


HESTA Income Stream

Member Magazine

February 2016



Boost your brainpower!

5 easy ways to keep mentally healthy

| Page 12

Ideas on how to travel well for less

| Page 10

Transition to Retirement

Does your strategy need a review?

Page 4

Going your separate ways?

What it means for your super | Page 6

Welcome

from the CEO

We know that many of you have spent your working lives looking after others, and we're proud to support you to build your super and manage your savings in retirement.



As the only national super fund representing more than 800,000 members in health and community services, we have a long history of advocating for the benefits of super to be accessible to all, particularly women and those on modest incomes.

A fairer super system

Last year, the government launched a senate inquiry into the gender gap in retirement savings. This was an opportunity for HESTA to join with others to call for a more equitable super system.

We made a submission to the inquiry on how to reform super, providing a number of policy recommendations, including consideration of overseas models that recognise and value the important social and economic contribution that carers make.

Women should not be financially penalised for taking time out to care for and nurture others. Many other countries have reformed their pension and retirement systems to address gender equity challenges resulting from women taking unpaid time out of the workforce.

Each of our recommendations share the common aim to make sure our members can participate fully in and benefit from Australia's super system — regardless of how much they earn, whether they take career breaks, or work in casual or part-time roles.

Partnering to build a better future

Whether it's helping you plan for retirement or money management tips, we're here to support you to achieve your financial goals.

On page 4 we take a look at how to refresh a transition to retirement strategy, to ensure it's still as effective as possible.

Protecting your hard-earned savings is crucial. On page 6 we talk to a legal expert about what people can do to protect their super, if they're in the difficult position of a relationship ending later in life.

Finally, we understand you've worked hard and want to enjoy the next chapter of your life. So on page 10 we look at how to travel for less, so your dollar can go that little bit further.

Debby Blakey

Debby Blakey, HESTA CEO



Financial advice online

Personal financial advice is available in many ways at HESTA. Now you can also choose to receive it online.

Our handy online calculators help you to assess if your super is on the right track. You're able to calculate how much super you might end up with, how extra contributions can make a difference, how much insurance you may need, and what type of investor you are.

You can receive personal online advice if you feel you need additional help after using our calculators. Topics include recommendations on your investment, insurance and contributions strategy. All you need to do is answer a few simple questions to find out if this advice model is right for you.



Find out more at hesta.com.au/calculator



Did you know?

We answered
300,000
member queries at the
HESTA call centre in 2015.

11,000
members attended
an after-work seminar,
received general advice
from a Superannuation
Advice Officer or had a
face-to-face financial
advice appointment.

2,500
education and advice
events were run by HESTA's
Engagement and Advice
Team across the country.

Join the Mother's Day Classic

HESTA has proudly sponsored the Mother's Day Classic since 1998 and is proud to be a gold sponsor of the 2016 event.

One in eight women and one in 688 men will develop breast cancer in their lifetime. Breast cancer touches many HESTA members, more

than 80% of whom are women and that's why we are honoured to be involved in an event that helps fund research for a cure.

There is still time to join thousands of people around the country by registering to walk or run, or by sponsoring a family member, friend

or colleague who is participating. Events will be held in all capital cities and various regional centres across Australia on Sunday, 8 May. You can also volunteer on the day.

More information is online at mothersdayclassic.com.au



8 MAY 2016

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This document has been produced to international environmental management standard ISO14001 by a certified green printing company using recycled paper.

Time to reboot?

If you're still working – even part time – then chances are you'll already have a 'transition to retirement' (TTR) strategy. The tax advantages you receive through a TTR strategy change as your circumstances do, so it could be time to take another look at your plan.

Continuing to work full time and minimising the income tax you pay, boosting your super, or working less without reducing your income are all valid reasons to start a TTR strategy.

Whatever your reason, your strategy is like your house, car and health — it needs regular review and maintenance to ensure it's performing at its best.

HESTA's Executive — Advice Strategy, Justin McMinn, says it's important to review your TTR strategy to ensure it remains as tax efficient as possible.



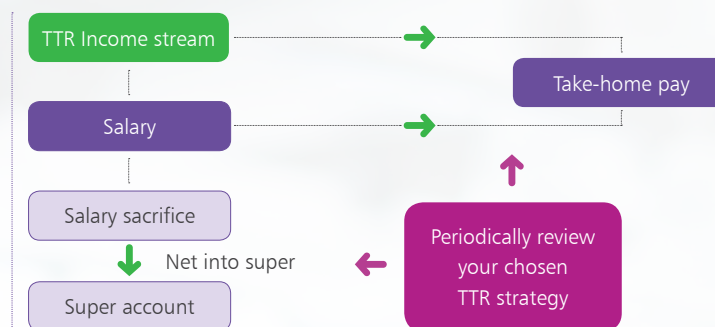
Seek professional advice

If you started your HESTA Income Stream before 1 January 2015, you should seek advice before changing your strategy. From that date, the government

extended the income test deeming arrangements to new super account-based income streams. If your account was started before this

date you will continue to be assessed under the older rules, and you should seek advice before making any changes to your income stream.

How TTR works



"Things may have changed in your life, so it's worth considering if the strategy you've chosen still delivers the best outcome."

"Our Superannuation Advisers are experts at tailoring TTR strategies to the individual needs of our members, including resetting an existing one. This is sometimes called a 'TTR reboot'," Justin explains.

How do you 'reboot' your TTR strategy?

A TTR reboot is generally done by moving the balance of your HESTA Income Stream account back into your HESTA super account, where your ongoing contributions have been accumulating.

This combined amount* is then transferred back into a new income stream account, resulting in a larger balance from which you can draw an income.

"Having a larger balance in a HESTA Income Stream account reduces the overall tax paid on your retirement savings, as the investment earnings from income streams are generally tax free," Justin explains.

"By rebooting, you can potentially access a higher level of tax-effective income from your income stream and maximise your tax savings," Justin says.

"Seeking advice before making any changes can take the guess work out of it and ensure you make the most of these strategies."

* less the minimum balance of \$1,500 to retain your HESTA account for ongoing contributions

Talk to someone about TTR

Find out about your options on page 15 or go to

hesta.com.au/advice



Moving on...

Know your rights

What happens to a couple's finances if they decide to go their separate ways later in life or during their retirement years?

Making the decision to split from your partner or spouse is always a difficult and heart-wrenching process. For older people it can be even harder due to their financial situations.

There are specific things to think about when you split later in life, says Wendy Sylva, a partner at Kenna Teasdale Lawyers, a Melbourne firm that specialises in family law.

Married couples and de facto couples are subject to the same laws when it comes to property (real estate, investments or other assets) and super. The law applies in exactly the same way to same-sex de facto couples.

When an older couple splits, what to do with your super is usually the most pressing question.



Find out more
ASIC's MoneySmart website has resources specifically for women: moneysmart.gov.au/life-events-and-you/women

When a couple divorces or a de facto couple separates, typically their super will be split as part of their property as a couple. This is aimed at making it fairer, particularly for women who may have taken time off work to raise the children or care for elderly family members, and who may not have as much in their super as their partner.

If you are splitting up and approaching retirement, you need to consider carefully what to do with your super.

"You are probably on the cusp of being able to receive your super as a pension or a lump sum with a tax benefit. So you can't top it up, but you are about to get the benefit of that tax-free income," says Wendy.

Two households: double the costs

Wendy adds you need to be realistic about how much money you will need in retirement.

"On average, if people retire at 60 or 67, they are going to live for another 20 years at least. Think about it — setting up two households and living separately is going to be more expensive."

Financial implications for family

There are some other family factors to consider as well.

A split could have financial implications for the family as a whole.

"You often find people on the verge of retirement are interested in helping their kids with a house deposit," says Wendy.

A split may mean this is no longer possible.

And if you have given your children money and they go on to divorce, that could also have big financial implications for you.

"If you are retired and have lent a married child money, ensure that it doesn't get lost if your child's marriage splits up."

Wendy says a way to avoid this scenario is to always lend money with a formal loan agreement.

Do's and don'ts

- 1** Don't be passive. Treat your finances as if they need to be actively maintained.
- 2** Do consider a binding financial agreement that sets out what happens if your relationship breaks down.
- 3** Do be vigilant and understand your assets and debts.

Continuing to plan for the future

Remember, it is never too late in a relationship to become actively involved with your finances.

Make sure you have regular conversations with your partner about your financial position, even if you have been together for decades. Be actively involved in financial decisions and make sure you can access accounts and information.

That way, even if a split happens later in your life, you will have a realistic picture of what your position is and how you can best manage the situation.

* This information contains H.E.S.T. Australia Ltd's interpretation of the law but should not be relied upon as advice.

If you would like to discuss your financial situation, our team of Advisers can help: hesta.com.au/advice



Sowing the seeds of saving early

Teaching your grandchildren good savings habits can help set them up for life.



A group of grandparents was asked to write a letter to their 10-year-old self. Their collective wisdom contained nuggets of gold: 'Laugh as much as you can'; 'It's OK to be different'; and 'Save early'.

For older folk know the difference financial security can make and compound interest can help everyone to get there.

Retirement brings the freedom to spend time with the little people in your life and it's also an ideal opportunity to teach them about money. The sooner you start, the greater the rewards, Money Expert Patrick Nolan from industry super fund-owned bank ME says.

Get grandkids interested

You could surprise your grandchild by gifting their savings account on their 18th birthday but this denies you both years of watching the nest egg grow and conversations about financial management.

Apps designed specifically for children may also help to spark an interest in finances.

The best way to start, however, is with their bank account. "When selecting a savings account for kids, choose an online account with a high savings rate, no fees, and doesn't include conditions like minimum monthly deposits."

Learn more about ME's savings accounts:

mebank.com.au/personal/bank-accounts/online-savings-account/

Example:

You and your friend both put away **\$18,000** for your grandchildren in a bank account at 5% annual interest.

Your friend starts by putting **\$10,000** in when their grandchild is 10, and then **\$1,000** a year until they are 18. This results in a balance of **\$24,300**.

You start putting in **\$1,000** a year when your grandchild turns one until they are 18. This results in a balance of **\$28,100** – that's **\$3,800** more just by starting earlier.

Ideas for all ages

Most young children can understand basic maths and learn the patience to save up for a desired item or present.

By high school, kids are ready for hands-on lessons about what money. "Decide together what features you'll compare, like interest rates. Offer incentives for reaching their savings goals, such as matching dollar for dollar. Rewards instil savings habits," says Patrick.

Staying active on a shoestring

Getting active doesn't have to cost anything and is easier than you might think.

Protecting your wellbeing is one of the keys to ageing well and one of the simplest ways to keep healthy is to avoid a sedentary lifestyle. The lure of the couch can be strong, but regular physical activity has many benefits – from improved mood to less reliance on medication.

Fortunately, there are many ways to stay active without having to spend on memberships or equipment. Activities like walking, swimming and gardening are free, while many community organisations run low-cost exercise classes for seniors.

Benefits of strength training

Tiffany Toombs, Manager at Melbourne's Woodford Sports Science Consulting, says strength and balance training are essential for older people. "For women over 60, it's important to strength train. When women hit menopause they tend to see a decrease in bone

density and weight training will help reduce this," comments Tiffany.

Weight training can also help prevent falls and musculoskeletal injuries. "As you age it's important to incorporate balance training into your routine to build the core. This can be as simple as standing on one leg," says Tiffany.

Preventing falls

The National Ageing Research Institute (NARI) has found fall prevention is crucial for older people. Seniors presenting at hospital after a fall are more at risk of functional decline, so avoiding falls is paramount. Increasing core strength, balance and coordination will help.

Whether you've let your exercise routine slip or haven't tried a new activity for ages, it's never too late to reap the benefits of more movement into your life!

New beginnings

1. Start slowly and set small goals, especially if you've had a break from physical activity.

2. Consider returning to a sport you pursued in your youth. You'll regain the skills and remember the rules.

3. Remember to consult your doctor before starting any new exercise program.

Buy second-hand

If you want to buy sporting gear, remember garage sales, op shops and eBay can be great sources of more affordable second-hand sporting equipment.



>
HOW TO

Travel well for less

If you dream of travelling, stretch your dollars further by considering these alternative accommodation options.

Do you dream of hitting the open road and experiencing new adventures? These days there are more ways than ever to make your travel dollars go further, so you can take longer trips for less and experience unique perspectives.

So what are your options?

Online accommodation sites

Peer-to-peer accommodation, where people rent rooms in their homes or even entire apartments, has become popular.

Airbnb, which connects home owners and travellers by listing short- and long-term rental offers for spare rooms, apartments and sometimes whole houses, is one example.

By staying with a host or in the house of a host, you have a personal connection with a local – and you’ve just opened the door for the best secret spots for day tripping and little-known local gems.

But it can be daunting to put complete trust in your host, and with 1.5 million listings there are bound to be some iffy ones.

Make sure you read other travellers’ reviews and don’t be afraid to ask questions before you book.

You can also take steps to ensure that if things don’t go to plan, you won’t be left out of pocket. Companies such as Airbnb are increasingly putting steps in place to help you, if things go wrong.

Tom Godfrey, spokesperson for CHOICE, explains:

“One important mechanism to ensure consumers won’t be out of pocket for dodgy listings is the third-party payment system.

Guests pay online (usually via credit card) and Airbnb holds the funds until after you’ve checked in. You’ll have up to 24 hours after you’ve checked in to notify Airbnb of any problems.”

House-swap websites

There are also ways to organise your accommodation for free.

One option is a house swap through companies like Aussie House Swap and Home Exchange.



These websites allow homeowners to browse options and to list their own property. Members can then contact each other to see if they are interested in a swap.

Many companies will provide you with a checklist and a house-swapping agreement. Plus, car swapping may also be included, so check your insurance policies and make sure both parties are aware of what is and isn’t covered at both homes.

House-sitting options

House sitting someone else’s home might also be an option for you, plus it’s typically free.

Many home owners who are heading away post online listings for a house sitter.

Nick Fuad, Director of Aussie House Sitters, explains: “Ninety per cent of listings have a pet, and that’s usually

the main concern of the home owner.”

“The home owner might also ask the sitter to look after the garden or mow the lawn,” Nick says.

Again, it’s essential to nut out all the details and the home owner’s expectations before checking in.

Getting started

If you’re not sold on these options, start by dipping your toe in.

Book a nearby short stay with Airbnb, arrange a house swap within your state, or for a first-time house-sit arrange to stay locally for a weekend.

There’s a lot to be said for peer-to-peer accommodation, so be flexible, ask plenty of questions and make the most of the experience.

Peer-to-peer safety tips

Verify your host

Look for verifications of identity on your host’s profile. On Airbnb a verified ID badge on a host’s profile appears if they’ve verified their identity, such as providing a phone

number, driver’s licence or government-issued identification.

Check reviews

Ensure there’s a decent number of positive reviews before booking.

If things go wrong, contact the company

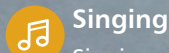
If your accommodation turns out not to be what you expected, contact the company within 24 hours of arriving at the house or apartment.



This retired American couple packed up for their adventure two years ago – and are still going! seniornomads.blogspot.com.au

> 5 WAYS To boost your brainpower

Just as you exercise your body to keep it in shape, your brain benefits from regular workouts too. Here are some simple and affordable ways to boost your brainpower.



Singing

Singing gives your mind a boost, positively affecting your mood, memory and concentration. "Singing increases neuroplasticity, so your brain starts to rebuild damaged pathways," explains singer and entrepreneur Tania de Jong from Creative Universe. In particular, singing with others is a great mind workout. "When you sing with other people, the right temporal lobe of your brain fires up, releasing endorphins such as oxytocin and other hormones," Tania says.



Brain apps

Apps such as Lumosity and Elevate can be useful in training your brain. But do they work? Carol Bennett, CEO of Your Brain Matters, an Alzheimer's Australia campaign, says: "Training your brain in an area you haven't previously had any involvement with is valuable in boosting your brainpower."



Physical exercise

"Research has shown clearly that exercise is closely associated with reducing the onset of dementia," Carol says. "Exercise and diet are important in boosting your general health and wellbeing, which also reduces your likelihood of getting dementia."



Volunteering

"Any type of social engagement can keep your brain healthy, and particularly when you're with other people and feeling like you're doing something worthwhile," Carol says. Check in your local area or with Volunteering Australia for opportunities to offer your skills and passions to help others.



Brain games

Activities such as Sudoku, quizzes, puzzles and memory games have many benefits and are even more powerful if you include a social aspect. "Do them with other people, so new neurological connections are being made; it's a double whammy," explains Carol.

Important super changes

New administrator

LINK Group purchased HESTA's administrator in December 2014, and from December 2015 our new administrator is Australian Administration Services Pty Ltd.

New HESTA Income Stream member number

From 10 December 2015 your account number became your new member number. You will need to quote this member number as an identifier when calling the HESTA Contact Centre or logging into HESTA Member Online.

Privacy policy

Changes to HESTA's Privacy Policy were made in February 2016; changes were made to;

- How we collect personal information, including from the use of mobile applications, internet cookies, social media, online communities and promotions.
- How your personal information is used for direct marketing, including how we may share your information with third parties and how you can opt-out from receiving, or us using, your information for direct marketing purposes.
- How we, and our third party service providers, may use information from cookies, re-targeting codes and other analytics programs for analysis and research, and for customising our communications to you.
- The locations outside of Australia to which your personal information may be disclosed.
- How to contact us about your personal information and how it is used.

Learn more about these changes at hesta.com.au/privacy

Investment switching

From 10 December 2015, there was a change to the way weekly investment switching works. Completed switching requests received by 11.59pm Tuesday (AET) are processed that week (effective that Friday). Switching requests received after 11.59pm Tuesday are processed on the Friday of the following week.

Income Stream payments

You can choose to have your income stream payments made fortnightly, monthly, quarterly, half-yearly or yearly. If you want to have a payment frequency other than fortnightly, you can now choose to receive payments on either the 15th day or the 28th day of the month.

Lower minimum balance for accounts

When transferring amounts from your accumulation account, to a HESTA Income Stream, we now request a minimum of \$1,500 remains in the account to cover insurance payments or other fees and charges.

Automatic account closure

The Trustee of HESTA may now automatically close an Income Stream account that has an account balance which is no longer sufficient to cover the next scheduled pension payment or the account balance is less than \$1,500 at 1 July.



New postal address
HESTA Locked Bag 5136
Parramatta NSW 2124

Mobile banking

convenient and safe

ME explores how Australia's high rate of smartphone ownership means more and more people are turning to easy mobile banking solutions.

Almost two out of five of us own a smartphone, and we use them for a whole lot more than simply staying in touch. In fact, Australians are taking to mobile banking in droves with industry figures showing we are 65% more likely to use smartphones for mobile banking than Britons.

Part of the appeal of mobile banking is sheer convenience. User-friendly apps let you check account balances, track savings, monitor expenses and pay bills on the go.

Unfortunately, some people miss out on these benefits – often because of concerns about the safety of mobile banking. That's why the Australian Federal Police teamed up with the Australian Bankers Association to develop a check list of steps to keep your funds secure when using mobile banking.

Here are the top five tips:

- 1 Use a PIN to lock your phone** – this protects your mobile so nobody can use it or view information

- 2 Make your mobile banking PIN difficult to guess** – memorise the number, don't make a note of your banking PIN on or near your phone
- 3 Don't record private banking details on your smartphone** – this includes emailing passwords to yourself
- 4 Only use secure (password protected) internet connections** – always avoid using free WiFi for mobile banking
- 5 If you lose your phone, call your bank straight away** – your bank's experts can disable your banking app.

Another golden rule is to check your account statements regularly. This way you will pick up any unfamiliar transactions straight away.

To experience the benefits of mobile banking yourself, call **ME** on 13 15 63 or visit **mebank.com.au**

Members Equity Bank Limited ABN 56 070 887 679
Australian Credit Licence 229500



We've changed from ME Bank to simply **ME**, with a logo that's black and white, just like **ME**.

But, we're still 100% owned by the industry super funds — including HESTA — that created a bank to help Australians get ahead.

The information has been provided by Members Equity Bank Limited ABN 56 070 887 679 Australian Credit Licence 229500 Neither HESTA nor H.E.S.T. Australia Ltd receives any benefit or commission as a result of you using **ME** products.

Getting help

Need some advice but don't know where to get it? Read on to find out how we could help you.

Where do I start?

Speak to one of our **Superannuation Advice Officers**. They can provide you with general phone advice on all aspects of HESTA and HESTA Income Stream.

You can also speak to our **HESTA Superannuation Advisers**, who specialise in delivering personal advice on super — at no extra cost. They also provide advice on Transition to Retirement and retirement strategies for a low fixed fee.

Do you need a financial plan?

HESTA Financial Planners are licensed to give you advice on a range of financial matters, including investments you have in addition to your HESTA account. This service is offered on a fee-for-service basis, so you will know upfront how much the level of advice you need will cost.

Here are some examples of why you — a HESTA member — might seek advice from our Financial Planners:

- You need advice on investments held outside of super
- You would like holistic advice on your overall financial situation including super, investments outside of super, insurance, and how to grow and maintain your wealth — before and during retirement
- You and your (non-HESTA member) partner are seeking advice on your combined financial situation
- You're approaching the Age Pension age and seeking to optimise your Centrelink entitlements.

Ready to get in touch? Request an appointment at hesta.com.au/advice

What you need to know about this HESTA Income Stream Member Magazine and HESTA.

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Sarah believes everybody deserves respect, including the homeless.

She fights for their rights to quality health care.

She becomes a familiar face for those that need help.

Do you know
someone
like Sarah?

Nominate them
for the 2016 HESTA
Australian Nursing Awards

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