

2013 Annual Superannuation Statement

Thank you for being a member of MTAA Super. Please find enclosed:

- your **Annual Superannuation Statement** which shows your account balance, net earnings, insurance cover and other details as at 30 June 2013.
- a **2013 Update** which includes information on the Fund and an update on the way your super is managed.

You also have the opportunity to **win a \$5000** boost to your super account. Please read the 2013 Member Update for more details.

MTAA Super's online Annual Report

The Fund's 2013 Annual Report is now available online. It contains financial year returns, an overview of the investment options, abridged financial statements and information relating to the Trustee. To read the Annual Report online, visit www.mtaasuper.com.au or call us on **1300 362 415** if you would like a printed copy sent to you free of charge.

Other important information

We are also writing to advise you of some changes we have made to the Fund's investment options and to update you on our My Super product. In addition there are some recent legislative changes, including those announced in the May 2013 Federal Budget, which you need to be aware of.

Change to strategic asset allocation

During a recent review of the Fund's investment strategy, the Trustee changed the Strategic Asset Allocation (SAA) of the three pre-mixed investment options.

The changes made are outlined in the following tables:

State offices

Sydney Level 5, 477 Pitt Street Sydney NSW 2000	Melbourne Level 2, 2 Lonsdale Street Melbourne VIC 3000	Canberra Level 2, 11 London Circuit Canberra ACT 2600	Perth Level 2, 12 St Georges Terrace Perth WA 6000	Adelaide Level 2, 104 Frome Street Adelaide SA 5000	Brisbane Level 10, 120 Edward Street, Brisbane QLD 4000	Hobart Ground Floor 119 Macquarie Street Hobart TAS 7000
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Conservative Option:

Previous Conservative Option objective: The Conservative Option seeks stable returns in the short to medium term through reduced exposure to risk. It is intended to be suitable for members who are willing to take on an average level of risk.

Conservative Option objective from 1 July 2013: As above – no change

Previous Investment return objective: to out-perform (after tax and fees) the CPI by 3% a year over rolling five-year periods.

Investment return objective from 1 July 2013: to out-perform (after tax and fees) the CPI by 1.5% a year over rolling five-year periods.

Mix of asset classes	Previous asset allocation % and range%	Asset allocation % and range % from 1 July 2013
Cash	34.5 (20.0 – 45.0)	34.5 (20.0 – 45.0)
Australian Fixed Interest	19.0 (5.0 – 25.0)	17.0 (5.0 – 25.0)
Overseas fixed interest	15.0 (5.0 – 25.0)	15.0 (5.0 – 25.0)
Australian Equities	8.5 (0.0 – 20.0)	10.5 (0.0 – 20.0)
International Equities	5.5 (0.0 – 20.0)	8.00 (0.0 – 20.0)
Infrastructure	7.5 (0.0 – 15.0)	7.5 (0.0 – 15.0)
Property	5.0 (0.0 – 10.0)	4.5 (0.0 – 10.0)
Alternatives Credit	3.5 (0.0 – 7.5)	1.5 (0.0 – 7.5)
Private Equity	1.5 (0.0 – 7.5)	1.5 (0.0 – 7.5)
Other	0.0 (0.0 – 5.0)	0.0 (0.0 – 5.0)

Previous Minimum suggested time frame: 3-5 years

Minimum suggested time frame from 1 July 2013: 4-5 years

Previous Standard Risk Measure: Risk Band: 3, Risk Label: Low to Medium

Standard Risk Measure: As above – no change

Previous Summary risk level: Estimated number of negative annual returns over any 20 year period: 1.9 years out of every 20 years.

Summary risk level from 1 July 2013: Estimated number of negative annual returns over any 20 year period: less than 2 years out of every 20 years.

Balanced Option

Previous Balanced Option objective: The Balanced Option seeks high long-term returns through a balanced exposure to risk. It is intended to be suitable for members who are willing to take on above-average risk.

Balanced Option objective from 1 July 2013: The Balanced Option seeks medium to high long-term returns through a balanced exposure to risk. It is intended to be suitable for members with moderate to high risk tolerance.

Previous Investment return objective: to out-perform (after tax and fees) the CPI by 4% a year over rolling five-year periods.

Investment return objective from 1 July 2013: to out-perform (after tax and fees) the CPI by 3.5% a year over rolling seven-year periods.

Mix of asset classes	Previous asset allocation %		Asset allocation % from 1 July 2013	
Cash	6.0	(0.5 – 15.0)	6.0	(0.5 – 15.0)
Australian Fixed Interest	7.0	(0.0 – 15.0)	7.0	(0.0 – 15.0)
Overseas fixed interest	6.0	(0.0 – 15.0)	6.0	(0.0 – 15.0)
Australian Equities	26.0	(5.0 – 35.0)	26.0	(5.0 – 35.0)
International Equities	20.0	(5.0 – 35.0)	25.0	(5.0 – 35.0)
Infrastructure	15.0	(0.0 – 35.0)	15.0	(0.0 – 35.0)
Property	10.0	(0.0 – 25.0)	9.0	(0.0 – 22.5)
Alternatives Credit	7.0	(0.0 – 20.0)	3.0	(0.0 – 17.5)
Private Equity	3.0	(0.0 – 12.5)	3.0	(0.0 – 12.5)
Other	0.0	(0.0 – 12.5)	0.0	(0.0 – 12.5)

Previous minimum suggested time frame: 5 years

Minimum suggested time frame from 1 July 2013: At least 7 years

Previous Standard Risk Measure: Risk Band: 6, Risk Label: High

Standard Risk Measure from 1 July 2013: Risk Band: 5, Risk Label: Medium to High

Previous summary risk level: Estimated number of negative annual returns over any 20 year period: 5 years out of every 20 years.

Summary risk level from 1 July 2013: Estimated number of negative annual returns over any 20 year period: less than 4 years out of every 20 years.

Growth Option

Previous Growth Option objective: The Growth Option seeks high long-term returns through a controlled exposure to specific risk. It is intended to be suitable for members who are willing to take on above-average risk with a seven-year or longer investment time horizon.

Growth Option objective from 1 July 2013: The Growth Option seeks high long-term returns through a controlled exposure to specific risk. It is intended to be suitable for members who are willing to take on above-average risk with a ten-year or longer investment time horizon.

Previous Investment return objective: to out-perform (after tax and fees) the CPI by 5% a year over rolling seven-year periods.

Investment return objective from 1 July 2013: to out-perform (after tax and fees) the CPI by 4.5% a year over rolling ten-year periods.

Mix of asset classes	Previous asset allocation %		Asset allocation % from 1 July 2013	
Cash	3.0	(0.0 – 10.0)	0.0	(0.0 – 10.0)
Australian Equities	24.0	(10.0 – 30.0)	39.0	(20.0 – 50.0)
International Equities	23.0	(10.0 – 30.0)	36.0	(20.0 – 50.0)
Infrastructure	21.5	(0.0 – 45.0)	12.5	(0.0 – 30.0)
Property	14.0	(0.0 – 30.0)	7.5	(0.0 – 17.5)
Alternatives Credit	10.0	(0.0 – 20.0)	2.5	(0.0 – 7.5)
Private Equity	4.5	(0.0 – 17.5)	2.5	(0.0 – 12.5)
Other	0.0	(0.0 – 15.0)	0.0	(0.0 – 5.0)

Previous minimum suggested time frame: Long-term; 7 years plus

Minimum suggested time frame from 1 July 2013: Long-term; at least 10 years

Previous Standard Risk Measure: Risk Band: 6, Risk Label: High

Standard Risk Measure from 1 July 2013: As above – no change

Previous summary risk level: Estimated number of negative annual returns over any 20 year period: 5 years out of every 20 years.

Summary risk level from 1 July 2013: Estimated number of negative annual returns over any 20 year period: less than 5.5 years out of every 20 years.

My Super

The introduction of a “My Super” product is one of the Federal Government’s Stronger Super reforms. From 1 January 2014, all employers who make contributions into a default super fund on behalf of their employees must pay those contributions into a “My Super” product. This is a simple, low cost account designed to make it easier for members to understand and compare super funds.

As an industry fund, MTAA Super already offers a simple, low cost product, so the external changes to our members and employers will be minimal. We have received our My Super authorisation from the

regulator and will be launching our “My Super” product, aptly called “My AutoSuper”, on 1 December 2013.

Legislative changes

Abolition of Member Protection

Under member protection rules, administration costs incurred by a member whose balance is less than \$1,000 at the end of a reporting period must not exceed the investment return credited to or debited against the member’s account for that period.

This measure has been abolished from 1 July 2013.

This means that, from 1 July 2013, members whose MTAA Super account balance is less than \$1,000 will no longer receive any rebate for their administration costs and will pay the standard administration fees applicable to all members.

Reduction of super co-contribution

From 1 July 2012, the Government has reduced the matching rate of the super co-contribution from 100 per cent to 50 per cent, effectively reducing the maximum co-contribution payable from \$1,000 to \$500. This financial year, those members making after tax contributions and earning less than \$33,516 are eligible for the maximum amount payable with the upper income threshold for eligibility being \$48,516. For more information on how the super co-contribution works, you can refer to the Super Co-contribution fact sheet on our website at www.mtaasuper.com.au.

Concessional Contribution caps

From 1 July 2013, those aged 60 and over will be able to make concessional contributions of up to \$35,000 per annum. The existing limit of \$25,000 still applies to those under age 60. From 1 July 2014, the higher contributions cap of \$35,000 per annum will be extended to those aged 50 and over.

Reduction in tax concession for high income earners

From 1 July 2013, concessional contributions made by or for those individuals whose income exceeds \$300,000 per annum will be taxed at a total rate of 30% rather than the previous rate of 15%. The Fund will continue to pay tax on these contributions at the rate of 15% and the individual will be personally taxed by the Australian Tax Office for the additional 15% tax.

Excess concessional contributions

In recognition that many individuals accidentally contribute in excess of the contribution limits, excess concessional contributions made from 1 July 2013 will be taxed at the individual’s marginal tax rate, plus an interest component, rather than the top marginal rate. The Government will also allow individuals to withdraw 85 per cent of the excess contributions.

Tax on pension account investment earnings

From 1 July 2014, the Fund will be required to apply a 15% tax to investment earnings over \$100,000 for retirement accounts in pension phase. Currently, there is no tax on these investment earnings.

This proposed change is not yet law.

Social security deeming rules

From 1 January 2015, normal income test deeming rules will be extended to new account based pension products. These rules will not be applied to account based pension products that were commenced prior to this date, so no existing pensions will be affected unless a transfer is made to a new pension product after 1 January 2015.

This proposed change is not yet law.

Further assistance

If you have queries relating to any of these matters, please call us on **1300 362 415** or visit our website **www.mtaasuper.com.au**. We are here to assist you achieve your financial goals for retirement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Leeanne', with a stylized flourish at the end.

Leeanne Turner

Chief Executive Officer

MTAA Super