



THE FUTURE IMPACT OF GEN Z

Meet the fresh
face of investing
at HESTA

SUPER THROUGH LIFE

From your
first job until
retirement

the adventure continues

Peggy is making
the most of a
transition to
retirement strategy

PLAYING THE LONG GAME

Our investment
strategy is built
for long-term
performance

GET MORE JOY FROM RETIREMENT

How will you
spend it?

AUGUST 2019
Your member magazine

HESTA



Thinking about what life will look like in the next 5-10 years?

It's alright not to have all the answers.

Our team at HESTA are experts at this sort of thing. They can help you plan ways to keep doing what you want. And they can take you through what to think about as you head towards retirement.

We can help over the phone or in person, whatever suits you best.

Get started at hesta.com.au/lets-talk



I love seeing people take control of their finances, and feel huge satisfaction when they become confident in achieving their retirement outcomes.

Jaime Seletto, HESTA Member Education Manager



ON THE COVER
HESTA member
and nurse, Peggy



in this issue...

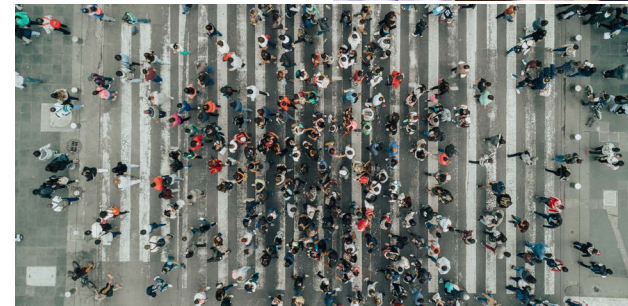
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Here for you, for life

Welcome to your latest member magazine. I hope this year is shaping up to be a rewarding one for you.

Of course, it takes more than hope to achieve a great outcome. That's why we support you with investment expertise and practical help, from your first day of work to a fulfilling life after work.

We're constantly looking for new and better ways to help you become, and stay, financially secure. You have a world-class team of experts investing your super, as our returns continue to show. Many of those investments are made directly back into your industry.

You have a fantastic range of tools at your fingertips through your online account, which can really help you take charge of your super.

You have advice from highly skilled and passionate HESTA staff: by phone, through our regional seminars and one-to-one, all as part of your membership. You have the option to stay with us after your retire.

And you have the strength and scale of a major super fund behind you. We're growing every year, but we never lose sight of our purpose and privilege: to deliver a better financial future for our members.

We're honoured to be your partner, now and throughout your life.

Debby Blakey
Chief Executive Officer

Three things I'm really optimistic about



The next generation of investment managers

This issue we're profiling former intern, now full time staff member Apphia Ochilo who brings with her passion and innovative thinking for the future of investment.



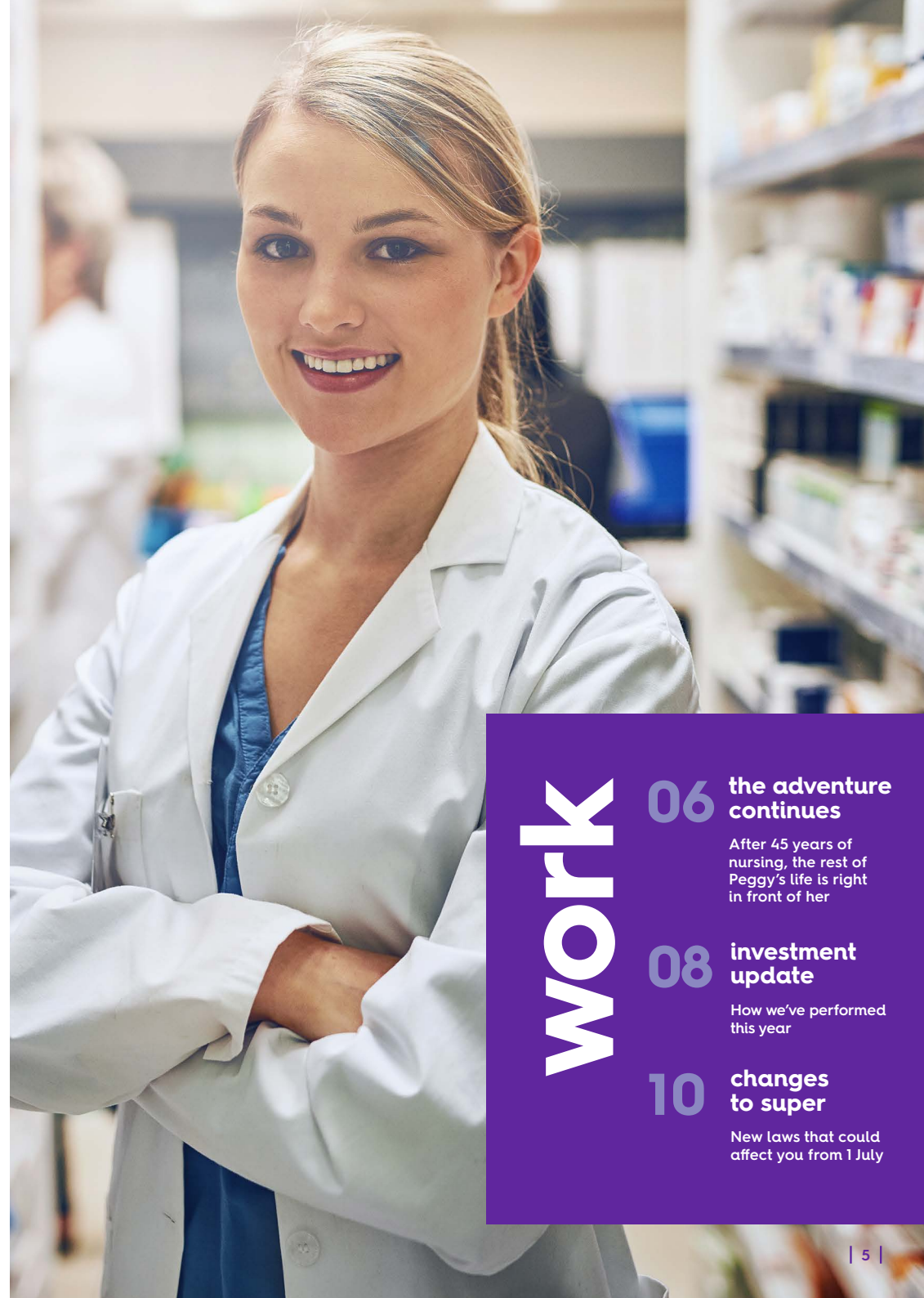
The global shift towards responsible investing

We were pioneers in responsible investing and we're optimistic that its growing momentum will create a better future for all.



Our own ongoing growth

At \$50b funds under management, our growth shows we're delivering for our members and your industry.



work

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After 45 years of nursing, the rest of Peggy's life is right in front of her

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How we've performed this year

10 changes to super

New Laws that could affect you from 1 July

the adventure continues

After 45 years of nursing, the rest of Peggy's life is right in front of her.

"Sleeping in, having coffee, going for lunches, it's just a few months away I think," says Peggy, a nurse with a 45-year career.

Peggy believes it's important to maintain interests throughout your working life in order to have a fulfilling retirement. "You have to make sure you've got interests, so that when your children grow up and you start winding down from work you can develop these further," says Peggy.

One such interest that Peggy has sustained since childhood has been dance, which she has been doing since her teens. Her specialty is Ukrainian dance which she teaches at Lehenda Ukrainian Dance School in Melbourne.

"When I dance I feel freedom. Dance allows me to express emotion. When I perform I'm giving something and it makes people happy."



“ My adviser put everything into perspective. My husband and I felt reassured that we're both going to be able to continue with the things that we like to do.”

Peggy, nurse and HESTA member

Peggy met with a HESTA adviser and has set up a Transition to Retirement Income Stream. "That's going to give me a fortnightly income where I can maintain all my activities. I'll have to keep a strict budget, but my adviser showed me how it's doable.

"My adviser put everything into perspective. My husband and I felt reassured that we're both going to be able to continue with the things that we like to do.

"I'm going to take time to smell the roses and do all the things that people love to do on the weekends, but I'm going to do it every day," says Peggy.



Find out how a Transition to Retirement Income Stream might work for you
hesta.com.au/ttr

our investment performance

The global economy has seen its fair share of action over the past 12 months.

HESTA Core Pool has performed strongly, with a result of 7.25% this financial year. This is an excellent result especially given the volatility in investment markets in the December quarter.

HESTA Income Stream members should also be happy with returns of 9.32% from our Balanced option and 6.00% from our Defensive option. Strong performance from the bond market can take some of the credit for the result in Defensive performance.

In a similar story, Transition to Retirement members have seen a result of 7.46% in returns for the Balanced option and 5.19% for the Defensive option.

A more challenging investment environment

Chief Investment Officer Sonya Sawtell-Rickson says that the strength we've seen in the markets over the past few years will ease a bit. "While equity markets have performed well year-to-date, we believe we're now entering a time for caution as we anticipate more muted returns going forward.

"To counteract these expected changes we've re-routed our investment strategy to get the best returns for our members," says Sonya. "What this means is, we've taken a more conservative approach to investments within our portfolio with a lower allocation to growth assets."

Playing the long game

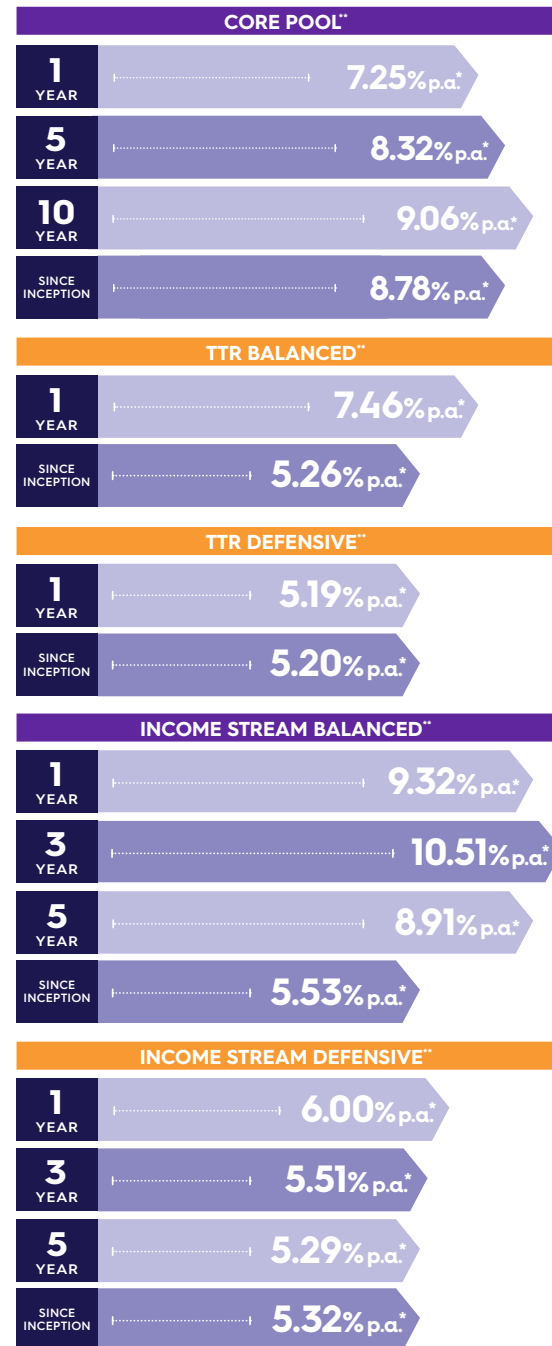
Time plays an important role when it comes to investing.

It's your time in the market, not timing the market, that helps to achieve maximum returns.

"The long-term horizon of the fund allows us to be patient to withstand the current economic headwinds and geopolitical uncertainties and will allow us to take advantage of opportunities as they arise," says Sonya.

And for our income stream members?

Lower cash returns have meant a challenge in delivering the best results for HESTA Income Stream members, but that's balanced out by other parts of our portfolios. "Falling bond yields have come on the back of lower interest rates which could imply a lower return for bonds going forward," says Sonya.



“Our investment strategy is built to deliver strong long-term performance for our members.”

Sonya Sawtell-Rickson
HESTA Chief Investment Officer

+
Keep an eye on your account 24/7
Check your HESTA investments anywhere, anytime at hesta.com.au/mol

* Investments may go up or down. Past performance is not a reliable indicator of future performance. The returns shown are net of investment fees, indirect costs and taxes.
** Core Pool is the default option for HESTA super, while a blend of Balanced and Defensive options is the default strategy for the HESTA Income Stream.

changes to super

On 1 July, the Australian Government made changes to super that affect anyone with:

- an inactive account, or
- an inactive account with a low balance under \$6,000.

What is an inactive account?

This is when an account hasn't had any contributions or rollovers for 16 months.

Inactive accounts and insurance

Once an account is considered inactive, insurance cover on the account - which can be income protection, death and/or total and permanent disability - must stop. This policy has been put in place as a way to stop inactive account balances being eaten up by fees.

Inactive accounts and low balances

Under the new legislation, inactive super accounts with balances under \$6,000 will have their balance transferred to the Australian Tax Office.

What can you do?

To keep your insurance when you become inactive or to avoid being transferred to the ATO if your account is under \$6,000, there's a few things you can do.

Visit hesta.com.au/staywithus for further information.



Life

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We look at easy ways to save \$\$\$ while planning and taking that big trip

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Apphia Ochilo is working towards a better future for HESTA members, including her mum.

16 four money sinkholes to avoid

Four money sinkholes could be swallowing up \$2,000 of your cash each year.

travel on a budget

We look at easy ways to save \$\$\$ while planning and taking that big trip

Get technology on your side

Technology is scarily good at knowing what you're looking at online. When you're searching for flights or accommodation, bear in mind that websites can track what prices you've been quoted in the past, so make sure you're being stealthy with your browsing. Always make sure you clear your browser cookies, or use a private window like Chrome's Incognito. Prices can also vary depending on where you're booking from. Using a virtual private network (VPN) like the Hola extension in Chrome can trick the internet into thinking you're booking from another place.



Stay in fewer places for longer

If you try to take a trip that ticks off lots of destinations you'll quickly find your travel budget getting eaten up. Taking lots of journeys over a short time span is not only exhausting, it's expensive. So, think about taking the slower option. Not only will you get a better feel for the country or city that you're in, but you'll also spend less on accommodation. Accommodation sharing sites often give discounts for longer-term rentals, plus you'll only have to pay the cleaning fee once.

Focus on lunch

If you do decide to eat out in more expensive restaurants, go for lunch instead of dinner. In most places a lunch deal is a lot cheaper than the full price charged at dinner. This is because the portions can be a bit smaller and people tend not to stay as long at lunch.

Enjoy culture for free

Many big cities are full of museums, including numerous collections of art and history that are free to the public. Others charge a small fee for entrance into their museums, but even those places frequently offer discounts and even free days. There are also free walking tours (for a tip) of many major cities that you can join. They're a great way to get your bearings in a city, as well as meet fellow travellers.



Planning a future full of adventure? Find out how to grow your super so you can enjoy travel in retirement

hesta.com.au/contribute

the future impact of Generation Z

Former intern, now full-time staff member Apphia Ochilo is working towards a better future for HESTA members, including her mum.

“Like most young people, I didn’t really think about super before I started at HESTA,” says Apphia, a recent intern turned full-time staff member in the Investment Data Management team at HESTA.

Apphia grew up in the United States, but at age 12 moved to Gippsland in country Victoria. She studied at the University of Melbourne where she earned a Bachelor of Commerce in Finance. She is currently completing her Master of Business IT at the Royal Melbourne Institute of Technology.

“I knew a little bit about HESTA because my mum is a nurse and HESTA member. It wasn’t until I was researching my job application that I discovered HESTA is big on responsible investment.

“I have always been interested in working somewhere that benefits people. Superannuation seems to be the place where all my years of study in finance and technology can intersect with contributing to real-world impact,” says Apphia.

The bonus of being part of the team that helps generate returns through responsible investment is that Apphia’s working for better financial outcomes for members like her mum.

“From an immigrant’s perspective I think the Australian superannuation system is a real privilege. But I know many HESTA members are nurses like my mum who work long hours caring for others for not a whole lot of money,” says Apphia.

“Then there’s my friends who don’t really understand super but have started showing more interest by asking me questions. I feel like I’m now in a position to really help a lot of people to be better prepared for their financial future.”

Find out more about how we’re investing your super for your future at hesta.com.au/investments



four money sinkholes to avoid



Industry super fund-owned bank ME says four money sinkholes could be swallowing up \$2,000 of your cash each year.

1. Keeping the same mobile phone plan

There's a whole smorgasbord of mobile carriers, many offering red hot deals. According to Finder, switching plans or providers could see you save over \$500 a year¹.

2. Holding onto unwanted online purchases

New research by ME shows 70% of us never get around to returning online buys that aren't quite right, and it's setting us back an average of \$384 annually².



Could you be losing money on multiple super accounts too? See if combining them could help your future self, visit hesta.com.au/rollover

3. Sticking to an unsuitable power plan

Use sites like Energy Made Easy to check if you have the most competitive power provider – and plan – for your needs. According to EnergySwitch³, making the move to a better deal could slash \$550 off your annual electricity costs.

4. Paying avoidable bank fees

Mozo research indicates Australian households each rack up about \$477 in annual bank fees. Plenty of banks have scrapped regular account-keeping fees⁴. Also, look for an everyday account that lets you access your money at an ATM anywhere in Australia.

¹ finder.com.au media release, February 2018
² ME Bank media release, March 2019
³ NSW government media release, November 2018
⁴ mozo.com.au media release, February 2018



balance

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We answer your questions



Money smarts today and tomorrow

super through life's changing stages

We look at how to manage your super from when you first start working, until you finally get to enjoy it.



Starting out

Right now, it's all about you – so you can set your super up for great things.

The first step? Make sure it's all in one place. If you've worked at a number of jobs there's a chance you have more than one super account, which means paying more than one set of fees.

It's also worth thinking about topping up your super with extra contributions before life gets more expensive with a mortgage, or maybe kids.

Take the time to look at what your super is invested in. When you're young you have many years ahead of you to weather any financial storms, so choosing a higher growth investment option might be worth it.*

Life gets a bit more serious

By default, life insurance (or death cover) and disability insurance – total and permanent disability (TPD) and/or income protection (IP) – is provided within super.

Not only can life insurance protect you if you're diagnosed with a terminal illness, life insurance can help protect your loved ones financially if you pass away.

You can also look out for yourself by checking or updating your IP to TPD cover.

When it comes to your career, if you start to earn more, consider salary sacrificing extra into your super. Find out more at

hesta.com.au/contribute

*Returns may be positive or negative. Past performance is not an indicator of future performance.

Maybe kids come along...

Raising kids can be one of life's great rewards, but less time in the workforce equals less money going into your super account, and less when you retire.

Couples can share this load by adding a bit extra to the main caregiver's super through spouse contributions or contribution splitting.

You may be able to take advantage of the government's co-contribution to super if you are earning under a certain threshold and make an after-tax contribution to your super.

If relationships end

When couples separate, super can typically split as part of joint property. Best case scenario, an amicable decision of how much each person gets will be reached. If not, a court order to split the super might be necessary.

Winding down

No matter what's happening in your personal life, as you get older you should reassess the insurance you have in your super and who should get it when you pass away.

You might also want to review what your super is invested in; your needs will change as you get closer to retirement.



We're here for good, for you. Expert advice at every life stage is all part of being with HESTA. hesta.com.au/advice

how to get more joy from retirement

After a lifetime of working, retirement is the time to enjoy yourself. How will you spend it?

Get in the best shape of your life

Improving your fitness can make retirement better in almost every way. Join a yoga or Pilates class, a walking group or try aqua aerobics. You'll have more energy, a healthier body and a happier mindset.

Keep up with technology

You didn't grow up in the connected world of the millennial generation, but that doesn't mean you can't keep up with advances in technology. By actively choosing to learn and understand the world of Android or Apple, you'll gain a world of freedom. Whether that's ditching printed maps or shopping online, you'll have an increased ability to adapt in a rapidly changing world.

Declutter Marie Kondo style

Do you have kitchen drawers full of utensils you don't use? A pastel polyester pant suit in your wardrobe you last wore in 1973? Why not do a retirement clean and organise, simplify and declutter your house? In the style of decluttering guru Marie Kondo, ditch the items that hold the least emotional attachment and only hold on to things that 'spark joy'!

Time for retirement



Get in top shape



Keep up with technology



Declutter your house



Start an encore career



Make new friends



Start an encore career

Retiring is often a great opportunity to start a new, totally unrelated career. If you spent your working life doing shift work at a hospital, looking after other people's children or sitting at a desk, now is the time to mix it up. Assist at a florist, drive a school bus, intern at an e-commerce company à la Robert De Niro in the movie 'The Intern'. Job website [seek.com.au](https://www.seek.com.au) has a retiree-specific search function. You could also use your expertise or passion to take on pro-bono work. You could even make a difference in a not-for-profit organisation.

Make friends of all ages

Make a commitment to connect to people from a range of age groups. Spend time with your children, or your children's friends. Chat to your neighbours. Talk to people in your yoga or aerobics class. Join a community group. In the process of exploring something different, you'll be keeping yourself younger and more interesting.



Ready to retire?

A retirement income stream can give you a regular income while the rest of your money works hard [hesta.com.au/is](https://www.hesta.com.au/is)

what our members ask us

What happens to my insurance when I'm on parental leave?

Welcoming a new person into the world is an exciting (and expensive) time. That's why we have insurance fee-free cover during parental leave for up to 12 months. This means your cover continues even while you're away from work – and you don't pay a cent in insurance fees from your super. To organise your fee-free cover you must be currently employed, your leave must be approved by your employer and your insurance cover must be current. You can find out more by going to hesta.com.au/insure

When can I access my super?

It all depends on when you were born and something called your 'preservation age'. Your preservation age is the goalpost for when you can access your super.

If you permanently retire after you've reached preservation age, you may be able to withdraw your super as a lump sum.

Your date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 30 June 1964	60

If you're still working once you've hit the preservation age goalpost, you can transfer your super to a Transition to Retirement (TTR) Income Stream. A TTR strategy does one of two things: it can help give your super a boost before you retire by saving on tax or you can use it to supplement your take home \$\$\$ if you decide to reduce your work hours. You can find out more by going to hesta.com.au/ttr

How do I transfer money into HESTA from another fund?

You can roll over your super from another fund to HESTA a number of ways. The easiest option is to search for other super and roll over via your online account at hesta.com.au/mol. You can also give us a call on 1800 813 327 or you can fill out a 'Rollover initiation request' form which you can download at hesta.com.au/forms. Before you transfer your other super into your HESTA account you should check any insurance you have with your other fund/s and any other benefits you may have.

"I want a super fund that puts more money in my pocket."

Angie Monk,
Midwife


Based on a starting salary of \$50,000 and a starting account balance of \$50,000, HESTA has delivered **\$56,437** more than the average retail super fund over the past 15 years.*

Lower fees and higher investment earnings mean more money for your future.

HESTA



*Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund. Comparisons modelled by SuperRatings, commissioned by HESTA and show average differences in net benefit of the main balanced options of HESTA and retail funds tracked by SuperRatings, with a 3 (144 funds), 10 (73 funds) and 15 (45 funds) year performance history, taking into account historical earnings and fees – excluding contribution, entry, exit and additional adviser fees – of main balanced options. Outcomes vary between individual funds. Modelling as at 30 June 2019. Visit hesta.com.au/netbenefit for more information. Consider a fund's Product Disclosure Statement (PDS) and your personal financial situation, needs and objectives, which are not accounted for in this information, before making an investment decision. You may wish to consult an adviser when doing this.



Currently, there are
over 17,000 HESTA
members either
transitioning to or
enjoying full retirement
right now through a
HESTA Income Stream.

**Did you know
you can stay
with HESTA when
you're ready to
stop working?**

HS1318.0 08/19 ISS5

hesta.com.au/retire

HESTA

