



## Annual Trustee Report to Members

30 June 2014

### In this report:

- > Investment returns
- > Member survey results
- > Getting your super sorted



being super smart has  
nothing to do with age

# Report manifest

Your super fund – AvSuper .....	1
Reports by our Chair & CEO .....	2
AvSuper news .....	4
What you told us about AvSuper .....	6
Investment overview for 2013–14.....	8
AvSuper returns .....	10
Other investment information.....	11
Investment managers .....	12
Defined benefit accounts.....	13
Investing in infrastructure assets .....	14
Member investment choice .....	17
2013–14 super snapshot .....	22
Enquiries .....	23
The AvSuper Team.....	23
Your AvSuper Trustee .....	24
Financial statements .....	25
Member Advice team spotlight.....	26
Super in your twenties & thirties.....	28
Thinking of retiring? .....	29



[facebook.com/avsuper](https://facebook.com/avsuper)



[twitter.com/aviationsuper](https://twitter.com/aviationsuper)



**DISCLAIMER:** The contents of this document have been prepared for general advice without taking into account your objectives, financial situation or needs. Therefore you should consider the appropriateness of the advice in light of your own objectives, financial situation or needs before acting on the advice. A Product Disclosure Statement on any financial product mentioned in this document should also be obtained and read prior to proceeding with an investment decision. Although every effort has been made to verify the accuracy of the information contained in this document, AvSuper, its officers, representatives, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.

# Your super fund – AvSuper

For nearly 25 years, AvSuper has been providing outstanding service to members many of whom have been with us from the day we started. You can count on us to continue to be an organisation that is strongly member focussed, and works hard to deliver consistent long term investment performance and low fees.



**AvSuper doesn't pay commissions to financial advisers and is run only to profit members.**

Across Australia, AvSuper members include skilled specialists such as air traffic controllers, aviation rescue and fire fighters, engineers, technical officers, pilots and aviation safety specialists, along with associated management, technical and administration staff and their families. We also provide membership to many Australian Public Service employees, especially in the Canberra area.

An increasing number of people from other industries have also chosen AvSuper to care for their super, as well as family members of current AvSuper members.

## Member Online

**Remember** – you can easily check your balance and super contributions paid to your AvSuper account using Member Online, available via our website. You can also switch investment options or update your details.

AvSuper provides our 6,000 plus members (and their \$ 1.7 billion of retirement savings) with the best of all worlds by delivering quality superannuation products and highly personalised service to individual members. Our unique structure combines the best of corporate, industry and retail super funds.

With the same low fees and membership structure as accumulation members, AvSuper's retirement income stream options are simple, cost-effective solutions for maintaining your money as you move from work to leisure in retirement.

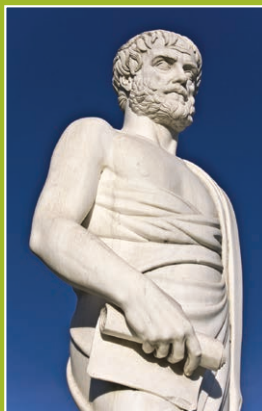


# Report by our Chair

“Money is a guarantee that we may have what we want in the future.” Aristotle

Back in 300 B.C. Aristotle was able to put into words why we have superannuation. It’s all about the future and how we can support the type of lifestyle that we wish for.

Well, it might have been easy for a Greek philosopher to ponder the future in 300 B.C., especially while being paid to tutor Alexander the Great, but even that job didn’t last forever (not unlike the situation that all of us will find ourselves in one day!) The reliable income from our wages disappears, and we will depend upon our savings.



Without Aristotle’s foresight some may find themselves in trouble - like Oscar Wilde who died penniless at 46, but not before observing “It is better to have a permanent income than to be fascinating.”

Boring though it may be for the Oscar Wildes of the world, saving for the future through super can guarantee a less ‘fascinating’ retirement.

## And that is what AvSuper is all about.

We like to be boring. We like to be reliable. We like to keep looking after your money in the best possible way.

You won’t see our name splashed across your TV screen of a night-time. You won’t see our name emblazoned on jockey silks or football jumpers.

That’s because we invest your money, to create more wealth for YOU! We would never use your money on aspirational advertising, because when all is said and done...it is YOUR money.

We don’t want to be ‘fascinating’.

As a result, you won’t see our name associated with ‘left-field’ investments in the financial press. We don’t produce ‘fascinating’ returns. Our returns come from good old-fashioned hard work from a team that prides itself on keeping you, the member, in mind.

So whether it be the superior long term returns that you seek, or the personalised service and attention you receive whenever you are in contact with AvSuper, you can rely on the team that works solely for YOU.

We want to ensure an Aristotle type of retirement for our members, rather than a ‘fascinating’ lifestyle, as poor Oscar bemoaned.

# Report by our CEO

Welcome to AvSuper's Annual Trustee Report to Members for 2014.

It's great to be able to report another great year of investment performance across all of our investment options to members, including an after fees and tax return of **12.9% for the default option, Growth (MySuper)**, in which most members have some or all of their retirement savings invested. This is on top of the extraordinary results from the 2012-13 year, **giving a total return across two years of over 30%**!

You can find out more about our investment option performance – and a special feature on our infrastructure investments – from page 8.

The Fund also topped **\$1.7 billion** in total funds under management for the year ending 30 June 2014, which is simply amazing with only a staff of 10 and total membership of 6,000.

Our communications “theme” for super during 2014 is “**super for all ages**”. No matter your age or situation, there are things you can do with a minimum of effort to ensure that your retirement savings are on the right track. There are also many ways we can help you optimise your super to get the most out of it, whether you are starting out, mid way through your career,

planning for retirement – or enjoying your ultimate goal of a financially independent retirement. Check out our features on pages 27-29.

Finally, on behalf of the AvSuper team and Trustee Board I want to thank David Arnott for his many years of diligent service as an AvSuper Trustee Director. David recently announced his retirement from the Trustee Board and will finish in mid-August 2014. David, whom many of you will know personally, has represented our aviation firefighter members for many years and we are very sorry to see him go, but wish him all the best for his future endeavours.

**George Fishlock & Michelle Wade**



# AvSuper news

## Introduction of AvChat and 'Let us call you'

We've made it even easier for you to keep in touch with us with two new website features!

Want to chat to us out of business hours? Use our 'Let us call you' web form so you don't forget, and we'll get back to you on the next business day.

Have a quick question or want to book an advice appointment? AvChat lets you chat to us online in real time. Find links throughout our website and start chatting.

## Introduction of insurance applications in Member Online

Looking to increase your AvSuper insurance cover? You can now apply online and in many cases, you will get approval straight away. Simply log into Member Online and select 'Increase Insurance' from the left menu.

## Introduction of MySuper

AvSuper was one of the first funds in Australia to be awarded a MySuper licence. AvSuper's default option changed to the Growth (MySuper) option on 1 July 2013.

## Beneficiary changes for income streams

Income stream members can now change their beneficiary nominations at any time - including adding or changing a reversionary nomination.

## Welcome!

We are pleased to introduce our newest team members - Ursula Suggate (Office Manager), Wilson Lau (Member Advice Consultant) and Ross Connors (Member Advice Consultant).

## Congratulations

Michelle Wade, our CEO, married in December 2013. We wish the couple much happiness.

## eRollovers

Consolidating your super can save you fees and paperwork. eRolling any old super into your AvSuper account is easy and costs nothing (well, check if your old fund charges exit fees, but rest assured AvSuper won't charge you entry or rollover fees).

You may also be eligible to rollover any insurance from your old fund - see our insurance guide for details.

**Log into Member Online at any time to eRollover your money. Look in the transactions menu for the simple online form and leave the rest to us.**

**You can also ask us to search for any lost super in your name, too.**

*Remember to check for any other benefits you may lose by leaving your old Fund to be sure a rollover is in your best interests.*



# Make extra contributions to help your super soar!

Have you thought of growing your retirement savings with...

- Salary sacrifice contributions (with potential tax advantages)
- Regular personal contributions from your post tax salary or bank account
- Lump sum personal contributions whenever you have some 'spare' money
- Spouse contributions
- A contribution split with your spouse (with potential tax advantages)

Remember our Member Advice Consultants can show you the impact of additional contributions and help you plan an investment strategy.






**Visit [www.avsuper.com.au](http://www.avsuper.com.au) for direct deposit details. Let us know online, via email or fill in a simple form.**



## What you told us about AvSuper...

During the financial year, AvSuper once again conducted a member satisfaction survey where we invited members to rate our customer service performance and to tell us how we might further improve outcomes for members.

During the survey we asked members about their likelihood to recommend AvSuper to others and to then rate us in the following areas:

-  Has knowledgeable customer service people
-  Provides the information you require
-  Provides excellent financial returns
-  Handles enquiries quickly and efficiently
-  Provides you with clear and concise information

We were delighted to see that our rating was consistently above average (compared to other participating super funds) and that our members provided both positive feedback about what we are doing well and important constructive criticism about what we need to improve. Importantly, you rated us more highly than the prior year overall.

We would like to thank all members who participated in the survey for their time and comments, which are very valuable to us. Just as important however is the feedback we receive during the year – so we encourage you to let us know what you think of our service at any time, not just during the survey season.

**After all, it's your super, and it's your super fund – so if you've got feedback or comments, we'd love to hear from you at any time.**

### You said ...

-  We have knowledgeable and friendly staff which makes it easy for you to get quick answers to your queries
-  You particularly like our personalised financial advice services
-  We are meeting your expectations for good investment returns and low fees



### Our Response:

We are delighted that members recognise the value-add that we can provide via personalised financial advice services. Of course, investment management and keeping costs low will always remain key areas of focus for us.



## You said ...



- ✈ We could help you more with issues related to maximum contributions limits
- ✈ You'd like us to do even more for members aged under 55
- ✈ We need to improve our insurance underwriting process

## Our Response:

This is great feedback and gives us clear indications of where you'd like us to focus more of our efforts. Stay tuned for further updates on contribution limits and services for under 55s. We've already taken steps to improve our insurance underwriting process with an online application tool - see page 16 for further details.

## You said ...



- ✈ Many of you think we're only for Airservices or CASA
- ✈ You'd like to see us more in locations other than Canberra

## Our Response:

AvSuper is no longer just for Airservices or CASA employees - we have members from many other employers across the broader aviation industry and the wider community. Airservices and CASA employees can now stay with AvSuper even if they change employers. We also regularly visit other locations across Australia - if you would like to see AvSuper in your workplace, let us know and we'll inform you when we next visit your area.



One of the things that make AvSuper different to other super funds is our in-house Member Advice Team. We don't outsource customer service - so when you contact AvSuper, you can count on your call or email being handled by experienced, qualified superannuation professionals and financial advisors employed in our Trustee Office - not an anonymous call centre. To find out more about our team, see their profiles on page 26.

# Investment overview for 2013-14

Investment Option	2013-14 returns <sup>^</sup>	Industry Benchmark return*	Rolling returns	Rolling years	Investment Objective (CPI +)
Growth (MySuper)	12.9%	12.7%	9.5%	5	4.5%
Stable Growth	10.6%	7.7%	8.5%	4	2.5%
High Growth	15.8%	17.5%	3.1%	7	5.5%
Cash	3.7%	2.3%	3.8%	3	1.0%
Conservative Growth	7.9%	7.7%	7.2%	3	1.5%
Australian Shares #	18.4%	16.7%	N/A	7	6.0%
International Shares #	14.3%	17.5%	N/A	7	6.0%

<sup>^</sup> Returns are net of fees and taxes    \* Selecting Super 2013-14 Benchmark Index    # Long term data is unavailable for our newer options

## Another good financial year for AvSuper members....

It was another year of solid investment returns across all AvSuper investment options for 30 June 2014. Members in the default investment option, Growth (MySuper), have now enjoyed **strong double-digit returns for two years in a row**, even after allowing for investment fees and taxes.

Most importantly, long-term investment returns, measured over rolling years in the

above table, continue to strengthen post the impact of the GFC.

## Results for Key Asset Classes

The global economic recovery continues to be gradual and felt unevenly across regions and even across the various asset classes in which we invest. However, returns for the financial year were strong across the board.

While some sectors of the Australian share market underperformed, overall

AvSuper's result was quite strong at 17.3% for the year, slightly ahead of benchmark.

Our International shares portfolio was another top performing asset class (also 17.3%), led predominantly by Europe and growing confidence in the US economy, while the Chinese economy slowed over the year.

AvSuper's infrastructure (15.3%) and property (10.3%) assets continue to provide strong, stable investment returns

and balance some of the short term volatility in share market returns.

Fixed interest returns were more moderate (7.6%), while cash was the lowest performing asset class (3.1%), with interest rates at record low levels. Our in house management of term deposits has been a driver of additional returns (approx 1.5% higher) than most cash option benchmarks.

### Looking ahead...

While markets have been relatively calm for the last two years, there are a number of market risks that we continue to focus on, including the risk of a Chinese slowdown, a fragile European recovery from the debt crisis or even a major geopolitical event such as a further escalation of events in the Middle East.

Additionally, we consider that the pace of the global recovery and the actions of key policy makers throughout the world

have the potential to significantly impact on investment market performance in the coming year. Market valuations, while not currently excessive, are also not quite as attractive as they have been.

In light of these risks, we are maintaining a slightly more conservative investment position than normal, however this also means that AvSuper's investment portfolio is well positioned to take advantage of any opportunities that may arise in the near term.

### Want to know more...

Learn more about AvSuper's infrastructure investments - check out the first of our asset class features on page 14.



## AvSuper returns

All AvSuper investment returns are shown after allowing for relevant investment fees and taxes.

Accumulation Account Returns to 30 June							
INVESTMENT OPTION							Compound Average
	2014	2013	2012	2011	2010	5 yr *	10 yr *
<b>Growth (MySuper) (default)</b>	12.9%	18.4%	-1.3%	11.1%	8.1%	9.7%	6.2%
<b>Stable Growth</b>	10.6%	12.2%	2.6%	9.2%	7.7%	8.4%	6.2%
<b>High Growth</b>	15.8%	24.7%	-1.6%	12.6%	9.0%	11.8%	6.6%
<b>Conservative Growth</b>	7.9%	9.0%	4.8%	7.7%	1.5%	6.8%	6.8%
<b>Australian Shares</b>	18.4%	26.4%	-7.3%	10.7%	-2.0%	10.3%	10.3%
<b>International Shares</b>	14.3%	25.8%	0.7%	16.3%	-3.5%	12.3%	12.3%
<b>Cash</b>	3.7%	3.2%	4.8%	4.2%	3.1%	3.8%	4.5%

*Remember that past performance is not always indicative of future performance.*

*\* Where 5 year or 10 year history is not yet available, the compound average is calculated from inception of the relevant investment option.*

Income Stream Returns to 30 June							
INVESTMENT OPTION							Compound Average
	2014	2013	2012	2011	2010	5 yr*	10 yr*
<b>Growth (default)</b>	14.7%	20.1%	-0.1%	12.2%	8.8%	10.9%	6.8%
<b>Stable Growth</b>	10.6%	13.7%	3.7%	10.4%	8.7%	9.4%	6.7%
<b>High Growth</b>	17.1%	27.8%	-2.6%	13.4%	9.5%	12.6%	6.8%
<b>Conservative Growth</b>	8.4%	10.3%	5.6%	8.7%	1.2%	7.5%	7.5%
<b>Australian Shares</b>	18.3%	26.2%	-6.6%	10.5%	-0.4%	10.8%	10.8%
<b>International Shares</b>	16.0%	30.0%	9.9%	0.2%	N/A	13.0%	13.0%
<b>Cash</b>	2.9%	3.7%	4.9%	4.9%	3.6%	4.0%	4.9%

Investment earnings in our income stream products are tax free for members, so returns will vary from those in accumulation accounts. Superannuation payments made to members aged over 60 in either division are also generally tax free.

# Other investment information

## Unitisation

AvSuper's accumulation and income stream investments are unitised. Units are allocated to you when we receive a contribution or rollover for you. Your unit holding decreases when you make a withdrawal, receive an income stream payment, leave AvSuper or we deduct fees, taxes and insurance premiums.

Unitisation is similar to buying and selling stocks, with frequent price changes. The allocation price is based on that week's unit price so even regular contributions often convert to a different number of units. For members, the buying and selling price is the same each week. We take out fees and any applicable tax before setting unit prices. You can find current and historical unit prices on our website.

## Diversification for risk management

In our pre-mixed options, your super is deliberately invested with a long term focus and diversified across several asset

classes and investment managers per asset class. This spreads the risk of an investment under-performing and takes advantage of various investment styles.

These options offer more diversification than our single asset class options.

AvSuper's Cash, Australian Shares, and International Shares options have investments in one asset class. However, to maintain diversity and manage risk, they are invested across a number of sectors and companies, and managed by multiple managers.

## Unlisted assets

AvSuper also invests in Australian and international unlisted funds for increased diversification and stability (from less volatile asset classes). This also provides more buffering from inflation and scope for direct tax benefits.

We continually monitor our portfolio and market fluctuations, with the expectation

these assets can potentially give more value to members' savings.

## Derivatives

Our derivatives policy imposes tight controls on our investment managers' use of derivatives. They must only be used conservatively and for controlling risk, and never be used to gear portfolios.

## Operational risk reserve

The Trustee has established and will maintain an Operational risk financial requirement (ORFR) reserve. We have set a target funding level for the ORFR reserve and we will build up the reserve to the target level over time, to minimise the impact on members.

## Find your lost super!

We can help you find any old super you may have. Give us permission (in writing or via Member Online) to use your TFN and we'll search the ATO's database for you.



## Investment managers

AvSuper uses a range of professional investment managers to invest members' money according to specific objectives and strategies (including strategies to guard against excessive risk) set out by the AvSuper Trustee.

Our website lists our current investment managers. As at 30 June 2014, AvSuper's assets were managed by the following entities:

Australian Shares	Schroders *
	Cooper Investors *
	Balanced Equity Management (BEM)
	Invesco
International Shares	Perpetual *
	Independent Franchise Partners
	AQR Global Equities
	MFS Investment Management*
	Walter Scott Global Equities
	Genesis Investments
Defensive Alternatives	Martin Currie Investment Management
	Causeway
	Jubilee Asset Management
	GMO Australia Ltd
Property	Blackrock GAM International Management Limited
	GAM International Management Limited
	Eureka Funds Management
	Franklin Templeton Investments
	Colonial First State Property
	EG Property Group
	Investa

### Interested in investment markets?

Our Investment Officer provides a commentary on market conditions and performance each month. You can find it on our website each month or subscribe for an email reminder - look in the investment section of our website.

Fixed Interest	Loomis Sayles
	Brandywine Global Fixed Interest
Cash & Currency	Blackrock *
	Pareto Investment Management Limited
	National Australia Bank
	Bank term deposits (various)
Infrastructure	Citi Global Market Australia
	RARE Infrastructure Limited
	Utilities Trust of Australia (UTA)
Growth Alternatives	Bentham
	Siguler Guff
	Coller Capital
	Hayfin Capital Management

\* These managers have a value in excess of 5% of the total assets of AvSuper



# Defined benefit accounts (Corporate members)

If you are defined benefit member, your super is based on a combination of your years of service, your contribution rate and final average salary. Declines in the value of defined benefit assets don't generally affect your final payment as the investment risk is borne by your employer. AvSuper's defined benefit division remains financially sound and fully funded.

Although your defined benefit must end **when you cease corporate employment, you can stay with AvSuper** and receive contributions from any new employer. Unless you tell us otherwise within 28 days of ceasing employment, your benefit will be transferred to an AvSuper accumulation account in your name and invested in the default Growth (MySuper) option, using the unit price effective on the day following your exit.

## Superannuation surcharge

The super surcharge was a contributions tax that ended in July 2005. Your member statement shows any applicable outstanding surcharge. **Interest is applied to this debt.** Unless you make arrangements to repay the debt earlier, the outstanding debt will be deducted from your final benefit when you leave the defined benefit division.

## Investment returns & objectives

The primary objective is an after tax and fees return exceeding Average Weekly Ordinary Time Earnings (AWOTE) increases by at least 3% over rolling five years.

## Investment returns for the Defined Benefit division (after fees and taxes)

One Year Return for 2013–14	12.0%
Five Year Compound Average Return Per Annum	9.8%
Ten Year Compound Average Return Per Annum	6.3%

## Long term strategic asset allocation at 30 June 2014

Asset Class	Benchmark	Asset Allocation Ranges
Australian Shares	24%	15-45%
International Shares	26%	15-45%
Property	10%	0-20%
Infrastructure	5%	0-15%
Growth Alternatives	5%	0-20%
Defensive Alternatives	10%	0-15%
Diversified Fixed Income	10%	0-30%
Cash	10%	0-20%

# Investing in infrastructure assets



**Scott Malpass,  
AvSuper Investment Officer,  
explains an investment class.**

Infrastructure is the term used for investments in projects involving large scale public systems and services such as roads, airports and hospitals. Money is generally invested into publicly listed companies or schemes that will manage the project – some unlisted companies and unit trusts are also available as infrastructure investments.

Since November 2008, AvSuper has had a 5% allocation to infrastructure investments.

## Infrastructure as an investment class

By its nature, infrastructure is a long term investment as some projects can take years to complete and generate any income.

Infrastructure assets usually have low price volatility and steady investment returns similar to property investments. Due to its risk profile and expected returns, it is usually classified as a defensive asset.

Some specific features of infrastructure investments include:

- They may be subject to Government regulation, such as prices that can be charged
- They can be difficult to compare as most projects are unique
- A particular entity may have a set-time contract for the project so our investment is limited to that timeframe, too
- Infrastructure entities may not own the assets 100%, meaning they don't have full control
- They can be expensive to invest in, especially during the development phase

### AvSuper investment - Sydney desalination plant

Due to variable rainfall and climate change making droughts more likely, Sydney needed a secure water source. So a desalination plant was constructed in southern Sydney.

The Sydney Desalination plant (SDP) has a capacity of 250 megalitres (ML) of drinking water per day, making it one of the largest desalination plants in the world. It was built to enable later expansion of up to 500 ML a day.

Seawater from the Tasman Sea is treated by reverse osmosis to produce up to 15% of Sydney's fresh water supply.

The plant can work at partial capacity or even be shut down, operating only as required to meet Sydney's water needs at any given time. To reduce the environmental impact, the plant includes a stringent marine environment monitoring program and uses renewable energy to offset the carbon dioxide emissions from electricity use.

AvSuper invests in the SDP via Hastings Funds Management Limited, part owner of the plant's long term (50 year) leasor. We also invest in the Freeport liquefied natural gas (LPG) terminal on the Gulf Coast of Texas and the 5,600 km voltage, large capacity connections within the ElectraNet transmission network in South Australia through Hastings.

*Did you know there are over 3,500 land-based desalination plants in the world?*



Location:  
Kurnell, NSW coast

Opened:  
28 January 2010

Reached 90%  
capacity:  
July 2012

Building cost:  
\$1.89 billion

Seawater turned  
into fresh water:  
about 43% of intake





# AvSuper insurance

– offering affordable peace of mind

Now it's even  
easier to apply  
using our online  
application  
tool!

On top of keeping our premiums constant and adding more benefits last year, we're now pleased to announce you can apply for new or additional cover via Member Online.

And of course, our **Member Advice Solution** is available if you need help deciding how much cover is enough for you and your family.



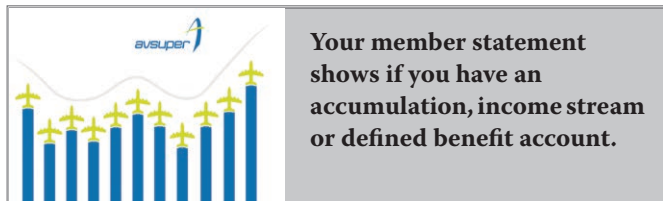
## Member investment choice

As an AvSuper accumulation and/or income stream member, you can access member investment choice. Your options are outlined on the following pages and described in detail in AvSuper's *Member Investment Choice Guide*.

AvSuper's member investment choice enables you to choose one or any combination of the seven investment options. You can have your current super balance and future contributions invested identically or in different ways. It's up to you!

You can change the way your super is invested in our investment options at any time; this is called switching. Even better, AvSuper doesn't charge a fee to switch investment options! Switching can be done online or by completing a *Nominate or switch investment options* form downloaded from our website.

If you do not make an investment choice, your balance will automatically be invested in the AvSuper Growth (MySuper)\* option, which is the default investment option.



## AvSuper's investment options

There are seven investment options available for you to choose from:

- Growth (MySuper)\* our default option
- Conservative Growth
- Stable Growth
- High Growth
- Australian Shares
- International Shares
- Cash

Each option has its own performance objectives, investment strategy and risk/return profile as shown on the following pages. Note that past performance is not always indicative of future performance.

*\* Known as the Growth option for income stream members*





## AvSuper options

### Growth (MySuper) Option (the default option)

Designed for members who accept it involves a medium risk level to achieve moderately higher returns over the medium and longer term.

#### Primary objective

To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 4.5% pa over **rolling five-year periods and ten year periods**.

#### Standard Risk Measure

Risk band	5
Risk label	Medium to high
Expected frequency of negative return in 20 years	3 to less than 4

Investment management fee: 0.77% pa

#### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	36%	20 - 45%	Diversified Fixed Income	13%	0 - 30%
International Shares	24%	20 - 45%	Cash	2%	0 - 10%
Property	10%	0 - 20%	Defensive Alternatives	5%	0 - 10%
Infrastructure	5%	0 - 10%			
Growth Alternatives	5%	0 - 10%			

The Standard Risk Measure for each investment option is based on industry guidance to allow members to compare investment options. It is not a complete assessment of all forms of investment risk, specifically it does not take into account the impact of administration fees or the magnitude of investment earnings (positive or negative).

It is important you are comfortable with the risks (especially the risks of negative investment earnings) associated with your chosen investment option(s). You can find out more about the Standard Risk Measure on our website.

Images of Melbourne Air Traffic Control Tower and Fire Station, courtesy of Airservices Australia



## Conservative Growth

Designed for members who are approaching retirement or who are generally risk adverse, but want to maintain some growth potential.

### Primary objective

To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 1.5% pa over **rolling three-year periods**.

#### Standard Risk Measure

Risk band	2
Risk label	Low
Expected frequency of negative return in 20 years	0.5 to less than 1

Investment management fee: 0.46% pa

### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	12%	0 - 20%	Diversified Fixed Income	30%	20 - 60%
International Shares	8%	0 - 20%	Cash	30%	10 - 40%
Property	10%	0 - 20%	Defensive Alternatives	10%	0 - 20%
Infrastructure	0%	0 - 10%			
Growth Alternative	0%	0 - 10%			

## Stable Growth Option

Designed for members who want to maintain some exposure to growth assets, balanced by a similar exposure to defensive assets.

### Primary objective

To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 2.5% pa over **rolling four-year periods**.

#### Standard Risk Measure

Risk band	3
Risk label	Low to Medium
Expected frequency of negative return in 20 years	1 to less than 2

Investment management fee: 0.50% pa

### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range	Asset Class	Benchmark	Range
Australian Shares	20%	10 - 30%	Diversified Fixed Income	25%	15 - 50%
International Shares	10%	10 - 30%	Cash	20%	0 - 30%
Property	10%	0 - 20%	Defensive Alternatives	5%	0 - 10%
Infrastructure	5%	0 - 10%			
Growth Alternatives	5%	0 - 10%			

## AvSuper options (continued)

### High Growth Option

Designed for members who accept it involves a higher level of risk to achieve greater returns in the long term.

#### Primary objective

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 5.5% pa over **rolling seven-year periods**.

#### Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.82% pa

#### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
Australian Shares	54%	30 - 70%
International Shares	36%	30 - 70%
Property	0%	0 - 30%
Infrastructure	5%	0 - 30%
Growth Alternatives	5%	0 - 30%

### Australian Shares

Designed for members who want to invest in sharemarkets and accept the higher risk for greater long term returns.

#### Primary objective

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 6% pa over **rolling seven-year periods**.

#### Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.58% pa

#### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
Australian Shares	100%	NA

## International Shares

Designed for members who want to invest in sharemarkets and accept the higher risk for greater long term returns.

### Primary objective

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 6% pa over **rolling seven-year periods**.

#### Standard Risk Measure

Risk band	6
Risk label	High
Expected frequency of negative return in 20 years	4 to less than 6

Investment management fee: 0.89% pa

### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
International Shares	100%	N/A

## Cash Option

Designed for members who have a short investment horizon. It provides higher capital security but usually much lower returns than the other options over most periods.

### Primary objective

The primary objective is to achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases by at least 1% pa over **rolling three-year periods**.

#### Standard Risk Measure

Risk band	1
Risk label	Very Low
Expected frequency of negative return in 20 years	<0.5

Investment management fee: 0.15% pa

### Strategic Asset Allocation - target and ranges

Asset Class	Benchmark	Range
Cash	100%	N/A

# 2013-14 super snapshot

## New deeming rules

Coming into effect on 1 January 2015, these rules may impact on your age pension entitlements. So if you are thinking of retiring soon or have an income stream, read our fact sheet or contact us for advice.

## SG rates

Superannuation Guarantee rates increased to 9.5% on 1 July 2014. However, the Government indicated in the May Budget that the next increase may be delayed until 2018-19.

## Refund of excess concessional contributions

If you exceed the concessional contribution limit after 1 July 2013 you may be able to withdraw the excess amounts and have it treated as regular income (ie. taxed at your marginal rate). There is no limit to how many years you withdraw any excess amounts. For details on how to withdraw this money please refer to our website or contact us.

## Financial System Inquiry interim report

This report was released on 15 July, 2014. We are currently reviewing it for impact on the Fund and our members, and will keep you informed about the report and the Government's response once it is released.





## Enquiries and complaints

Please contact AvSuper if you have any queries – in most cases, enquiries can be answered over the phone. Responses to written enquiries will generally be provided within five business days.

1. We work hard to help with your super, but if you have any complaints or feedback you can contact us on **1800 805 088** or **avsinfo@avsuper.com.au**
2. If our discussions or suggestions don't satisfy you, please write to **Complaints Officer, AvSuper, GPO Box 367, Canberra, ACT 2601** or email **avsinfo@avsuper.com.au**  
  
We will get back to you as soon as possible.
3. If your complaint is unanswered or not resolved to your satisfaction within 90 days, you may then have the right to refer the matter to the Superannuation Complaints Tribunal. They can be contacted on 1300 884 114.

## The AvSuper team...

**When you call AvSuper, you'll never get an anonymous call centre. One of our experienced Trustee team will happily help you.**



### **AvSuper Team (L to R):**

Back – Amy Ward, Naomi Hales, Scott Malpass,  
Sara Stidworthy, Wilson Lau, Michelle Wade (CEO)  
Front – Carl Wilson, Ursula Suggate, Silas Dingiria  
Absent – Kayla Bambling, Ross Connors



## Your AvSuper Trustee

The Trustee of AvSuper is AvSuper Pty Ltd, a professional corporate trustee company which ensures that the Fund operates in the best interests of all members.

AvSuper's Trustee is supported by comprehensive risk management strategies, plans and compliance programs.

The Trustee consists of a Board of eight Trustee Directors governed by the AvSuper Constitution and Trust Deed. Trustee Directors must satisfy both propriety and competency requirements on appointment and thereafter. Collectively, they possess significant speciality expertise in superannuation, investment management and the wider aviation industry.

The Principal Employer, Airservices Australia, nominates four of the Directors (Ms Allen, Ms Goode, Ms Roper and Mr Cooke) and four are nominated by the ACTU (Mr Cox, Mr Firkins, Mr Arnott and Mr Fishlock).

George Fishlock and Ben Firkins are also authorised to act as AvSuper Representatives which means they are qualified to provide you with general superannuation information and advice on AvSuper's products.



Ben Firkins, Denise Allen, George Fishlock (Chair), Christine Goode, Lawrie Cox, Andrew Cooke, Glenys Roper.

Absent - David Arnott

### Trustee Insurance

The Trustee has taken out trustee indemnity insurance (through Chubb Insurance Company of Australia Limited) to protect the Board, its Directors, its officers and the Fund against the financial effects of legal action against AvSuper.



## AvSuper professional support

AvSuper uses professional external service providers to ensure it operates efficiently:

Administrator	Link Super
Auditor	Deloitte
Group Life Insurer	Hannover Life Re Australasia
Investment Adviser	JANA Investment Advisers Pty Ltd
Custodian	BNP Paribas Australia
Actuary	cHr Consulting Pty Ltd
Legal Advisor	Greenfields Financial Services Lawyers

## Abridged financial statements

The details below are a summary of AvSuper's financial statements for the last two financial years. Note the 2014 figures are taken from unaudited accounts - the full audited financial statements and auditor's report will be available on our website after 31 October 2014.

Statement of changes in net assets for the period ended 30 June	2014	2013
<b>Net assets available to pay benefits at beginning of year</b>	<b>\$1,479,801,431</b>	<b>\$1,223,195,396</b>
<b>Plus Income</b>		
Employer contributions	\$83,339,005	\$76,795,546
Member contributions	\$11,918,324	\$8,234,731
Transfer from other funds	\$24,408,084	\$15,690,966
Investment Revenue	\$195,464,190	\$239,049,885
Insurance Proceeds	\$3,500,750	\$758,834
Other income	\$5,507	\$2,750
<b>Total Income</b>	<b>\$318,635,860</b>	<b>\$340,532,712</b>
<b>Less Expenses</b>		
Benefits paid and payable	\$55,278,371	\$49,676,262
Administration & operating costs	\$12,619,149	\$10,473,754
Insurance Expense	\$2,620,108	\$1,564,813
Income Tax Expense	\$17,152,812	\$22,211,848
<b>Total Expenses</b>	<b>\$87,670,440</b>	<b>\$83,926,677</b>
<b>Net Assets</b>	<b>\$1,710,766,851</b>	<b>\$1,479,801,431</b>



# Member advice team spotlight

Our member advice team is here to help members (and employers) with their super questions and decisions. Based in Canberra, our team travels to other parts of the country to meet with members – why not ask if you want us to visit your area?



## **SILAS DINGIRIA:**

### **Manager - Member & Employer Services**

- Provides information and support for employers
- Runs member seminars and workplace sessions
- Meets with members and gives personalised advice on investment choice, insurance and contribution levels.



## **CARL WILSON:**

### **Member Advice Consultant**

- Our retirement and income stream guru – advising about starting and managing income streams, including investment and rebalancing strategies
- Provides information in our quarterly income stream bulletin
- Meets with members and gives personalised advice on investment choice, insurance and contribution levels.



## **KAYLA BAMBLING:**

### **Member Advice Consultant**

- Assists all members with their accounts and general queries, including via AvChat and our social media sites
- Provides members with general advice on topics including investment choice, insurance and contribution levels.



## **WILSON LAU:**

### **Member Advice Consultant**

- Assists all members with their accounts and general queries
- Provides members with general advice on topics including investment choice, insurance and contribution levels.



## **ROSS CONNORS:**

### **Member Advice Consultant**

- Assists all members with their accounts and general queries
- Provides members with general advice on topics including investment choice, insurance and contribution levels.

# AvSuper's Member Advice Solution

Free  
advice,  
Australia-  
wide!

Once you reach your forties, saving for retirement seems more relevant, and you may start wondering about the best investment option and a contribution strategy that suits your circumstances.

**AvSuper's Member Advice Solution can answer these questions, as well as questions about insurance levels and planning an income stream, so book your free appointment today!**

Get free personalised advice from one of our Member Advice Consultants



**Call 1800 805 088 for details or visit [www.avsuper.com.au](http://www.avsuper.com.au)**

## Super in your twenties and thirties

So you work and your employer pays contributions into a super account for you, and that may be the end of it in your mind. But your actions now can make a big difference to how much money you'll have in retirement – expecting a great lifestyle supported by the Age pension is perhaps a bit unrealistic.

### So what should you be doing as you head towards 40?

**Review your insurance** – will it cover your debts and living expenses if you died or were badly injured or disabled and unable to work?

**Consolidate your super** – save fees\* and time by rolling your super into one account. And it's simple with AvSuper's eRollover! (See page 4)

**Look at your super options** – depending on your circumstances, you may want to make personal contributions, salary sacrifice to super, make spouse contributions or choose more aggressive investment options to help build your super balance.

Even little contributions now can make a big difference over the next 30-40 years because of compounding earnings.

**Make some plans – and ask for help.** While you have time to build your super, why not set some financial and lifestyle goals for yourself (and your family)? With clear goals it's easier to set a strategy for investments and other financial decisions, and a strategy can direct all future decisions. To set a suitable strategy, you may need to learn a bit more about investing (and reading AvSuper materials is a good starting point) or ask for an AvSuper Member Advice Consultant to help you.

*\* Check the fees, insurance cover and other benefits of your old fund to be sure AvSuper is a good move for you.*



# Thinking of retiring?

AvSuper offers you more choices when you retire – you can leave your money in your accumulation account or you can purchase an AvSuper income stream\*. It all depends on what suits you!

## What is an income stream?

An income stream simply means getting your super paid to you in regular instalments, rather than taking it as a lump sum. You can choose to do this whether or not you are still working as long as you meet preservation (age) requirements.

**AvSuper income streams are easy to manage and offer many of the benefits you enjoy as a super member, with the same fees.**

## What if I'm still working?

Under transition to retirement rules, you can use an income stream as part of your income while continuing to work. You can also keep your super growing with employer and personal contributions into your accumulation account. It's a great way to ease into retirement!

**Now offering free annual check ups for our income stream members!**

## Why consider an AvSuper income stream?

Some of the advantages of an AvSuper income stream are:

- Low fees to protect your savings
- Your choice of investment options
- Investment earnings are tax free
- You choose how much you are paid, how often (Government limits apply)
- No tax on your payments (from age 60)
- Your beneficiaries receive the remainder of your account if you die

We currently manage over \$138 million in income stream savings.

## What do I do next?

If you are in or approaching retirement, read our income stream Product Disclosure Statement (PDS) (available from [www.avsuper.com.au](http://www.avsuper.com.au) or by calling 1800 805 088) to see if it is right for you. Details on how to join are listed in the PDS for you.

\* AvSuper income streams are issued by AvSuper Pty Ltd







## Want to opt out of paper copies of your annual report?

If so, we need your email address. You can provide or update your email address via Member Online or by calling us.

Within the personal details section of Member Online, you can also tell us to send you electronic statements and/or annual reports.



[facebook.com/avsuper](https://facebook.com/avsuper)



[twitter.com/aviationsuper](https://twitter.com/aviationsuper)

**Linked in**



## Contact Us

**Phone:** 1800 805 088 or 02 6268 4722

**Fax:** 02 6268 4469

**Email:** [avsinfo@avsuper.com.au](mailto:avsinfo@avsuper.com.au)

**Post:** AvSuper, GPO Box 367, Canberra ACT 2601

[www.avsuper.com.au](http://www.avsuper.com.au)