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A message from the CEO, **Mark Puli**

There are a lot of exciting developments in the pipeline for pension members.



Retirement life stage research

Did you know that ESS**Super** retired members are living up to six years longer than the general population? This interesting fact came to light following research we conducted earlier this year which some of you may have been involved in. What's fascinating about this information is that many of you will be retired for as long as you were working.

This research has helped ESS**Super** improve our understanding of the various financial and personal challenges of each retirement life stage. On pages 4 and 5, you can read about the retirement life stage model we developed based on your experiences.

Our research has given us new insights into how we can continue to support you. We are developing a program of initiatives that will become available over the coming year.

They include:

- a special area on our website with links to Government and other sites where you can find information on financial, legal, health, education and social matters;
- fact sheets on a range of retirement issues to help you assess your advice needs and provide referrals for further information;
- a range of seminars covering post retirement lifestyle issues, such as Commonwealth age pension entitlements, aged care services, and the rules associated with funding aged care accommodation;
- discounts on utilities and services such as health and travel insurance;
- more opportunities for you to participate in future focus groups.

Enhanced member advice services

Our Member Education Consultants continue to assist thousands of members with everything from explaining their options regarding complex defined benefits and boosting their super benefit, to the options for investing their retirement benefit when they finally do retire.

Reforms to the financial advice industry gave us the opportunity to review our model for providing advice to our members. We've expanded our financial planning and education services to provide members with greater access to advice. See page 6 for more details.

Legislative changes and your super

The Government's SuperStream initiatives, in particular their consent to search program, has enabled us to help members search for their super, making managing their super easier.

It is imperative that the superannuation industry considers members' needs through the accumulation phase, transition to retirement and importantly, the drawdown stage of life. ESS**Super** demonstrates this commitment through our defined benefit knowledge centre, with experienced staff who ensure ESS**Super** is on top of all changes that may impact our members.

I wish you and your family a very happy and safe festive season.



Mark Puli
ESS**Super** CEO

CPI 2013 pension increase 0.78%

On the first pay day in December and June each year, your pension payments increase in accordance with positive movements in the Consumer Price Index (CPI) for all capital cities. CPI adjustments are made six months retrospectively (i.e. the CPI increase for December 2013 is based on the period from January to June 2013).

If you commenced your pension between February and June 2013, you may receive a partial CPI increase to your pension.

How the CPI is calculated

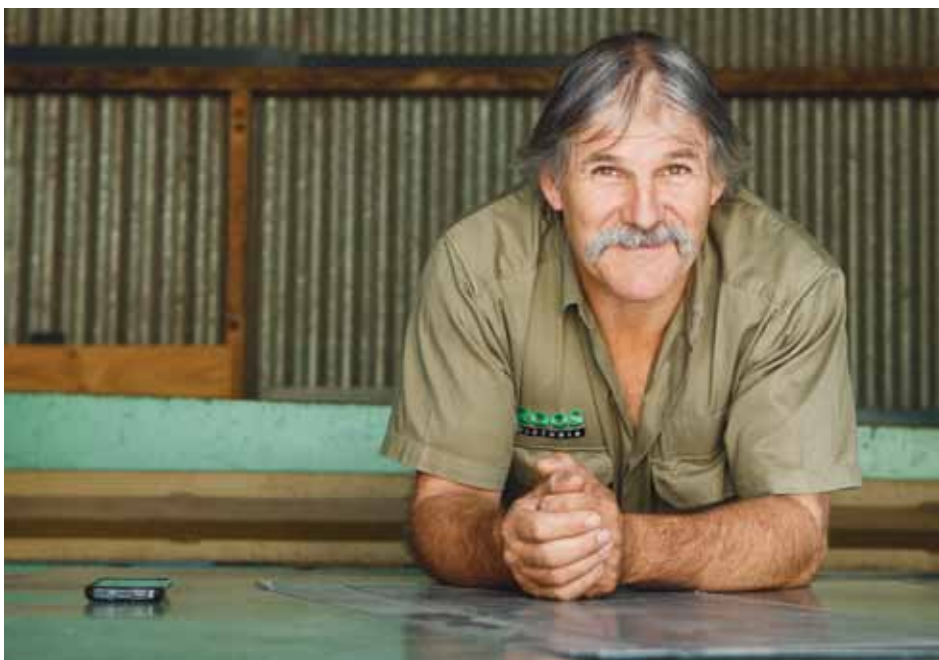
The Australian Bureau of Statistics (ABS) provides the official CPI adjustment figures by measuring inflation over time. The CPI is determined by comparing any changes in price on a group of selected consumer goods and services typically purchased by ordinary Australian households.

When the CPI figures are published, a calculation is performed (see table to the right) to determine if your pension will increase. If the new CPI number exceeds the previous January to June figure, your pension increases.

ESSSuper does not add or subtract any amount from this rate – we pass on the full CPI increase to you.

Victorian Electricity Industry pension increases

The Victorian Electricity Industry (VEI) pension will increase by 2.4%. This is based on the CPI for Melbourne – all groups, over the past four quarters to September 2013, payable on the first pay day in January 2014.



How CPI is calculated

Your pension will increase by **0.78%** in December 2013. To arrive at that figure, the following calculation was made in accordance with our Act by comparing against the previous higher CPI adjustment number:

$$\frac{\text{Jun 2013 CPI number} - \text{Dec 2012 CPI number}}{\text{Dec 2012 CPI number}} \times 100 = \text{CPI change for Jan - Jun 2013}$$

$$\frac{102.8 - 102.00}{102.00} \times 100 = 0.784\%$$

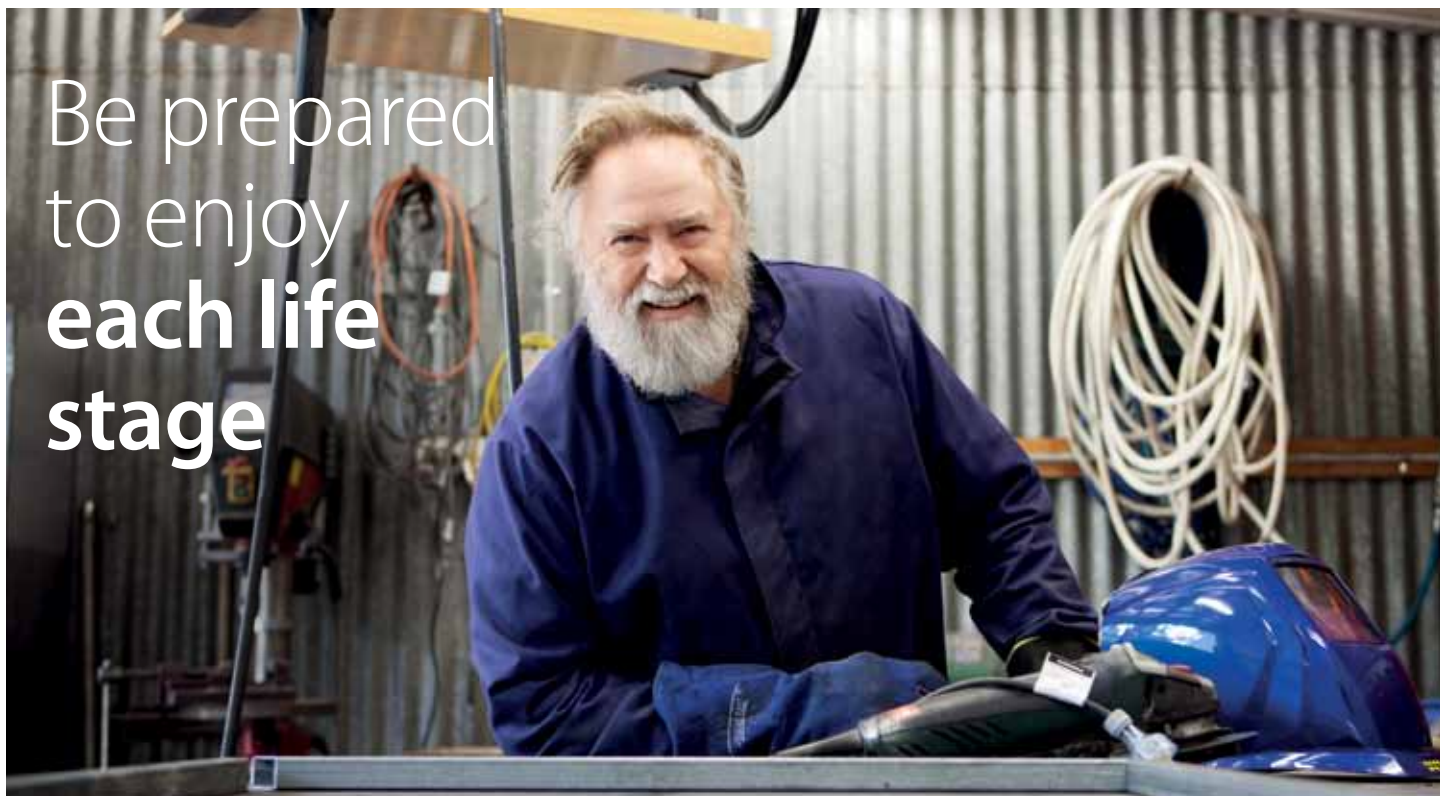
= 0.78% when rounded to two decimal places

On the pay day of 5 December 2013, your superannuation pension will increase by 0.78%. This increase will be pro-rated for members who commenced a pension during 2013.

The table shows the CPI increases over the past few years and the date that the increases applied to pension payments.

Six months Period end date	CPI increase	CPI effective date	Pension pay day
30 Jun 2013	0.78%	22 Nov 2013	5 Dec 2013
31 Dec 2012	1.59%	24 May 2013	6 Jun 2013
30 Jun 2012	0.60%	23 Nov 2012	6 Dec 2012
31 Dec 2011	0.62%	25 May 2012	7 Jun 2012
30 Jun 2011	2.47%	25 Nov 2011	8 Dec 2011
31 Dec 2010	1.10%	27 May 2011	9 Jun 2011

Be prepared to enjoy each life stage



Earlier this year, ESS**Super** ran a series of member focus groups which identified four retirement life stages.

Stage 1: Pre-retirement planning phase

As tempting as it might sound, spending all day doing nothing might not be so exciting in reality. And with people living longer, the big question is: how will you cope financially?

Financial and legal aspects of retirement

What does your retirement income look like? Have you considered what income support payments or additional benefits you may be eligible for? Do you know the difference between a general, enduring and medical power of attorney? Do you have an estate plan in place?

MoneySmart

An initiative of the Australian Securities and Investments Commission (ASIC) the MoneySmart website is designed to help people make smart choices about their personal finances. Visit www.moneysmart.gov.au

Centrelink

It's never too early or too late to begin thinking about what Centrelink entitlements you may be eligible for. See Helen's story on page 7. The Centrelink website outlines payments and services that may assist your transition into retirement. Click on Centrelink at www.humanservices.gov.au

Personal interest networks

Think about what opportunities are 'out there' for social interaction. Are friends retiring around the same time? How will you stay fit and active? Are there any clubs you can join? Should you become a volunteer? Or how about learning new skills?

Stage 2: Active retirement phase

Living in retirement is very different. Keeping physically and mentally active is essential for your health. An active, varied lifestyle may also reduce the risk of dementia. So keep

active, make new friends and still give back to the community.

Join a club

There are lots of ways you can interact with like-minded active people. Check out:

- National Seniors Australia
- Australian Men's Shed Association
- Bowling club or Tennis club

Become a volunteer

Now's the time for you to get involved and enjoy the satisfaction of volunteering! Volunteering Australia lists over 12,000 volunteering opportunities on their website at www.govolunteer.com.au

Get involved locally

Your local council holds community events so you can socialise locally with others who share similar interests. To find out about book clubs, art exhibitions, education courses and more, visit your local council's website.

Further education

Whether it's a language or a new skill, you'll find courses available at:

- University of the Third Age – www.u3aonline.org.au
- Adult Learning Australia – www.ala.asn.au

Participate in Online Forums

Share your thoughts about what matters most to you, and catch up with friends old and new online at The Meeting Place. Find it at www.yourlifechoices.com.au

Participate in research

Australian Clinical Trials is an organisation supported by the Australian Government to help improve the health of all Australians. For information on how to be part of a clinical trial visit www.australianclinicaltrials.gov.au

Stay informed

Are you making the most of free

and independent online information services regarding your health? Just type 'health services' into Google and start searching.

Healthinsite

This government funded website provides helpful information and health services available for your particular life stage. Visit www.healthinsite.gov.au

Stage 3: Contemplative phase

As we age further, we begin to slow down and our health may start to decline.

It's important to stay as active as we can, and enjoy being with family and friends. Try to keep participating in activities and social interactions such as attending your local club. And simply take the time to appreciate what a great life you have.

Stage 4: Dependency phase

There may come a time when we need to reach out for help and support.

Help to stay at home

The Department of Health provides information on various services available to help you stay living at home. Visit the Help to Stay website at www.health.gov.au

Community services

The Better Health Channel lists services available to help you live as independently as possible. Click on services and support at www.betterhealth.vic.gov.au

We're here to help you

It's important to remember that ESSSuper exists to help members like you. We're here to help you make the most of every life stage of your retirement.

Who or what is COSRAV?

The Council of State Retirees Associations of Victoria (COSRAV) was formed in 1993 to defend Victorian public sector superannuation. The Government wanted to restrict the indexation of superannuation benefits of past, present and future state retirees. At this time the Council represented more than 18,500 people from about a dozen associations. The Government's proposition of greatest concern was to "remove or modify the operation of automatic indexation". The actions of COSRAV at that time resulted in indexation being maintained and restored from annually to six monthly.

There have been changes to the Superannuation Act over the years but

the number on lifetime pensions has increased to some 54,000, with this number projected to grow at a modest 4% per annum over the next 10 years.

We have recognised that the foremost concerns of retirees are with provision for their health and the adequacy of income for their retirement. Most retirees, through their careers, believed that their ESSSuper superannuation would be an adequate retirement income. Years ago, the Consumer Price Index was regarded as the "cost of living index" but, with living standards improving, the CPI Index has failed to keep pace with the real cost of living. This has resulted in more than 50% of retirees needing to consider

supplementing their income by applying for the Age Pension. We are working with ESSSuper to keep members informed as to their entitlements.

Of the lifetime super retirees, the great majority now do not have retirement associations to represent them. COSRAV can co-opt to represent areas at present unrepresented.

Interested Victorian state retirees' organisations and individuals are invited to contact COSRAV in order to widen their existing representation. You can contact COSRAV by email at cosrav@gmail.com

Source: Article written and supplied by COSRAV.

The importance of personal **financial advice**

A chat with Morne De Villiers

Getting the right financial advice at the right time can go a long way to helping you achieve your financial goals.

Morne De Villiers is an authorised representative of Adviser Network Pty Ltd (No. 440851) and provides financial advice to ESS**Super** members. We asked Morne to tell us how financial advice can help our pension members.

What does every retiree need?

"I can't emphasise enough the importance of having a plan for retirement. It can be an emotional rollercoaster for some, giving up work and the daily routine can be hard to let go of. But I can really see the difference in members who've embraced retirement and are keeping busy with those who don't have any plans in place and seem to be drifting along."

"Lots of our members are volunteering in their spare time or have returned to work two to three days a week. I would encourage any members who are in this position to get in touch with us to ensure they're getting the most out of their pension. We can look at the way their assets have been set up and see if we can help.

They may be eligible for other pension entitlements and if so we'd encourage them to talk to Centrelink."

How often should members review their finances?

"It's common for retirees to spend more in their early retirement years. It's understandable given they're generally younger, fitter and healthier and want

to make the most of their retirement. However, it's easy to spend too much and lose sight of where money is going and not fully appreciate how long it will last. So it's important to 'check in' every one or two years and review your finances."

"I find members who come and see me on a regular basis feel far more in control of their finances. Even if they've gone off the tracks a little, it's easier to get back in line. For example, I can help members understand where they're overspending and encourage them to tweak their lifestyle and/or spending habits sooner rather than later. But if members leave it five or more years, it can be too late to make a difference."

What about legislation changes?

"Staying abreast of legislative changes is another advantage of regular reviews. The legislative framework is continually changing and can have a significant impact on members. As an example, the previous Government proposed changes to how superannuation Retirement Income Streams will be assessed under Centrelink's income test from 1 January 2015. If the proposed changes are legislated, normal deeming rates will be applied to any new account based pensions after 1 January 2015. Some members may be aware of the new rules but others won't be so again it's another good reason to regularly review your finances."



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Apart from super, what can you help with?

“Members can get help with estate planning including wills and powers of attorney for example. We can also help with insurance, explaining what government support may be available and developing health care provision and aged care strategies.”

Advice services for ESSSuper members

General advice about the products and options available at ESSSuper can be provided by an ESSSuper Member Education Consultant. It's important to note that general advice does not take into consideration your personal financial circumstances or objectives. ESSSuper does not charge a fee for general advice.

Personal financial advice, (provided by Adviser Network) which takes into consideration your personal financial circumstances and objectives, is available on single superannuation topics.

If you're seeking more detailed advice you may consider obtaining a comprehensive financial plan. A comprehensive financial plan may assist you if you need advice on multiple super topics or on matters such as tax, Centrelink and other investments.

ESSSuper Member Education Advisers and Financial Planners will provide advice that is in your best interests. ESSSuper Member Education Advisers and Financial Planners are authorised representatives of Adviser Network and will only recommend a product after considering its suitability for your financial needs.

Find out more

For more information about our advice services please call the Member Service Centre on **1300 655 476**.

How is your lifetime pension assessed for Centrelink?

Even though you are receiving a lifetime pension from ESSSuper, you could still receive an age pension from the Government.

Most Centrelink entitlements, including the age pension, are subject to means testing. The rate you can receive depends on your other income and assets. So it helps to understand how they assess your lifetime pension from ESSSuper.

As far as Centrelink is concerned, defined benefit income streams have their deductible amounts expressed as a proportion of the income stream payments. This is the 'tax free component' of your total superannuation pension.

Because this 'tax free component' is a fixed proportion of your superannuation pension, the deductible amount will increase in the same proportion as any increase (such as CPI indexation) in the payments. And because your ESSSuper lifetime defined benefit income stream is paid from a public sector superannuation scheme, Centrelink considers it 'assets test exempt'.

How Helen obtained the age pension

Helen retired from work several years ago and was paid an ESSSuper lifetime pension of \$39,800 pa (CPI indexed). Helen reached Age Pension age about six months later

and was told by Centrelink that the cut-off point under the income test for a single person was \$39,507 pa (at 1 July 2008). Because her ESSSuper pension was above the cut-off point, Helen assumed she would not qualify for any Age Pension and therefore did not lodge a claim.

To her surprise, Helen was eligible

About eighteen months later, Helen attended an ESSSuper seminar and learnt that not all her lifetime pension was assessed when Centrelink applied the income test. After the seminar, Helen spoke with a Member Education Consultant from ESSSuper who was able to ascertain that her deductible percentage for Centrelink purposes was 25.34%.

So Helen contacted Centrelink and is now receiving an Age Pension of \$212.80 per fortnight and a Pensioner Concession Card which helps reduce the costs of her bills.

For more information, call Centrelink on **13 23 00** and ask to speak with a Financial Information Service (FIS) Officer.

Top 10 issues for retirees*

What's on your mind?

1. Retirement Income

Your main issue is spending power.

- Can Government pensions help you?
- How do ongoing low interest rates affect Self Managed Super Funds?
- Is the Global Financial Crisis really over?

2. Health

You want a healthy body and mind.

- Need private health insurance?
- What health services are near you?
- Are you eligible for the Disability Support Pension?

3. Travel

You've worked hard. Enjoy your holidays.

- Do you want to drive around Australia?
- Is it time for that long overseas trip?
- Can you afford a full-time holiday?

4. Accommodation

There's no place like home.

- Should you downsize?
- Like a sea change or a tree change?
- Would a retirement village suit you?

5. Concessions

There are many ways to save every day.

- How about your electricity and gas?
- Want cheaper prescription medicines?
- What other concessions are available?

6. Employment & Education

Full time work ends, new career begins.

- Where can you learn new skills?
- Should you become a volunteer?

7. Taxation

Most retirees don't pay income tax, but some pay more than they need to.

- Is your super in accumulation phase?
- If so, can you minimise income tax?

8. Estate planning

The last thing some want to think about.

- What decisions should you make now?
- Need to execute a Power of Attorney?

9. Aged care

You'll want quality care you can afford.

- How much are the fees and charges?
- Will you need to sell your home?

10. Helping your family

After all, family is what matters.

- Have relatives with special needs?
- Like to make a gift that keeps giving?

*Top 10 list sourced from Centrelink Financial Information Services.

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Award winning funds

For four years in a row, an independent financial services researcher has rated ESSSuper's Accumulation Plan as Platinum (i.e. in the top 15% of funds). For five years in a row, ESSSuper's Income Stream has also been rated Platinum (i.e. in the top 25% of its field). The Beneficiary Account was rated Platinum (top 15%) for the second year running. Visit www.superratings.com.au to learn more.

