule from 1 July 2017

Anyone under age 75 is eligible; however, if you're between 65 and 74, you'll need to meet the work test.

? After 30 June 2017, you can make extra contributions to your super up to your annual cap and claim them at tax time as a deduction.

Extra tax for high income earners

High income earners are taxed at 30% on before-tax super contributions, instead of the usual 15%.

Current rule

Applies if you earn \$300,000 per year or more.

Rule from 1 July 2017

Applies if you earn \$250,000 per year or more.

? After 30 June 2017, if you earn over \$250,000 you will pay 30% tax on before-tax super contributions.

We're changing to unit pricing

MTAA Super will change to a unit pricing method as at 22 April 2017. This means your account balance and transaction details will be expressed in 'units' as well as dollars. MTAA Super will calculate unit prices daily for each investment option.

To find out more about the change to unit pricing, visit mtaasuper.com.au

Want to know more?

We're here to help. If you have any questions about the super changes and how they may affect you, give us a call on **1300 362 415** or email your question to **contact@mtaasuper.com.au** and we'll get in touch.

Get set for tax time

With June 30 approaching, now is a great time to get yourself set for tax time.

Tips for individuals

At tax time, you may be able to claim the following:

- **Work deductions** – This includes work-related telephone, mobile phone, internet use, computer repairs, union fees and professional subscriptions.
- **Motor vehicle deductions** – If you travel less than 5,000 km per year for work (not including to and from work), you can claim for vehicle expenses on a cents-per-km basis.* If you exceed 5,000 km per year, you will need to use the log book method for keeping track of your vehicle expenses.
- **Self-education expenses** – If your study relates to either maintaining or improving your current job skills or is likely to increase your income in your current job, you may be able to claim deductions for course fees, textbooks, stationery, student union fees and depreciation on things like computers.
- **Self-employed super** – If you're self-employed, you can claim super contributions to a complying super fund up to age 75. Deductions apply only if less than 10% of your total assessable income, reportable fringe benefits or employer super contributions are for your employment as an employee.

* Based on 2016 tax year. The rules for work-related vehicle travel can change annually so refer to the Australian Taxation Office (ATO) website or speak with your tax agent for more information.

Source: Certified Practising Accountants (CPA) Australia

Tax year checklist for small business owners

- ✓ Give your business a financial health-check
- ✓ Revisit your strategic plan
- ✓ Draw up a budget for the new financial year
- ✓ Prepare a cash flow forecast
- ✓ Review your business' profitability
- ✓ Ensure you have finance options
- ✓ Revisit your marketing plan
- ✓ Review your risk management strategies
- ✓ Take advantage of strategic opportunities

Source: Compiled from Certified Practising Accountants (CPA) Australia



ATO Case Study

Make sure you can support your claims

A motor dealer employee claimed over \$11,000 for his car expenses, \$3,000 for clothing and nearly \$24,000 for other work-related expenses.

When asked by the ATO to provide evidence, it became clear that the employee had overstated his car claims and that many of his receipts were actually for personal expenses. As a result, the ATO required the employee to pay a tax shortfall of over \$8,000 plus penalties.

Source: Australian Taxation Office, ato.gov.au, 24 October 2016



Tell us what you think

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We'd like to hear your feedback on the first issue of *Momentum* magazine.

Leave us a comment, and you'll go in the draw to win one of five \$100 Visa gift cards.

Competition closes 30 April 2017.

For terms and conditions and to enter, visit mtaasuper.com.au/momentum-comp

Craig Lowndes,
TeamVortex

**mtaa
super** 

*The #1 choice of TeamVortex
and 40,000 other businesses*

Make it Yours



1300 362 415
mtaasuper.com.au