



# Annual Report 2018



## Contents

Investment options	4
Investment performance	11
Accounts	12
Things you should know	14
Changes to superannuation	15

## Important...

This Annual Report has been prepared by Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 733; RSE L0001441) (Trustee) which is the trustee of the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743, USI AET0100AU) (Fund). Australian Ethical Investment Ltd (ABN 47 003 188 930, AFSL 229949) (Australian Ethical) offers to arrange for the issue of interests in the Fund, pursuant to an arrangement between Australian Ethical and the Trustee. The Trustee issues interests in the Fund in accordance with such offers, where the offer is accepted.

The information in this Annual Report is up-to-date at the time of preparation. However, information in this Annual Report is subject to change from time to time. Updated information can be obtained by contacting your financial adviser, going to our website or calling us on 1300 134 337. You may request a paper copy of this Annual Report and any updated information at any time, free of charge.

Information in this Annual Report is general information only and does not take into account your personal financial situation or needs. You should consider obtaining financial advice that is tailored to suit your personal circumstances.

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Join online: [australianethical.com.au/join-now](http://australianethical.com.au/join-now)

For over 30 years we have been true to our Ethical Charter. Our employees, our clients and our shareholders choose us because:

We are  
**FOSSIL-FUEL  
FREE<sup>1</sup>**

We are  
**TOBACCO  
FREE**

We are  
**NUCLEAR  
WEAPONS  
FREE**

**WE DO NOT** invest in businesses involved in cruelty to animals

**WE DO** invest in sustainable, future-building businesses

**WE PRIDE** ourselves on our ethical business practices

**WE ACTIVELY ENGAGE** with businesses to advocate for positive change

**WE OFFER** a comprehensive range of investment options catering to all risk appetites

**WE DONATE** 10% of our profits<sup>2</sup> to not-for-profit organisations

<sup>1</sup> Since 1 July 2016 we have been free from all companies whose main business is fossil fuels, as well as diversified companies that earn some fossil fuel revenue and aren't creating positive impact with their other activities. We may invest in a diversified company which is having a positive impact in other ways such as producing renewable energy, provided its fossil fuel revenue is sufficiently low (a maximum of 5% to 33% depending on the fuel).

<sup>2</sup> Before deducting bonus and grant expense.



# Super investment options

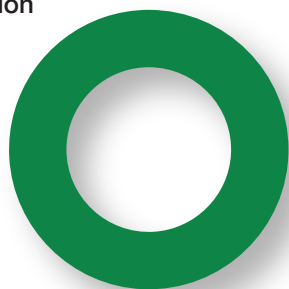
## Asset allocations(%) to 30 June 2018\*

### Super (accumulation)

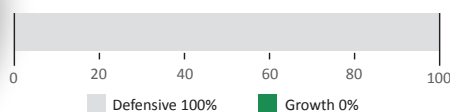
Further information regarding the investment strategy and strategic asset allocations of each of the investment options can be found in the Additional Information Booklet which is located at [australianethical.com.au/super/pds/](http://australianethical.com.au/super/pds/) or by calling us to request a free copy.

#### Defensive option

■ Cash 100%



Asset type	Range %
Interest-bearing investments	90-100
Cash	0-10



#### Investment objective

To provide members with a portfolio focused on preservation of capital through low risk income generating investments.

#### Investors that the option may suit

Members wanting a low risk of capital loss and low volatility with a short investment timeframe.

#### Recommended minimum investment timeframe

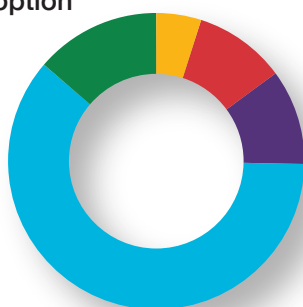
1 year

#### Risk Level^

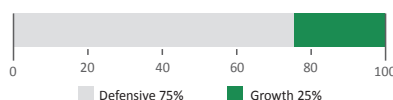
Low

#### Conservative option

■ Cash 13.7%  
 ■ Interest-bearing securities 61.0%  
 ■ Australian & New Zealand Shares 10.4%  
 ■ International Shares 10.0%  
 ■ Property 4.9%



Asset type	Range %
Interest-bearing investments & Cash	20-100
Property	0-15
Australian and New Zealand Shares	0-20
International Shares	0-20
Alternatives	0-15



#### Investment objective

To provide members with returns only moderately above inflation over a medium time horizon with low to medium levels of investment risk.

#### Investors that the option may suit

Members closer to, or in retirement, who need to protect their retirement savings and keep up with inflation or members who want a low volatility option.

#### Recommended minimum investment timeframe

3 years

#### Risk level^

Low to medium

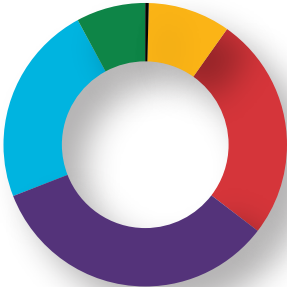
^Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA



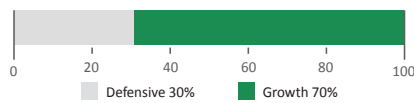


### Balanced (accumulation) option

- Cash 7.9%
- Interest-bearing securities 23.0%
- Australian & New Zealand Shares 33.7%
- International Shares 25.6%
- Property 9.4%
- Alternatives 0.3%



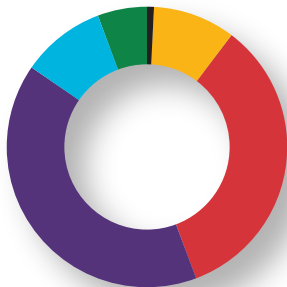
Asset type	Range %
Interest-bearing investments & Cash	10-50
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	10-50
International Shares	5-40
Alternatives	0-20



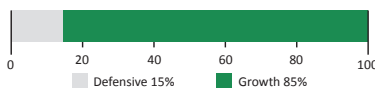
Investment objective	To provide a diversified portfolio that has an appropriate balance between income and capital growth investments with medium to high levels of risk. It aims to achieve returns of 3.5% p.a. above inflation over the medium to longer terms.
Investors that the option may suit	Members comfortable with a medium to high level of risk that have an investment timeframe of at least 5 years.
Recommended minimum investment timeframe	5 years
Risk level <sup>^</sup>	Medium to high

### Growth option

- Cash 5.7%
- Interest-bearing securities 9.7%
- Australian & New Zealand Shares 40.3%
- International Shares 34.0%
- Property 9.5%
- Alternatives 0.7%



Asset type	Range %
Interest-bearing investments & Cash	0-45
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	15-55
International shares	10-50
Australian and New Zealand	0-20



Investment objective	To provide long term growth accompanied by high levels of risk through holding mostly growth assets.
Investors that the option may suit	Members who have a longer timeframe to accumulate retirement savings and who are comfortable with short-term market fluctuations.
Recommended minimum investment timeframe	6 years
Risk level <sup>^</sup>	High

<sup>^</sup>Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA

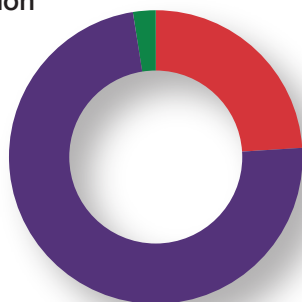


# Asset allocations(%) to 30 June 2018\*

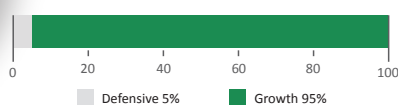
## Continued...

### Advocacy option

- Cash 2.5%
- Australian & New Zealand Shares 73.5%
- International Shares 24%



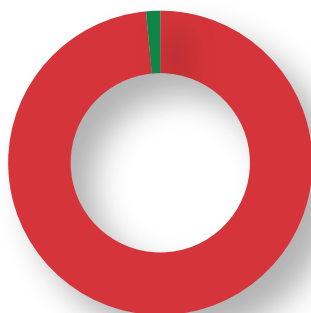
Asset type	Range %
Cash	0-15
Australian and New Zealand Shares*	55-85
International Shares	10-40



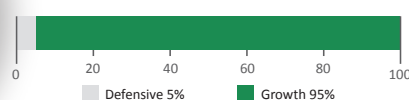
Investment objective	To provide long term growth accompanied by high levels of risk through investment in listed companies on Australian and international stock exchanges.
Investors that the option may suit	Members seeking capital growth through long term investments who have a higher tolerance for risk.
Recommended minimum investment timeframe	7 years
Risk Level^	High

### International shares option

- Cash 1.5%
- International Shares 98.5%



Asset type	Range %
Cash	0-15
International Shares	85-100



Investment objective	To provide long-term growth accompanied by high levels of risk through investment in overseas companies.
Investors that the option may suit	Members seeking an exposure to international companies who are comfortable with short term volatility. It is suited for members with a longer investment timeframe and a higher risk tolerance.
Recommended minimum investment timeframe	7 years
Risk Level^	High

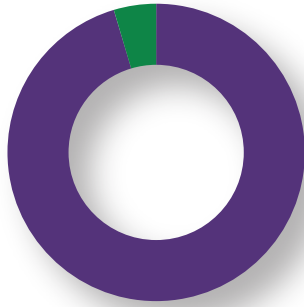
^Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA



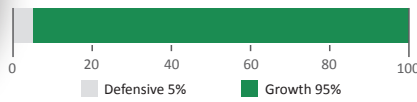


## Australian shares option

- Cash 4.6%
- Australian & New Zealand Shares 95.4%



Asset type	Range %
Cash	0-20
Australian and New Zealand Shares <sup>^</sup>	80-100



Investment objective	To provide long-term growth accompanied by very high levels of risk through investment in Australian and New Zealand companies with a bias to smaller companies.
Investors that the option may suit	Members seeking capital growth through long-term investments who have a higher tolerance for risk.
Recommended minimum investment timeframe	7 years
Risk Level <sup>^</sup>	Very high

<sup>^</sup>Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA



# Pension Investment options

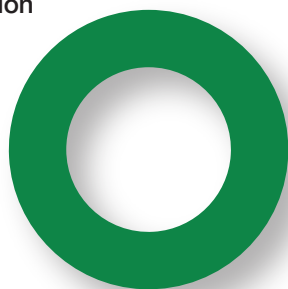
## Asset allocations(%) to 30 June 2018\*

### Pension

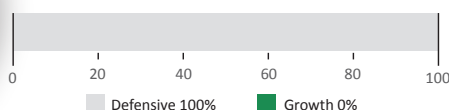
Further information regarding the investment strategy and strategic asset allocations of each of the investment options can be found in the Additional Information Booklet which is located at [australianethical.com.au/pensions/pds/](http://australianethical.com.au/pensions/pds/) or by calling us to request a free copy.

#### Defensive option

■ Cash 100%



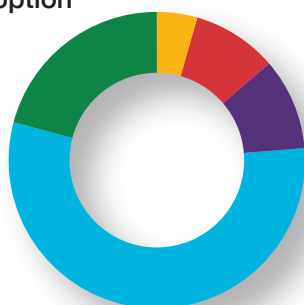
Asset type	Range %
Interest-bearing investments	90-100
Cash	0-10



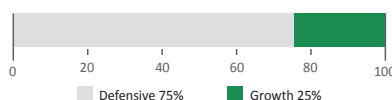
Investment objective	To provide members with a portfolio focused on preservation of capital through low risk income generating investments.
Investors that the option may suit	Members wanting a low risk of capital loss and low volatility with a short investment timeframe.
Recommended minimum investment timeframe	1 year
Risk Level <sup>^</sup>	Low

#### Conservative option

■ Cash 20.9%  
 ■ Interest-bearing securities 55.4%  
 ■ Australian & New Zealand Shares 10%  
 ■ International Shares 9.3%  
 ■ Property 4.4%



Asset type	Range %
Interest-bearing investments & Cash	20-100
Property	0-15
Australian and New Zealand Shares	0-20
International Shares	0-20
Alternatives	0-15



Investment objective	To provide members with returns only moderately above inflation over a medium time horizon with low to medium levels of investment risk.
Investors that the option may suit	Members closer to, or in retirement, who need to protect their retirement savings and keep up with inflation or members who want a low volatility option.
Recommended minimum investment timeframe	3 years
Risk level <sup>^</sup>	Low to medium

<sup>^</sup>Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA

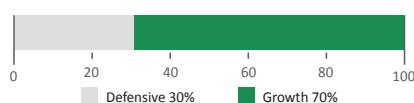


## Balanced (pension) option

- Cash 15.1%
- Interest-bearing securities 29.4%
- Australian & New Zealand Shares 27.1%
- International Shares 20.6%
- Property 7.6%
- Alternatives 0.2%



Asset type	Range %
Interest-bearing investments & Cash	10-50
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	10-50
International Shares	5-40
Alternatives	0-20



Investment objective

To provide a diversified portfolio that has an appropriate balance between income and capital growth investments with medium to high levels of risk. It aims to achieve returns of 3.5% p.a. above inflation over the medium to longer terms.

Investors that the option may suit

Members comfortable with a medium to high level of risk that have an investment timeframe of at least 5 years.

Recommended minimum investment timeframe

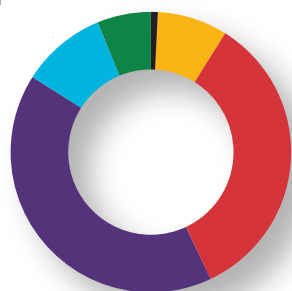
5 years

Risk level<sup>^</sup>

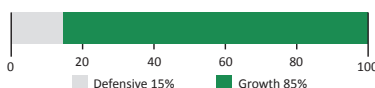
Medium to high

## Growth option

- Cash 6.2%
- Interest-bearing securities 9.8%
- Australian & New Zealand Shares 41.0%
- International Shares 34.1%
- Property 8.1%
- Alternatives 0.7%



Asset type	Range %
Interest-bearing investments & Cash	0-45
Property	0-20
Australian and New Zealand Shares <sup>^</sup>	15-55
International shares	10-50
Australian and New Zealand	0-20



Investment objective

To provide long term growth accompanied by high levels of risk through holding mostly growth assets.

Investors that the option may suit

Members who have a longer timeframe to accumulate retirement savings and who are comfortable with short-term market fluctuations.

Recommended minimum investment timeframe

6 years

Risk level<sup>^</sup>

High

<sup>^</sup>Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA

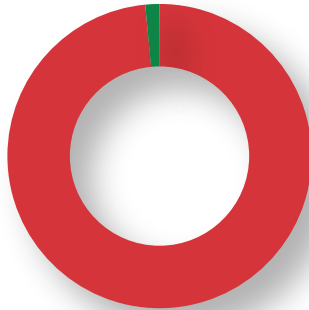


# Asset allocations(%) to 30 June 2018\*

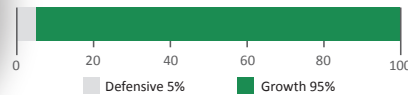
## Continued...

### International shares option

- Cash 1.9%
- International Shares 98.1%



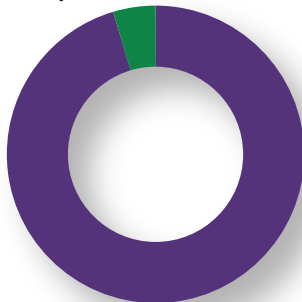
Asset type	Range %
Cash	0-15
International Shares	85-100



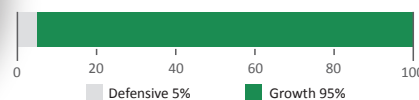
Investment objective	To provide long-term growth accompanied by high levels of risk through investment in overseas companies.
Investors that the option may suit	Members seeking an exposure to international companies who are comfortable with short term volatility. It is suited for members with a longer investment timeframe and a higher risk tolerance.
Recommended minimum investment timeframe	7 years
Risk Level <sup>^</sup>	High

### Australian shares option

- Cash 4.6%
- Australian & New Zealand Shares 95.4%



Asset type	Range %
Cash	0-20
Australian and New Zealand Shares <sup>^</sup>	80-100



Investment objective	To provide long-term growth accompanied by very high levels of risk through investment in Australian and New Zealand companies with a bias to smaller companies.
Investors that the option may suit	Members seeking capital growth through long-term investments who have a higher tolerance for risk.
Recommended minimum investment timeframe	7 years
Risk Level <sup>^</sup>	Very high

<sup>^</sup>Risk measures are based on the Standard Risk Measure Guidelines issued by the FSC and ASFA

# Investment performance

## Superannuation options returns to 30 June 2018

Our super fund's default MySuper option, the Balanced (accumulation) option, has outperformed its benchmark over two years and all longer time periods shown.

Accumulation options	1 year %	2 year % p.a.	3 year % p.a.	5 year % p.a.	7 year % p.a.	10 year % p.a.	15 year % p.a.
<b>Defensive</b>	1.1%	1.2%	1.1%	1.4%	1.9%	2.4%	3.1%
Australian 90 day bank bill**	1.2%	1.2%	1.2%	1.7%	2.3%	3.0%	4.0%
<b>Conservative</b>	2.9%	3.1%	3.3%	3.7%	3.8%	n/a	n/a
Morningstar Multisector Moderate – Superannuation	3.5%	3.4%	3.1%	4.1%	4.5%	n/a	n/a
<b>Balanced (accumulation)</b>	6.7%	8.2%	6.4%	7.6%	7.4%	5.3%	5.8%
Morningstar Multisector Growth – Superannuation	7.7%	8.1%	5.7%	6.6%	6.5%	5.1%	5.7%
<b>Growth</b>	7.6%	9.4%	6.7%	8.4%	8.4%	5.2%	6.7%
Morningstar Multisector Aggressive – Superannuation	10.1%	10.8%	7.0%	8.3%	8.0%	5.8%	6.5%
<b>Advocacy</b>	8.3%	9.9%	7.4%	10.4%	10.0%	n/a	n/a
Melded Benchmark (ASX 200 Inds & MSCI World ex Australia**)	8.4%	10.0%	7.1%	10.6%	9.7%	n/a	n/a
<b>International Shares</b>	7.1%	12.7%	6.2%	9.7%	8.5%	3.6%	n/a
MSCI World ex Australia**	13.5%	12.9%	8.3%	12.2%	14.3%	8.7%	n/a
<b>Australian Shares</b>	9.6%	11.6%	10.5%	12.4%	11.9%	9.3%	10.3%
S&P/ASX Small Industrials**	16.2%	11.4%	11.2%	7.6%	(1.8%)	(0.5%)	n/a

## Pension options – returns to 30 June 2018

Pension options	1 year %	2 year % p.a.	3 year % p.a.	5 year % p.a.	7 year % p.a.	10 year % p.a.	15 year % p.a.
<b>Defensive</b>	1.3%	1.4%	1.3%	1.5%	2.2%	2.9%	3.6%
Australian 90 day bank bill <sup>+</sup>	1.4%	1.4%	1.5%	1.8%	2.4%	3.1%	4.1%
<b>Conservative</b>	3.4%	3.6%	3.6%	3.9%	4.1%	n/a	n/a
Morningstar Multisector Moderate – Pension	3.9%	3.8%	3.4%	4.5%	5.0%	n/a	n/a
<b>Balanced (pension)</b>	6.2%	7.4%	6.3%	7.5%	7.7%	5.5%	6.2%
Morningstar Multisector Balanced – Pension	6.0%	8.0%	4.7%	6.4%	6.5%	5.2%	6.0%
<b>Growth</b>	8.5%	10.5%	7.2%	9.2%	9.6%	6.1%	7.5%
Morningstar Multisector Aggressive – Pension	10.8%	11.4%	7.5%	8.8%	8.5%	6.2%	7.0%
<b>International Shares</b>	7.6%	13.7%	6.7%	9.5%	8.2%	2.7%	n/a
MSCI World ex Australia <sup>+</sup>	14.9%	14.6%	9.3%	13.0%	14.8%	9.1%	n/a
<b>Australian Shares</b>	11.1%	12.9%	10.9%	12.8%	13.2%	10.2%	11.3%
S&P/ASX Small Industrials <sup>+</sup>	17.9%	12.5%	12.4%	8.4%	(1.1%)	0.2%	n/a

\*\* Gross index performance is adjusted down for tax and administration fees. The effective tax rate of the investment option is used to estimate tax.

<sup>+</sup> Gross index performance is adjusted down for tax and administration fees.

Note: Where benchmarks have changed, we have melded them together

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### Calculating Returns

- Net investment returns are calculated using exit prices.
- Net investment returns have been calculated using prescribed standard methods and assumptions, and take into account administration and investment fees, taxes and other costs.
- The standard calculations are based on a member with an account balance of \$50,000, which will not be relevant to all members.
- The standard calculations do not allow, for example, for the effect of contributions to an account, insurance fees from an account or various other matters. Past performance is not an indicator of future performance. Performance is not guaranteed.



# Accounts

The Australian Ethical Retail Superannuation Fund financial statements for the year ended 30 June 2018 are shown in abridged form below. A copy of the full accounts and the auditor's report is available to members upon request. Please phone 1300 134 337, if you would like a copy mailed to you.

## Statement of financial position

As at 30 June 2018

	2018 \$'000	2017 \$'000
<b>Assets</b>		
Cash and cash equivalents	14,655	21,420
Investments	1,819,780	1,460,463
Receivables	55,478	42,677
Deferred tax assets	158	58
<b>Total assets</b>	<b>1,890,071</b>	<b>1,524,618</b>
<b>Liabilities</b>		
Payables	4,407	981
Income tax payable	6,022	5,561
Deferred tax liabilities	26,267	20,019
<b>Total liabilities excluding member benefits</b>	<b>39,696</b>	<b>26,561</b>
<b>Net assets available for member benefits</b>	<b>1,853,375</b>	<b>1,498,057</b>
<b>Member benefits</b>		
Allocated to members	1,844,979	1,491,674
Unallocated to members	3,617	3,062
<b>Total member liabilities</b>	<b>1,848,596</b>	<b>1,494,736</b>
<b>Net assets</b>	<b>4,779</b>	<b>3,321</b>
<b>Equity</b>		
Operational risk reserve	4,779	3,321
<b>Total equity</b>	<b>4,779</b>	<b>3,321</b>

## Statement of changes in equity

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000	2016 \$'000
<b>Operational risk reserve</b>			
<b>Opening balance</b>	<b>3,321</b>	<b>2,681</b>	<b>1,483</b>
Net transfer to reserves	1,166	524	1,162
Operating result	292	116	36
<b>Closing balance</b>	<b>4,779</b>	<b>3,321</b>	<b>2,681</b>

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Trustee's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Fund's operations. The objective of the Trustee of the Fund is to manage operational risk so as to balance the avoidance of financial losses and damage to its reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The Trustee has assessed a target ORFR of 0.25% of funds under management as appropriate for the Fund. As at 30 June 2018, the ORFR balance equates to 0.26% of funds under management.

Transfers in and out of the reserves are made only at the authorisation of the Trustee and in accordance with the Fund's Reserve Policy. The ORFR is funded out of the Trustee's administration fee entitlement. Earnings on invested amounts are retained within the ORFR.

The reserve is held separately to other Fund assets and is invested in a cash account and the Balanced Fund.

## Income statement

For the year ended 30 June 2018

Revenue	2018 \$'000	2017 \$'000
Distributions and dividends	73,560	57,404
Interest	147	163
Movement in fair value of investments	78,240	69,628
Other income	4	1,683
<b>Total revenue</b>	<b>151,951</b>	<b>128,878</b>
<b>Expenses</b>		
Investment expenses	14,914	12,200
Administration expenses	9,441	7,485
Other expenses	27	16
<b>Total expenses</b>	<b>24,382</b>	<b>19,701</b>
<b>Profit from operating activities before income tax expense</b>	<b>127,569</b>	<b>109,177</b>
Less: Income tax expense	5,572	5,589
<b>Profit from operating activities after income tax expense</b>	<b>121,997</b>	<b>103,588</b>
Less: Net benefits allocated to members' accounts	120,539	102,948
<b>Profit after income tax</b>	<b>1,458</b>	<b>640</b>

## Statement of changes in member benefits

For the year ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Opening balance of member benefits</b>	<b>1,494,736</b>	<b>1,061,271</b>
Employer contributions	114,770	88,084
Member contributions	28,953	41,606
Transfers from other funds	202,062	272,558
Government co-contributions	2,060	1,654
Income tax on contributions	(16,906)	(13,230)
<b>Net after tax contributions</b>	<b>1,825,675</b>	<b>1,451,943</b>
Benefit payments	(96,010)	(57,335)
Insurance premiums charged to members' accounts	(5,455)	(4,186)
Death and disability benefits credited to member's accounts	3,847	1,366
Benefits allocated to members' accounts, comprising:		
Net investment income	124,206	104,304
Net direct administration fees	(3,667)	(1,356)
<b>Closing balance of member benefits</b>	<b>1,848,596</b>	<b>1,494,736</b>

## Investment options with 5% or greater of the total assets of the fund

Fund	Amount
Australian Ethical Advocacy Fund	\$93,392,284.68
Australian Ethical Balanced Fund	\$849,064,761.86
Australian Ethical Australian Shares Fund	\$362,693,578.10
Australian Ethical Diversified Shares Fund	\$177,691,753.33
Australian Ethical International Shares Fund	\$125,503,920.73



# Things you should know

## Indemnity insurance

The Trustee is covered by indemnity insurance to protect it from losses arising from claims against it. The insurance has been provided by QBE Insurance (Australia) Ltd throughout the 2017–18 financial year.

## Investment managers

The Trustee uses Australian Ethical Investment Ltd as its investment manager. More than 5% of the Fund's assets were invested in Australian Ethical's funds during the year.

## Derivatives

The Australian Ethical Retail Superannuation Fund does not directly use derivatives. It invests in collective investment funds managed by Australian Ethical Investment Ltd, which may use derivatives to reduce the impact of large adverse movements in currency exchange rates (foreign currency hedging). The collective investment funds may also use derivatives to manage interest rate and duration risk in fixed interest and property portfolios.

## Complaints resolution

If you are not satisfied with any aspect of our service, please contact our Client Service team on 1300 134 337 or email [members@australianethical.com.au](mailto:members@australianethical.com.au). If we do not resolve your complaint to your satisfaction, you can complain to the following external dispute resolution body at no charge to you:

- The Australian Financial Complaints Authority (AFCA)  
w [www.afca.org.au](http://www.afca.org.au)  
e [info@afca.org.au](mailto:info@afca.org.au)  
t 1800 931 678

## Unclaimed Super

If you are a lost Member and your account balance is less than \$6,000 we are required to transfer your account balance to the ATO.

Transferring your account to the ATO may affect your benefits because you will no longer be a member of the Fund and any insurance cover you hold through the Fund will cease. It is important you tell us when your address changes to avoid having your benefits sent to the ATO.

## ASIC Statement

The Trustee relies on ASIC relief to the effect that the Trustee is not obliged to notify or give an exit statement to a non-resident in circumstances where the Trustee pays unclaimed superannuation to the Commissioner of Taxation under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members Act) 1999.

## Temporary residents

If you are, or have been, working in Australia on a temporary resident visa and you are not a permanent resident or an Australian or New Zealand citizen, then once you permanently depart Australia you may be able to apply for and be paid your benefit from the Fund subject to providing the Trustee with the required evidence.

If you have not been paid your benefit after six months of departing Australia and your temporary visa has expired or been cancelled, your super benefit must be transferred to the ATO. If this occurs, you will need to claim your super benefit directly from the ATO.

For more information, visit the ATO website, [www.ato.gov.au/super](http://www.ato.gov.au/super)

## Allotment of earnings

Australian Ethical Retail Superannuation Fund uses unit prices for its investment options. The investment options in the Fund are valued daily. This in turn determines the value of each member's account. Movements in unit price reflect movements in the value of an investment option's assets as well as amounts payable by the investment option for fees and expenses.

## The Trustee

The Trustee of The Australian Ethical Retail Superannuation Fund is Australian Ethical Superannuation Pty Ltd. The role of the Trustee is to operate the Fund in accordance with its Trust Deed and relevant law. The Fund is regulated by various pieces of legislation including the Superannuation Industry (Supervision) Act 1993 (SIS) and the Corporations Act 2001.

The Australian Ethical Retail Superannuation Fund is managed by a board of five Directors. All Trustee Board Directors undertake ongoing education and training relevant to their duties. Details about each Director can be found on the Australian Ethical website.

Directors receive a Director's fee and reimbursement for their expenses. Remuneration details for Directors and Senior Management are disclosed on the Australian Ethical website.

## Advisors to the Trustee

The Trustee has appointed the following specialist independent organisations to assist with the key operations of the Fund.

- Administration - Mercer
- Custodian - National Australia Bank Limited
- Investment Adviser - Australian Ethical Investment Ltd
- Group Life Insurer - MetLife Insurance Limited
- External Auditor - KPMG
- Internal Auditor - PWC

# Changes to superannuation

## First home saver scheme

On 5 December 2017, the First Home Super Saver Tax Bill 2017 was passed by the parliament, allowing for the establishment of the First Home Super Saver Scheme.

From 1 July 2018 individuals will be able to apply to withdraw voluntary contributions made to super after 1 July 2017 for a first home deposit.

Up to \$15,000 of voluntary contributions made in a single financial year can count towards the amount that can be withdrawn up to a maximum amount of \$30,000 of personal contributions plus associated earnings.

Concessional contributions and earnings that are withdrawn will be taxed at marginal rates less a 30 per cent offset.

## Transfer balance cap

A \$1.6 million cap was introduced on the amount that can be transferred to super in retirement phase when earnings are tax-free. Additional savings can remain in an accumulation account (where earnings are taxed at 15 per cent) or remain outside super. This came into effect on 1 July 2017 and will be indexed in following years. Retired people with retirement phase income streams between \$1.6 and \$1.7 million on 1 July 2017 will have 6 months from 1 July 2017 to bring their balances under \$1.6 million without penalty. If your retirement phase income streams (transfer balance) remains in excess of the transfer balance cap on 1 January 2018, you may have to pay excess transfer balance tax.

## Changes to concessional contributions

From 1 July 2018, individuals whose superannuation balance at the end of the previous financial year is less than \$500,000 will be able to carry forward unused concessional cap amounts from the previous five years. This applies to working out an individual's concessional contributions cap from the 2019-20 financial year onwards.

## Changes to Tax offsets for spouse contributions

This increases the amount of income an individual's spouse can earn before the individual stops being eligible to a tax offset for contributions made on behalf of their spouse.

## Non-concessional contributions cap reduced and criteria introduced

The annual non-concessional contributions cap was reduced from \$180,000 to \$100,000 p.a. In addition, criteria for an individual to be eligible for the non-concessional contributions cap was introduced and other minor amendments to the non-concessional contributions rules were made.

## Future Super Guarantee rate increase changes

The Super Guarantee contribution rate is set to reach 12% in 2025

Financial year	Rate
2017/18	9.5%
2018/19	9.5%
2019/20	9.5%
2020/21	9.5%
2021/22	10.0%
2022/23	10.5%
2023/24	11.0%
2024/25	11.5%
2025/26	12.0%





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