



## Welcome to the Employer Newsletter



In this issue, we question whether there's light at the end of the tunnel for investment markets. For those planning to downsize, we explain the need to ensure that your employees receive the best support and tax advice on their redundancy payments.

We also provide details on improvements made to Superannuation Guarantee Late Payment Offset and the Australian Taxation Office's new draft ruling on Ordinary Time Earnings (OTE) for Superannuation Guarantee purposes.

In addition, we introduce you to Chris Tsiolis, one of our senior financial planners who is on hand to help you with your investment dilemmas, and we provide you with some tips for those about to take out a mortgage.

As usual, we include an update on FuturePlus Super's investment performance and how investment markets have performed.

Remember that we can help you with superannuation, insurance, financial planning and home loans. If you need assistance with any of these services, please contact the Employer Helpline on **1800 636 441**. If your employees have any enquiries, they can contact Member Services on **1800 067 059**.

## The markets and you

The fallout from the global financial crisis appears to be affecting almost everyone in some way or another – from job security and potential for pay rises to the value of homes or investment savings.

Unless they are 100% invested in cash or domestic fixed interest, your employees, along with investors across the globe, are likely to feel disappointed when they look at the performance of any of their investments.

Making things harder is the uncertainty that abounds. While there are many different views, no one quite knows how long the global downturn will continue and how severe it will be. Predicting just when investor perceptions will change in a time of unprecedented turmoil is tricky. But there does seem to be some light emerging at the end of the tunnel.

Firstly, in the US, the critical S&P 500 share index did fall below its low in November last year in this quarter. While world share markets are delicately balanced, they have slumped so much that the odds of them stabilising or starting to turn are looking better than the odds of them falling much further.

Secondly, even though generally dividends from some shares have been falling in the tough economic climate, their yields are higher than those offered on cash or bonds and this is likely to entice investors back into the share market.

Some experts also believe that government stimulus packages and lower interest rates around the world will nudge the global economy along the road to recovery in the medium term. Investment markets are influenced by how investors anticipate

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their assets will perform in the future - in other words, market expectations are usually built into the price of assets. So, markets usually pick up before the economy improves, bolstered by a change in investors' outlook.

Markets are also now pent up with cash at a time when interest rates are falling – cash that is ready to flow into the share market when sentiment turns and which may help fuel a rise in share prices.

## So what could you and your staff members be doing in the meantime?

The first thing is not to panic. Remember that markets will eventually rebound. They always have. They did after the Great Depression and all the other downturns or crashes we've had since then. It's just a matter of when.

The experts also advise against trying to time the market. History has shown that investors who do so by moving into the strongest

performing asset class of the moment usually end up worse off.

Timing the market right requires as much good luck as it does good judgement. What usually happens is that market timers end up selling when asset prices are low - so they crystallise their losses - and are out of the market when prices begin to climb again. This means they have missed out on part of the market's recovery and it becomes more expensive to get back in. At the same time, transaction costs may have been incurred from buying and selling the assets.

Experience has also shown that more often than not, the safest way to build your wealth is to draw up a solid investment plan that's tailored to your needs - and then to sit tight and allow it to work over the long term, even if the markets are volatile in the short term.

If you and your staff would like help in drawing up a plan or on checking whether a current retirement investment strategy is still valid, you can talk to one of our qualified financial planners. Just phone **1800 800 002** to speak to a planner.

# Improvements to SG Late Payment Offset



The Tax Laws Amendment (2008 Measures No. 6) Bill, which includes amendments to improve the operation of the Superannuation Guarantee (SG) late payment offset, has passed through Parliament.

The existing late payment offset allows employers who make late SG contributions into a superannuation fund to reduce their

SG charge liability for the quarter. This ensures employers are not required to pay the SG contribution twice (once to the fund and once to the Australian Taxation Office).

"The amendments in this Bill ensure that an employer will only be able to use the offset if they make SG contributions before they are assessed with the superannuation guarantee charge liability," notes the Minister for Superannuation and Corporate Law, Nick Sherry.

"This measure provides an incentive for employers to make their super contributions in a more timely manner while still providing employers with the option of using the offset to reduce their Superannuation Guarantee charge liability."

The amendments also improve the operation of the general interest charge (GIC) applying to SG payments so that it will accrue on the remaining amount of any unpaid SG liability after the offset has been applied. This ensures the GIC calculation takes into account the fact that the employer has made a contribution to the fund for the employee.

These amendments will commence from the date the Bill receives Royal Assent.

## Contribution Return emails

All Contribution Return emails should be sent to the administrator of FuturePlus Super at the following email address: [employeronline@futureplussuper.com.au](mailto:employeronline@futureplussuper.com.au)

Please use our standard Employer Contribution Return spreadsheet for contributions and new members, as this includes all the necessary details we require to process contributions correctly and efficiently.

This spreadsheet can be found in the Employer section of our website at [www.futureplussuper.com.au](http://www.futureplussuper.com.au)

To assist with correctly matching EFT payments with data files, please quote your Employer Reporting Centre Code or, where not known, the employer name (shortened if necessary) as a reference on EFT files.

## Meet your planner: Chris Tsiolis



Firstly, stay calm and secondly, stay in contact with your adviser. These are the two main tips for surviving the tough investment climate that Chris Tsiolis, a senior financial planner at Chifley Financial Services, gives his clients.

"I tell them to avoid knee-jerk reactions and speak to their adviser before making any

major portfolio changes. Although the global financial crisis has caused many clients to be concerned about the state of their investments, it doesn't mean that financial advisers were necessarily wrong in the decisions made around asset allocation, provided that a client's risk profile, objectives and investment timeframe have been taken into consideration," he says.

"For example, a client over 60 years of age in or approaching retirement may generally have no more than 50% of a portfolio invested in quality Australian and international shares as a means of managing volatility. The crisis does highlight the need to ensure that client portfolios are properly allocated to withstand

market volatility. This may require some 'rebalancing' of portfolios throughout the client's lifecycle. Therefore, in certain cases, exposure to specific product groups within asset classes will need to be changed. But the exposure to the overall asset class should not necessarily change unless the client's situation alters."

Chris also reminds clients that the potential for inflation to eat into their returns is one of the biggest long term risks. "Investment performance historically does improve," he says.

In the current climate, he says the biggest mistakes clients can make include being too conservative in their investments, not sticking to them for the long-term and being too product focused. "If the asset allocation is right, your portfolio should withstand volatility during these difficult times," he says.

Chris, who has an economics degree, financial planning diploma and is studying towards a Masters degree in financial planning, has been in the financial services industry for over 10 years. He's worked at both large for-profit organisations and smaller boutiques providing financial advice, training financial planners or implementing large projects.

He says he was attracted to the world of financial planning because of the challenges involved with keeping up to date on complex and ever changing regulations and market conditions. He also enjoys the satisfaction of working with people and being able to help them improve their financial positions.

## Planning to downsize?

Redundancies are becoming more common as the global financial crisis and deteriorating economic conditions continue to bite.

If you too have to take some downsizing steps and cut staff, it's important to ensure that your employees receive the best support and tax advice on their redundancy payments. Structuring their redundancy payments correctly could save them thousands of dollars.

To get the best results for your employees, it's best to co-ordinate your redundancies with a financial planner or to give the employee an opportunity to speak to a planner before the payment is made.

As part of our Corporate and Employee Services, Chifley is able to provide you and your staff with this kind of financial planning assistance.

"Unfortunately, the amount of work we are doing in this area has risen rather strongly over the past six months," observes Chris Tsiolis, one of our senior financial planners helping Chifley clients and FuturePlus Super employers and employees in this area.

"Employees are about to get their last pay cheque, but obtaining Centrelink benefits can take a while. Fortunately, the Rudd Government has recently made it a bit easier to obtain these benefits. This is a period of great uncertainty for many people and some appropriate advice can give them a better picture of where they stand and remove a lot of their fears and anxieties," he adds.

It's important for every employee to have a strategy for dealing with the lump sum payment they receive and each employee's strategy may be different depending on their age and circumstances.

Redundancy is not a straightforward issue. A crucial question is what to do with the payout. Should it be used to pay off debt or



be invested inside or outside super? Does the payout need to be easily accessible or could it be invested over the long term?

Ensuring a tax-effective outcome is also vital. Different parts of a redundancy payout are subject to different tax treatments and these need to be carefully assessed.

Changes to super rules made in July, 2007, require termination payments to be taken as cash and not rolled over into super. But transitional rules do apply until 2012 for some employees. If your employee was entitled to a termination payment under your employment contract or workplace agreement as of May 9, 2006, they still have the option of rolling it over into super.

A planner will also help the employee take advantage of other strategies available. For example, those over 55 may be able to put money into super and use the transition-to-retirement arrangements to draw income from the fund.

To find out more about our redundancy advice service, please call **1800 800 002**.

# Chifley Financial Services supports Sunnyfield



Sunnyfield is a New South Wales-based organisation that supports people who have a disability, enabling them to choose how they wish to live. It is one of the largest organisations in NSW and provides over 900 services a week, such as accommodation, supported employment, respite care, day options, training and education for thousands of people with disabilities.

Chifley Financial Services through its commitment to have mail and other items prepared for it by Sunnyfield helps provide employment opportunities for people supported by them. Chifley prides itself on providing ongoing employment prospects for some of the over 300 adults with a disability working for Sunnyfield.

Chifley has an ongoing need for the assembling, collating and packaging of numerous contracts. Using a person centred

approach, Sunnyfield's Supported Employment program seeks to allow its employees to have the opportunity to choose to work tasks they enjoy, experience a variety of roles within the workplace and learn a range of transferable workplace skills.

Sunnyfield's contract fulfilment and mailing services are amongst the best the industry has to offer and its comprehensive in-house operating systems allows Sunnyfield to provide accurate, reliable, and on time delivery of every job.

Sunnyfield has various corporate partners who use these services such as Qantas, MLC, CBA, Vero Insurance, NRMA Motoring & Services, Energy Australia, companies which Sunnyfield relies on in order to provide employment and training opportunities to its clients.

Chifley Financial Services not only supports Sunnyfield through its employment division, but also sponsors the Sunnyfield Golf Day – a peak event on the annual fundraising calendar.

Sunnyfield has many areas in which an individual or organisation can become involved. The Corporate Volunteer Program provides the opportunity for staff to directly contribute to urgent renovation rescue projects within the Sunnyfield community or you can help by donating as little as \$10 per month through a Workplace Giving arrangement with Sunnyfield.

Sunnyfield welcomes and relies on assistance in many forms including donations, volunteers, support in kind, and corporate partnerships. If you would like to inquire or participate in Workplace Giving for Sunnyfield please go to [www.sunnyfield.org.au](http://www.sunnyfield.org.au) or contact Sunnyfield on **(02) 9451 6999**.

## New draft Ordinary Time Earnings (OTE) ruling



The Australian Taxation Office (ATO) has released its draft ruling on Ordinary Time Earnings (OTE) for Superannuation Guarantee purposes - (SGR 2008/D2).

The new draft ruling is more comprehensive than before and clarifies the ATO's view on the following key issues:

- overtime, and when work hours labelled as overtime, may actually fall within an employee's ordinary hours of work; and
- the inclusion of parental leave into OTE.

The ATO's view is that where the overtime is worked regularly then Superannuation Guarantee (SG) applies.

The ATO notes: "Where it is manifestly evident from an objective evaluation of the regular work pattern of an employee that the span of hours actually worked are consistently different to the standard working hours provided in an award or an agreement, the employee's 'ordinary hours of work' for the purposes of the definition of OTE are established by that regular work pattern. These hours are considered the employee's regular, normal, customary and usual hours, even if these hours may be remunerated at overtime or penalty rates."

The ATO also proposes to consider parental leave payments as 'earnings in respect of ordinary hours of work'. This means maternity, paternity or adoptive leave payments would be OTE for the purposes of the SG liability.

When finalised, the new draft ruling will replace the existing rulings covering OTE (SGR 94/4) and Salary or Wages (SGR 94/5).

The final Ruling is expected to be issued soon and to take effect on 1 July 2009. Further information can be obtained from the ATO website at [www.ato.gov.au](http://www.ato.gov.au)

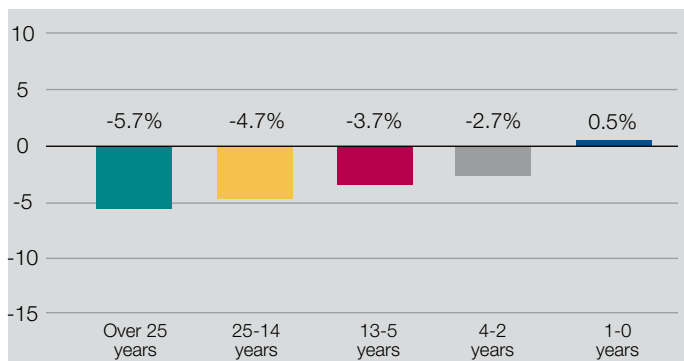
Employers are advised to examine their existing overtime payments to ensure that a SG contribution is made where these new provisions are relevant.

# Performance

For the quarter ending 31 March 2009

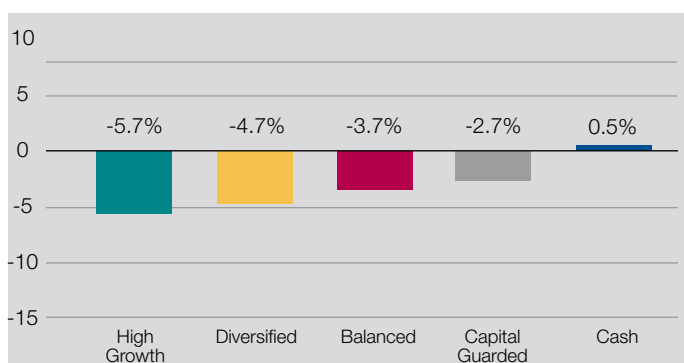
LifeCycle Objective Management Program

By number of years to retirement



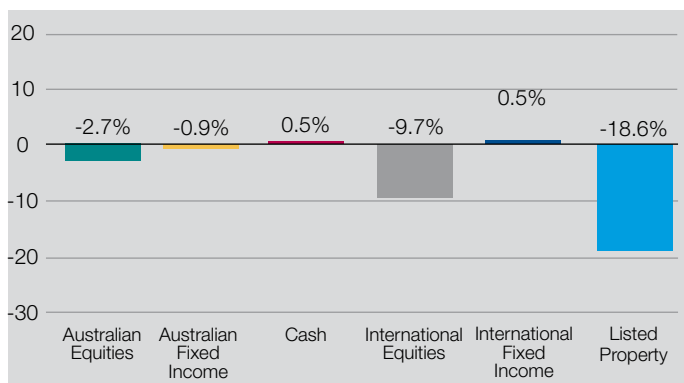
## Managed Portfolio Program

Strategy returns



## Member Choice Program

Investment pool returns



All returns are shown to one decimal place.

# Administration Reminder

Contributions are only allocated to the member's account when we have received both the money for the contribution and the allocation paperwork. This means if you send the money today, but don't send the allocation paperwork for two weeks, the money will be allocated to the member's account in two weeks' time because we require both pieces of information before we can process the contribution.

# Keep us up to date

Please keep us informed of any changes to your contact details. So that we can communicate with you as efficiently and directly as possible you should send details of any payroll personnel changes or postal or email address changes to [employeronline@futureplussuper.com.au](mailto:employeronline@futureplussuper.com.au) so that we can keep our records up to date.

## Quarterly SG contributions

The following table obtained from the ATO lists the cut-off and lodgement dates for quarterly contributions.

Superannuation Guarantee quarter ended	Cut-off date for Superannuation Guarantee contributions	Due date for lodgement of an SG statement and payment of the SG charge if contributions are not made on time.
1 July - 30 Sept	28 October	28 November
1 Oct - 31 Dec	28 January	28 February
1 Jan - 31 March	28 April	28 May
1 April - 30 June	28 July	28 August

## How do your superannuation arrangements stack up?

### Are they:

- Simple to use and easy to manage?
- Cost efficient?
- Able to provide wide range of investment options to meet different members' needs?
- Flexible on group insurance?
- Compliant with Choice of Fund requirements?
- Suitable for your business?
- Able to provide free financial advice on all wealth creation needs?
- Strong on educating members?
- Able to offer members extended benefits via discounted financial, lifestyle and entertainment offers?



Call Chifley on **1800 800 002** to discuss your superannuation arrangements.

# How have investment markets performed?

During the first quarter of 2009 the Australian government announced a large spending package worth \$42 billion over four years. Around \$12 billion will be spent on cash bonuses to individual low to middle-income earners in order to provide an immediate boost to economic growth, with the remainder being spent on revenue-generating infrastructure projects over the coming years.

Globally, governments were doing their best to stabilise the financial sector with various initiatives aimed at supporting local banks, increasing consumer confidence and boosting economic activity. In particular, the US announced its US\$2 trillion Financial Stability Plan to improve conditions in financial markets.

Elsewhere, the release of Chinese GDP data was bad news for the Australian economy. Economic growth in China fell 2.2% to 6.8% for the 12 months to December 2008. This news means that demand from China is likely to fall, bad news for the Australian economy whose exports, especially raw material, are highly reliant on the Chinese import market.

The market commentary below is provided to give an indication of the various factors affecting the investment performance of individual asset classes. It is based only on the gross performance of the relevant market index and no allowance is made for taxes or fees as they apply in your superannuation investment. It is provided merely as an indication of relative performance between asset classes and should not be used as a measure for judging the performance of your investment strategy.

## Australian Equities

From the beginning of January to the first week of March, the Australian stock market traded poorly with a performance of negative 15.5%. However, the market hit a potential 'bottom' on 6 March 2009, sparking a rally to the end of the month of nearly 14%. By the end of the quarter, this late rally almost made up for the prior two months with the benchmark S&P/ASX 200 index finishing down just short of 2% for the quarter. The meeting of the G20 may have gone some way to spark this recovery as investors saw decisive action from world governments to improve economic conditions as a big positive for financial markets. Another support for the rally was a growing belief amongst certain investors that certain stocks and sectors had been oversold. It remains to be seen whether the bargain hunters are

correct in their belief that the bottom of the market has been reached but, in the short term at least, it appears as though investors are slowly regaining confidence in equity investments and returning to the market.

## International Equities

A very similar story can be told for international stock markets. The late rally seen in Australia was repeated in world stock markets although more modestly. The main difference was that the first two months of the quarter were much worse than the domestic market. The benchmark for world stock markets, the MSCI World Ex Australia index, lost 15.9% (on a hedged basis) through January and February so the late rally had a lot more work to do to recapture those falls. The rally only recouped 6% and by the end of the quarter the benchmark was still down nearly 11% showing that there is still a long way to go before this market regains its equilibrium.

## Listed Property

Listed Property investments continued their recent poor returns through the first quarter of 2009 and did not enjoy the same recovery as seen in the wider stock market. The benchmark S&P/ASX 200 A-REIT index finished the quarter down more than 24% as the process of de-leveraging continued.

## Cash and Fixed Income

The Reserve Bank of Australia cut interest rates by an expected 1% to 3.25% in February with a similar trend emerging around the world as central banks tried to encourage economic activity through monetary policy.

Cash and Fixed Income investments over the quarter continued to provide a 'safe haven' for investors looking outside of equity markets. Benchmark returns for the quarter ranged from 0.2% to 3.1% depending on the nature of the investment, with inflation linked bonds coming in at the top of this range due to the interest rate cuts.

The credit sector remained volatile during the quarter with the benchmark, Barclays Capital Global Credit index, returning a negative 0.6% during this period. A lot of doubt still exists around credit investments following the seemingly impossible collapse of high-profile investment banks at the end of last year.

## We have branches at:

<b>Sydney:</b>	28 Margaret Street
<b>Lismore:</b>	81-83 Molesworth Street
<b>Newcastle:</b>	161 King Street
<b>Orange:</b>	187 Summer Street
<b>Parramatta:</b>	10-14 Smith Street

<b>Wollongong:</b>	Shop 2/60 Burelli Street
<b>Wagga Wagga:</b>	Shop 2/209 Baylis Street
<b>Albury*:</b>	621 Dean Street

\* Bookings are essential. Phone 1800 067 059 to make an appointment.

Office hours 8.30am - 5.00pm Monday - Friday

Employer Helpline:	1800 636 441	Address:	Ground Floor
Member Helpline:	1800 067 059		28 Margaret Street
Employer Fax:	(02) 9299 9321		Sydney
Member Fax:	(02) 9279 4131	Write:	PO Box N835
Website:	www.futureplussuper.com.au		Grosvenor Place
Email:	employerservices@futureplussuper.com.au		NSW 1220
	(general employer queries)		
Email:	employeronline@futureplussuper.com.au		
	(contribution files and changes)		

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