



Your member magazine

AUGUST 2021

female led funds perform better

Meet the
women
powering
HESTA

A SUPER STRONG FINISH

A review of
the 2020/21
investment
year

LATEST CHANGES TO SUPER

We bring you
up to speed



FUTURE PLANNER

The new member
online tool for
planning your
financial future

PLUS!

How to salary
sacrifice, get super
advice and more

HESTA



HESTA presents

annual member meeting

Your exclusive invitation

5.30pm | 30 November 2021 | www.hesta.tv



Hear directly
from HESTA
leaders at our
Annual Member
Meeting



At HESTA, we want to make a real difference to the financial future of every member.

The past 12 months have brought many changes: to super, to the local and global economy, and to the world around us. Exploring what those changes mean today can shine a light on our shared tomorrow.

We warmly invite you to watch and participate in an exclusive member-only update from HESTA leaders Chief Executive Officer Debby Blakey, Chair The Honourable Nicola Roxon, Chair of the Investment Committee Mark Burgess and Chief Investment Officer Sonya Sawtell-Rickson.

We'll share detailed insights into how we're working to create a secure and confident financial future for you, a more resilient economy, society and environment, and a stronger health and community services sector.

Register now at www.hesta.tv

ON THE COVER

The Honourable Nicola
Roxon, HESTA Chair
with Debby Blakey,
HESTA CEO



in this issue...

05 work

Women leading strong
fund performance;
investment returns update;
latest changes to super.



12 life

Your new Future Planner; meet
HESTA member Robert; celebrating
Aboriginal and Torres Strait
Islander nurses and midwives.



17 balance

How to get super advice;
our climate change action
plan; salary sacrificing
to super.



1800 813 327 | hesta@hesta.com.au | hesta.com.au

Locked Bag 5136, Parramatta NSW 2124

Disclaimer: The HESTA member magazine is issued by H.E.S.T. Australia Ltd ABN 66 006 818 695 AFSL 235249, the Trustee of the Health Employees Superannuation Trust Australia ABN 64 971 749 321 (HESTA). Care is taken to ensure that information is correct at the time of preparation (09/07/21), but neither HESTA nor its advisers accept responsibility for any error or misprint, nor for anyone acting on this information. This information is of a general nature. It does not take into account your objectives, financial situation or specific needs so you should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this. Investments may go up and down. Past performance is not a reliable indicator of future performance. Before making a decision about HESTA products you should read the relevant Product Disclosure Statement (call 1800 813 327 or visit hesta.com.au for a copy), and consider any relevant risks (hesta.com.au/understandingrisk).

An exceptional year

Welcome to your latest member magazine.

While I look forward to sharing highlights from HESTA with you every year, I'm especially pleased to bring you great news this year: about your fund, your investments and the positive impact you're making as a HESTA member.

After so much change, we're seeing clear signs of economic recovery – and this is translating into exceptionally strong performance, driven by our focus on long-term, responsible investing in and for you and your sector. Our climate change action plan is just one example of our holistic approach to helping create a better world for you.

And this includes promoting equality, so fundamental to a healthy and happy future. You'll read how gender balance in super funds like HESTA is driving high performance. We're also celebrating the removal of the \$450 threshold on paying super, which meant many casual and part-time workers missed out on retirement savings: a key win in our long campaign for fairer super.

More than ever, the way your super fund works for you has the power to shape our shared future. I'm incredibly proud you chose HESTA as your partner in that crucial work. And I hope you share my optimism about the great things we can achieve together to make your dreams for tomorrow a reality.



Best regards,

Debby Blakey
Chief Executive Officer

Three things that give me purpose



Our members

You make the entire HESTA team feel privileged to work for you, year in, year out



Our people

Throughout highs and lows, our team has never wavered in its dedication to our members



Our changing world

I see so much opportunity to create impact for our members in the years ahead - and HESTA thrives on challenges!



work

06 female led funds perform better

Meet our dynamic female leaders

08 investment performance update

We look at how your investments have performed over the last year

10 latest changes to super

Understand changes that might affect you

women in leadership improve investment performance



The top performing super funds all have one thing in common: women in leadership.

The Superannuation Benchmarking Report by Rainmaker Information found that super funds with a higher proportion of women in leadership outperformed other funds.

In fact, all 12 funds in the study with a female CEO or deputy CEO outperformed the industry average.

At HESTA, our own executive team is a proud example of gender equality. And our investments have displayed strong results.

women leaders at HESTA



Debby Blakey
HESTA CEO



The Honourable
Nicola Roxon
HESTA Chair



Sonya Sawtell-
Rickson
HESTA Chief
Investment Officer

40:40 stands for:

40%
women

40%
men

20%
any gender



HESTA is also a proud leader in promoting gender equality. We've founded a movement called **40:40 Vision**, an initiative to achieve gender balance across ASX200 companies by 2030.

This is part of our promise to be a gutsy advocate to create meaningful change.

How do women improve investment performance?

The findings from the Rainmaker Information Superannuation Benchmarking Report add to a growing body of research promoting the benefits of women in leadership. So, why is this?

The answer is in our ability to identify better leaders. When we broaden the pathways to leadership and increase the diversity throughout our leadership teams, we are rewarded

with broader capabilities, improved communication and connection with our members, and heightened creative thinking. The end result is improved long-term investment and business performance. It just so happens that hiring more women helps accelerate this process.

Businesses with greater female leadership representation are rewarded with more strategic thinking. Female leaders demonstrate a greater openness to change, a better ability to avoid unnecessary risk, and a greater propensity to invest in research and development. All these characteristics improve the sustainable growth and profitability of businesses.

Read the Superannuation Benchmarking Report at www.rainmaker.com.au/products/research-reports

investment update

FY 2020/21

It has been a great year for markets and economic recovery. While there will always be challenges, we see exciting opportunities ahead.

A resilient recovery: that is what we've seen across the global economy and financial markets during the past 12 months.

Australia's Gross Domestic Product (GDP) has surpassed its pre-COVID pandemic levels. In fact, Australia has displayed one of the strongest economic rebounds in the world as we emerge from the pandemic-induced recession.

This positive economic data has boosted financial markets. We've seen many financial markets across the globe achieve record valuations over the past year. Throughout the 2020/21 financial year, our investment options have performed strongly.

As we look to the year ahead, we see a changing investment landscape. Navigating this will be the key to delivering strong investment returns.

Inflation risk continues to be present, as questions remain about the true pace and extent of inflation. This has led to volatility across bond yields. Similarly, it can also cause volatility in equity markets. Because some equity markets are at all-time highs, this can slow the expected rate of future growth. If future growth is outpaced by inflation, then equity markets can experience increased volatility.

However, at this stage, these are simply risks which are being managed by our investment team. It's what we do every day.

Investment opportunities for the year ahead

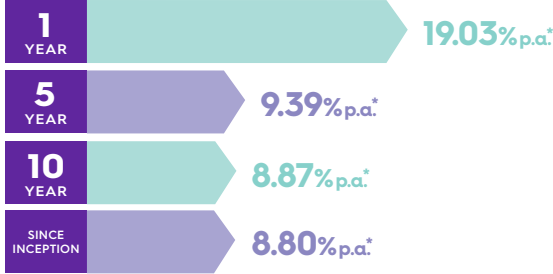
At HESTA, we continue to be a leader in sustainability, and we forecast a wave of investment opportunities for those who move first. Already, HESTA is invested in promising and innovative private equity opportunities that are at the forefront of climate action, from renewable energy to agriculture innovation.

This is an exciting year for HESTA. We are currently expanding our team and internalising our Australian Equity portfolio, which will improve our ability to generate long-term returns for our members.

At HESTA, our investment team is ready to navigate all challenges and opportunities for the year ahead.

See how all HESTA options performed this year at hesta.com.au/performance

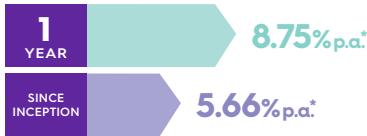
BALANCED GROWTH SUPER**



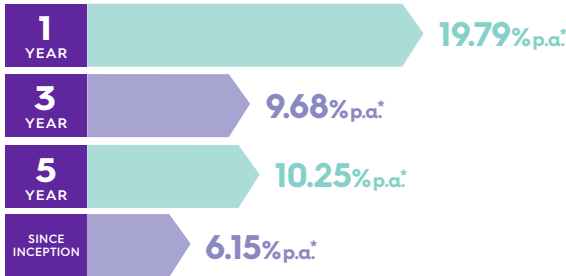
TTR BALANCED GROWTH***



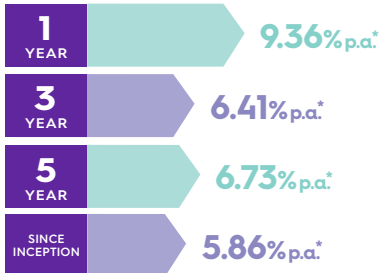
TTR CONSERVATIVE***



INCOME STREAM BALANCED GROWTH**



INCOME STREAM CONSERVATIVE**



“ Our investment team and external investment managers are highly experienced at managing investments through a range of market conditions. ”

Sonya Sawtell-Rickson
HESTA Chief Investment Officer

*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.

**Balanced Growth is the default option for HESTA Super, while a blend of Balanced Growth and Conservative is the default strategy for the HESTA Income Stream.

***The TTR funds closed on 1 October 2020.

latest changes to super

A new financial year always seems to herald more changes to super – and this year is no exception! Here's a little overview of the changes that may affect you.



If you're still working

Employer contributions have finally increased

After seven years paused at the rate of 9.5%, superannuation guarantee (SG) contributions (the compulsory contributions your employer makes to your super on your behalf) finally increased to 10% on 1 July 2021. These types of contributions are scheduled to rise by 0.5% each 1 July until they reach a total of 12% of salary on 1 July 2025. This is really welcome news for most workers.

You can now put more money into super

For the first time since 2017, the amount you can put into super each year increased on 1 July 2021.

- The concessional contributions cap (before-tax contributions like salary sacrifice or SG contributions) has increased from \$25,000 to \$27,500 p.a.
- The non-concessional contributions cap (after-tax contributions such as one-off personal contributions) has increased from \$100,000 to \$110,000 p.a.



After seven years paused at the rate of 9.5%, superannuation guarantee (SG) contributions (the compulsory contributions your employer makes to your super on your behalf) finally increased to 10% on 1 July 2021.

The total super balance is the value of your superannuation account at the end of the financial year. This is used to determine eligibility for a number of super measures such as government co-contributions and ability to make additional contributions if your employer's contributions are below the concessional contributions cap in an earlier financial year.

Super that moves with you

Under new laws that will apply from 1 November 2021, your super fund will follow you from job to job. This will 'staple' your current fund to you throughout your working life unless you decide to change it.

Stapling should make it easier to keep track of your super savings and avoid paying fees on multiple super accounts. However, it could also mean people are 'stapled' to an underperforming fund, which will likely affect how much money they have in retirement.

This change means more of us will need to take control over our super and ensure you're with a high-performing fund. Find out how HESTA is making a difference to your retirement future at hesta.com.au/about-us

If you're semi or fully retired

Drawdown relief for income streams extended

For the 2021/22 financial year, minimum rates (the minimum amount you have to drawdown from your income stream each year) have again been reduced by 50 per cent in response to the coronavirus pandemic. This change gives you the choice to preserve more of your capital while investment markets continue reacting to the pandemic. There's no limit to the amount you can take out of your income stream each year.

We're here to help

If you need help with any part of your investments – big or small – we'd love to hear from you. Our expert advice team is here to help you with your general advice enquiries at no extra cost – it's all part of your membership.

Make a time now at hesta.com.au/advice



life

13 member profile

Read why Robert switched to HESTA after a globe-trotting career

15 caring and community

Celebrating Aboriginal and Torres Strait Islander nurses and midwives

16 your member toolkit: future planner

Get organised with this new handy online tool

meet Robert

HESTA member, Robert, has been around the world with his career. Here he shares why his next chapter is just as exciting



Robert and his wife Maria

"I was born in the 1950s in Swansea, Wales, UK. After high school I joined the Royal Navy at just 15 and a half years of age as a Junior Seaman.

After a trial period, I purchased out of the Royal Navy and signed up for the Merchant Navy, circumnavigating the globe on my first trip at sea.

After spending three years at sea, I emigrated to South Africa. Based in Cape Town my first job was as a sales representative and I've worked in sales ever since. My specialty is within the chemical industry and was employed in numerous managerial roles leading to becoming Sales Director for the last 10 years.

In 1994, after 22 years living in South Africa, I returned to the UK only to emigrate to Australia that very year. The reason to relocate was the excellent work opportunities, attractive climate and safe environment that Australia offered. I met my lovely wife Maria and married in 2003. I continued working in the chemical sector in Australia and eventually established my own business in 2006 importing and distributing bulk oils and chemicals, supplying industry throughout Australia.

“One of the best financial decisions we’ve made was to switch my super over to HESTA in 2017. This decision was motivated by my wife Maria, who had been with HESTA for many years. Her super was consistently outperforming my super each year!”

Having my own business in Australia meant that I was responsible for choosing my own super fund. I sold my company in 2018 and it was then that we commenced our HESTA Income Streams.

We made the decision to commence an income stream after meeting with our HESTA financial planner, Daniel Callaghan. Daniel was instrumental in setting up our income streams and we’ve recently visited him again for a financial review.

The financial information and guidance provided by Daniel has been invaluable. I would have no hesitation in recommending anyone who is nearing retirement to seek expert financial advice.

We’re extremely happy and comfortable with our HESTA Income Streams and look forward to the future with great optimism!”

Getting ready for your own next move?

As a HESTA member, you have access to expert financial advice at no extra cost. Find out how to retire your way with HESTA.

hesta.com.au/retire

celebrating Aboriginal and Torres Strait Islander nurses and midwives

The work of Aboriginal and Torres Strait Islander nurses and midwives – so pivotal to Australian health care – is too often unsung. *Caring and Community: stories from Aboriginal and Torres Strait Islander nurses and midwives* celebrates their pivotal contributions to our health care system.

Eleven Aboriginal and Torres Strait Islander nurses and midwives share stories of their indelible impact on the communities in which they work and live, and on the Australian health system. We shine a light on their diverse careers, celebrate their achievements, and recognise some of the barriers they have overcome to achieve success.

As part of the HESTA Reconciliation Action Plan, we made a commitment to increase awareness of the contribution of Aboriginal and Torres Strait Islander nurses and midwives. This is a key part of our work to increase confidence and choice in retirement for all members. These stories are just one way we are honouring our promise.



“ I love having the ability to work for the community in which I live and am a part of. It’s empowering to me to see our mums go through their pregnancy journey and be able to share in that with them.

Angela Coe ”

Read *Caring and Community* now at hesta.com.au/caringandcommunity

see what your super could look like in the future



We get it: looking at your financial future can sometimes be daunting.

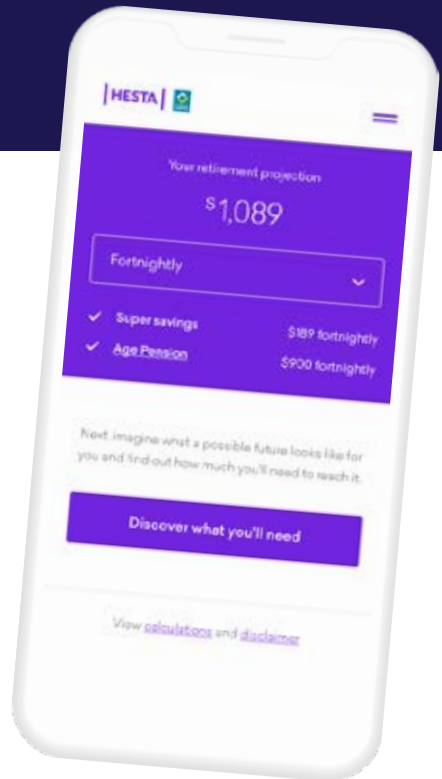
That's where we can help.

Our new **'Future Planner'** online tool for super members takes away the mystery and can help you:

- work out how much money you may need in retirement
- see how much money you're projected to have
- explore your options to grow your super.

Simple to use, it's an easy way to feel more on top of your financial future.

You can find **Future Planner** by logging in to your online account at hesta.com.au/login



Not online yet?

It's the easiest way to manage your super. Get set up now at hesta.com.au/register – it only takes a few minutes!



balance

18 **why super advice is a super good idea**

Why everyone can benefit from advice

20 **climate change and your super**

Our climate change action plan shows how we'll keep investing your super responsibly

22 **salary sacrifice**

How salary sacrificing can help boost your super

why super advice is a super idea



In Australia, we're generally taught not to talk about our personal financial situation. So the idea of sharing everything about your financial dreams for the future with a stranger may seem a bit daunting!

But just like you (hopefully) wouldn't hesitate to go to the dentist if your teeth needed a professional clean, in shying away from seeking advice, you could be missing out on making your money work so much harder for you and setting yourself up for the retirement you deserve.



But I'm nowhere near retirement

Even if you're nowhere near retiring, **everyone's** financial future can benefit from some professional help.

As a HESTA member, you have access to super specialists that can help you to understand your super options, work out how much you're likely to have in the future and plan for retirement. We can work with you on strategies to grow your wealth, reduce tax, help you with budgeting and Centrelink entitlements and perhaps most importantly, ensure you have the cover you need in place to protect your loved ones.



Can't I just manage my retirement savings myself?

Of course you can! But getting professional financial advice can also give you much-needed peace of mind. If you're busy working or looking after your family – do you really have time to oversee everything to do with your super?

If you've ever worried about the options you're invested in, whether you've got the right level of insurance cover in place or running out of money in retirement, professional financial advice could help you.

Our team are highly qualified and experienced specialists committed to your financial wellbeing.



Don't wait, get in touch

Expert help is all part of being a HESTA member. You choose how you access it. From full financial advice on a broad range of advice topics (not just your super) to a super health check in person or over the phone, to information sessions near you or via the web, to online tools – we can be there for you when and where you need us most.

Whatever your financial goals – big or small – HESTA is here for you.

Make a time to chat with us now at:
hesta.com.au/advice



climate change action plan

At HESTA, we are driving powerful change.

We've let our actions do the talking to establish ourselves as an industry leader in climate action. HESTA was the first major super fund to commit to net zero by 2050, implement restrictions on investment in thermal coal, and be certified as carbon neutral for business operations.

But there is more progress to be made.



To help guide our commitments, we have developed our climate change action plan, which outlines our strategy to:

- achieve a 33% reduction in portfolio carbon emissions by 2030
- achieve net zero carbon emissions by 2050
- pursue opportunities and mitigate risks as we transition to a low carbon portfolio
- continue our unwavering commitment to achieve strong, long-term investment performance.

Collaborating for global change

We recognise we're at the beginning of a large transition in the way we live, work, travel and generate energy. At HESTA, we have the scale and the expertise to connect capital and ideas that will drive solutions now and into the future.

Decarbonising the world is a huge effort, and it's not something we can achieve on our own. Through active ownership, we can work with companies with whom we invest to help ensure they are well positioned for a low carbon future. We also leverage our voting and advocacy with other asset owners to amplify our voice and environmental outcomes.

“ This is an exciting piece of work that reaffirms our ongoing commitment to leadership in responsible investment. It can help protect and enhance the long-term performance of our members' investments, while driving meaningful change and contributing to a healthier planet and society.

HESTA CEO Debby Blakey **”**

To learn more about HESTA Impact and our initiative to combat climate change, visit hesta.com.au/impact

Setting up your future self (the easy way)



We all have dreams of what our retirement will look like. But while we can't control every aspect of the future, there's something you can do now to help your financial future.

Adding just a few extra dollars into your super each time you get paid, can end up making a big difference to your future. While it can be hard to find extra money to contribute, what about money that doesn't even make it into your pocket (or bank account)?

Salary sacrifice is where money from your pay is put directly into your super. That money is only taxed at 15%, so if this is less than your normal income tax rate, you could be saving on tax!

Think you'd like to contribute a little more to your super each time you're paid?

Simply let your employer know how much you'd like to salary sacrifice to HESTA and, if they offer salary sacrifice, they'll set up your automatic contribution.

The sooner you start, the better the reward when you retire!

Wanting to give your super a boost, but not sure salary sacrifice is for you?

Find out more about the different ways to add extra to your super at hesta.com.au/boostmysuper.

Recognising your impact

The HESTA Impact Awards recognise people working in health and community services who are committed to protecting the future of our people and planet. The awards celebrate future focused teams, organisations and individuals, highlighting achievements in:

- sustainability or waste management
- gender equality
- diversity and inclusion
- improved health outcomes or improved patient wellbeing
- sector-wide partnerships.

Categories and prize money*

- Team Innovation \$15,000
- Outstanding Organisation \$10,000
- Individual Distinction \$5,000

Nominate now

Nominations are open 30 August - 31 October and finalists will be announced in mid-January 2022.

See this year's winners and find out more at hesta.com.au/awards

*Generously provided by proud HESTA Impact Awards supporters Link, AIA and CMS Australasia.

A man and a woman are standing on a beach, looking out at the ocean. The man is on the left, wearing a dark polo shirt and light-colored shorts. The woman is on the right, wearing a white mesh top and dark leggings. They are both smiling and looking towards the right. The background shows the ocean waves and a sunset sky.

retire, **comfortably**

Whether you're two or twenty years away from finishing work, we're here to help you understand your retirement income options and how you can transition into this new phase of life.

HS 1318.0.08/21 ISS7

hesta.com.au/retire