

# Pensioner newsletter



Fire & Emergency Services  
**Superannuation Fund**



## 2019-20 Financial Year Performance

The Superannuation Board has declared an annual crediting rate for the Smoothed investment option for pension accounts of 3.02%.

Just over 75% of our pensioners are currently invested in the Smoothed investment option.

The Superannuation Fund has successfully navigated the coronavirus-induced financial crisis to deliver a positive return, albeit a small one, despite the worst economic conditions since the GFC. The median balanced<sup>1</sup> superannuation fund returned -0.82% in the year to 30 June 2020.

**The Smoothed investment option return of 3.02% places the option second in the balanced options<sup>2</sup> survey of all superannuation funds for the 2019-20 financial year.**

<sup>1</sup>: A diversified fund option with a growth assets ratio between 60% and 76%.

<sup>2</sup>: Based on the SuperRatings Balanced Fund Crediting Rate Survey as at 30 June 2020.

## Smoothed Option

In previous years, the Smoothed Option has had its investment returns smoothed using investment reserves.

The smoothing process works by building reserves in years when the investment returns are higher, by paying a reduced investment return to members' accounts. In years of poorer investment returns, the reserves are used to increase the investment return credited to members' accounts.

Due to the poor performance of investment markets in the previous financial year, and following advice from the Fund' Actuary, the Superannuation Board resolved to distribute 100% of its investment reserves to the Smoothed Option returns during the 2019-20 financial year.

Previously, in order to protect the investment reserves in the Smoothed Option, the Fund's policy was that any monies moved out of the Smoothed Option into any other investment option could not be transferred back into the Smoothed Option at a later time, except on the commencement of an account-based pension.

This restriction on the Smoothed Option has been removed.

**All members now have the option of transferring their monies from any other investment option into the Smoothed Option until further notification.**

**Contact the Superannuation Office, or access our website at [www.fessuper.com.au](http://www.fessuper.com.au) to download the form.**



# Annual General Meeting

**When:** Monday 9 November 2020

**Time:** 4.30pm

**Where:** 242 Rokeby Road, Subiaco

**RSVP:** 08 9382 8444 or send email to: [admin@fessuper.com.au](mailto:admin@fessuper.com.au)

All members are encouraged to attend this meeting. The Fund Secretary and Board Members of the Superannuation Board will be in attendance to answer any queries you may have on the operation of the Fund. If you have specific queries that you need to be resolved at this meeting please forward details of these queries to the Superannuation Board on or before Friday 30 October 2020.

## The Board

### Board Member Representative Elections

The results of the recent ballot held in August 2020 by the WA Electoral Commission for Member representatives on the Fire and Emergency Services Superannuation Board and changes made to the composition of the Superannuation Board are as follows.

### Board Members

Mr Boyd Winton was appointed by DFES as a Board Member from 1 July 2020. Mr Kevin Jolly was re-elected by the members of the Fund as a Board Member for the period 19 August 2020 to 18 August 2023.

### Alternate Board Members

Mr Richard Burnell was re-appointed by DFES as an Alternate Board Member for the period 1 July 2020 to 30 June 2023.

Mr Kevin Landwehr, Ms Tania Longman and Mr Paul Markovic were elected as Alternate Board Members for the period 19 August 2020 to 18 August 2021.

### Current Board Members

Mr Frank Sciarone (Chairman)  
Mr Kevin Jolly  
Ms Karen Lamont  
Mr Brian Longman  
Mr Boyd Winton  
Mr Kelly Wyeth

### Alternate Board Members

Mr Richard Burnell  
Mr Kevin Landwehr  
Ms Tania Longman  
Mr Paul Markovic

## Attachments

### Annual Member Statement for 2020

Your annual Member Statement for the year ending 30 June 2020 is enclosed and is also available from the Fund's website: [www.fessuper.com.au](http://www.fessuper.com.au).

To access your 2020 annual Member Statement on the website you need to click on the 'Member Login' access button on the home page and enter your secure personal details. Then click on the 'Filing Cabinet' menu button on the left hand side of the screen. On the right hand side of the screen that appears you will see a heading called 'Documentation' and your annual statement will be listed there as a portable document format (pdf) document for you to access.

If you are unable to access your annual statement by logging on to your secure account using the Fund website you should send an email to: [admin@fessuper.com.au](mailto:admin@fessuper.com.au) indicating the problems you have encountered in attempting to access your statement.

### Annual Fund Report to Members 2020

The annual Fund Report to Members for the 2019-20 financial year is enclosed and is also available for you to read and download from the Fund's website: [www.fessuper.com.au](http://www.fessuper.com.au).

To access the Report to Members on the Fund website you need to first click on the 'Publications' tab at the top right hand corner of the home page, and then click on the sub heading 'Report to Member' which is located under the general heading of 'Forms/Resources'.

You then need to click on the pdf icon for 2020 Report which will open the document for you and enable you to print it if you wish to do this.

You can request for an electronic copy to be sent to your recorded email address with the Fund. In order for this to occur you should send an email to: [admin@fessuper.com.au](mailto:admin@fessuper.com.au) requesting your preferred delivery method.

# Investment Market Report 1 July 2020 to now

- **The new financial year has started positively for equity markets**
- **The Australian Share market (top 300 stocks) has returned 1.2%**
- **The International Share market has returned 5.3% in Australian Dollars**
- **The Australian Dollar has risen against the US Dollar to just over 73c**
- **The Fund's Smoothed Option has returned 2.86% to 31 August 2020**

The start to the 2020-21 financial year has been positive for global equities with continued support from central banks and governments, helping most large economies to stabilise while adjusting to the impacts of COVID-19.

In Australia, the higher iron ore price, Government financial assistance and a successful containment of the COVID-19 virus in most States (excluding Victoria) has seen our economy stabilise as well. Victoria appears to be beginning to turn the corner in regards to the virus which is positive news.

During a challenging time for the world there is a reasonable chance of further asset market volatility ahead. Therefore, maintaining diversification and investing for the long term remains a focus of the Fund.

## Member Investment Choice Returns

The crediting rates for the various options to 31 August 2020 are as follows:

Option	3m	6m	1yr	3yr
<b>Australian Shares</b>	7.17%	-4.29%	-5.44%	5.26%
<b>Cash</b>	0.09%	0.31%	0.87%	1.48%
<b>Fixed Interest</b>	1.12%	0.27%	1.55%	4.18%
<b>Growth</b>	4.30%	-1.40%	0.14%	6.55%
<b>International Shares</b>	4.63%	1.87%	6.01%	13.35%
<b>Moderate</b>	3.09%	-0.84%	0.46%	4.98%
<b>Smoothed</b>	4.30%	2.53%	4.13%	8.16%

# Results from the recent survey

Following are the main issues to arise from the recent survey and the Superannuation Board's response to these issues.

## **1. Up-to-date account balances, including the frequency of crediting interest to balances**

The tool to calculate crediting rates on a more frequent basis (daily or weekly) has been quoted between \$700,000 – \$1,000,000 per annum. This cost must be borne by Fund members.

For larger superannuation funds such as Australian Super and SunSuper, the costs are spread over hundreds of thousands of members. For a superannuation fund that is the size of this Fund, those costs must be spread over its membership of around 2,500 members.

While costs can be negotiated and, in some instances, shared with other super funds, before the Superannuation Board can progress this approach, it must be convinced that a more frequent crediting rate is in the best interests of ALL members.

The Fund's current arrangement is that the monthly crediting rates are to be provided within 20 business days of the end of the month.

## **2. Producing certified identification documents each time for a payment**

Banks and financial firms, including superannuation funds, are big targets for fraud and breaching a financial institution is the golden egg for criminal hackers and fraudsters.

Individuals and organised crime groups target super funds through the use of technology and identity theft. This is often achieved by using

an individual's personal identity information, either through hacking into their computer or stealing mail from the letterbox, to fraudulently authorise the transfer of superannuation funds across to their own accounts.

While no system is perfect, superannuation funds have layers of checking designed to reduce the chances of such fraudulent activity and to protect their members' retirement savings. One of the checks we do is to require members to prove their identity before we release any money.

We will continue to do what we can to protect your retirement savings and trust this explanation will help you understand why we stand firm on requiring certified identity documents for each payment request.

## **3. Request for details for Centrelink purposes**

The Fund reports to Centrelink electronically on a six-monthly basis and we are also able to provide a Centrelink schedule on request to a member.

## **4. Impact of COVID 19 on super balances**

The Superannuation Board declared an annual crediting rate for the Smoothed investment option for pension accounts of 3.02%. This return placed the option second in the balanced options survey of all superannuation funds for the 2019-20 financial year.

Downturns in investment markets are part of the economic cycle and even though the short-term economic environment has been uncertain, the Fund's focus remains on the long-term stewardship of member's assets.

## **5. On the website, some things are easy to find, some things are hard to find**

We are working on a new website that will make it easier for you to find the information you need. The Fund is also revamping the member account online experience.

## 6. Problems with password

If you wish to view your superannuation account online you will first need to contact the Superannuation Office to obtain a temporary password to use for this purpose. Your temporary password will be valid for 24 hours and you will need to use this temporary password to set your own personal password within that 24 hour period.

The password you set must:

- Be eight characters long;
- Include a capital letter;
- Include a lower case letter;
- Include a number; and
- Include a symbol.

Once you have created your own password you can change it as frequently as you like, but for security purposes we recommend it is changed at least every three months.

## 7. Binding Beneficiary Nomination:

### a) And a Will

### b) Renewing every three years

#### *A Will and a Binding Beneficiary*

Your Will covers assets you own such as property, investments and savings. Your superannuation is held in a trust by the trustee of your superannuation fund and is governed by both Commonwealth and State superannuation law —meaning it does not automatically form part of your Will. In short, different rules apply and this is why it is important to let us know how you would like your death benefit paid.

The best way to ensure that your superannuation is paid to who you intend is to complete a Binding Beneficiary Nomination.

A Binding Beneficiary Nomination legally 'binds' the Superannuation Board to pay your death benefit to who you nominate. Plus having a valid Binding Beneficiary Nomination reduces claim processing time.

#### *Renewing a Binding Beneficiary Nomination every three years*

Commonwealth law sets out the rules for superannuation funds. The Superannuation Industry (Supervision) Regulations 1994 states

that Binding Beneficiary Nominations "cease to have effect at the end of three years after the day it was first signed" or earlier if the governing rules of the fund fix a shorter period.

While the Superannuation Board understands that some other superannuation funds offer non-lapsing Binding Beneficiary Nominations, the legality of these arrangements may be challenged and some members may be exposed to risk in relation to their succession planning without any knowledge of the risk.

## Minimum annual pension payment

A reminder that the temporary reduction in the minimum annual pension payment requirement for retirement income streams continues from the previous financial year.

The minimum annual pension payment requirement in relation to account based pensions is contained within the following table.

Minimum Annual Pension Payment Requirements		
Age	Prior to 2019/20 financial year Minimum annual pension payment requirement	2019/20 and 2020/21 financial years Minimum annual pension payment requirement
55-64	4%	2%
64-74	5%	2.5%
75-79	6%	3%
80-84	7%	3.5%
85-89	9%	4.5%
90-94	11%	5.5%
95+	14%	7%



# Certified copy of proof of your identity

Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) legislation requires the Superannuation Board to take measures to ensure that it knows its customers and to take all necessary precautions to protect the superannuation entitlements of our members.

As a means of achieving this legal requirement the Superannuation Board has required all members who seek to access a payment from their account to provide a certified copy of their proof of identity before processing any superannuation payment to them. A member will also be required to provide a certified copy of their proof of identity to the Superannuation Board when they make a voluntary superannuation contribution to their account and in some other situations.

The Superannuation Board has previously (before 1 January 2018), accepted a member's proof of identity being provided to the Fund once every 12 months for benefit payment purposes. Due to the increased levels of identity theft that is occurring in financial institutions throughout Australia and the prevalence of cyber security attacks on superannuation funds generally, the Superannuation Board has decided that the current proof of identity arrangements for members needs to be changed.

A **certified copy** of your proof of identity is required by the Superannuation Board on each and every occasion that a benefit payment or rollover request is received from you, or where you conduct any activity on your account that the Superannuation Board considers should be supported by the provision of your proof of identity. The proof of identity document provided should have photographic evidence of your identity, the easiest option for this being a certified copy of your motor vehicle drivers' licence. This requirement will override any existing proofs of identity that may have been provided to the Superannuation Board by you in the past on the presumption that they would be valid for a 12 month period.

The certification (by an authorised person) of the **certified copy** of the proof of identity document will need to be made within seven days of the date of the form you complete requesting access to the benefit or to the activity you wish to conduct on your account.

## Email address

There are a significant number of members who have not yet provided a valid email address to the Superannuation Board. An email address is the preferred method of communicating with you as this form of communication provides the most efficient and cost-effective way to inform you of Fund developments.

The changes made by Australia Post to stamp costs and service delivery times make normal postal arrangements both costly and inefficient (normal metropolitan delivery times are now between 4-6 days from the date of posting) and will substantially add to the Fund's administration costs if no change is made.

If you have a preferred email address and have not yet provided this to the Superannuation Board then we encourage you to provide this to the Superannuation Office as soon as possible so that we can use this address for communicating with you. The email address you provide to the Superannuation Board will not be used for marketing purposes unless you specifically consent to this and the Superannuation Board will never disclose your email address to external marketing companies.

Simply send an email from your preferred email address to [admin@fessuper.com.au](mailto:admin@fessuper.com.au) with the subject message that you wish the Superannuation Board to register your email address on your member record for contact purposes.

This action will assist the Superannuation Board to maintain the administration costs for the Fund at a lower level than might otherwise apply.

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