

JANUARY 2011

YOUR SUPER

Your quarterly news talking all things super...

This issue...

Benefits of Salary Sacrifice

Getting out of Debt

Funding Your Retirement

Super Webinar

Serving our Members



At Christian Super we understand that different members have different needs.

As a member who is serious about your super, we understand that you need more information from your super fund, so you can stay better informed and be better equipped to manage your superannuation and plans for retirement.

To provide you with that extra information, one of the things we are doing this year is sending out a second member statement. You will receive this statement shortly and it will be in addition to the current statement you normally receive after the end of the financial year. I trust this new initiative will prove helpful.

This year we will also be commencing a 'Sausages & Super' Breakfast where I will have the privilege of meeting and speaking with many of you. I hope to answer your questions about super and find out how Christian Super can further assist you in managing your superannuation. The first two breakfasts will be held in Melbourne and Sydney.

I look forward to commencing a new year, serving you here at Christian Super.

God bless,

Peter Murphy
CEO Christian Super

P.S. We are pleased to announce that Christian Super received a Gold Rating again for 2011 from SuperRatings for the 'value for money' proposition, out of 300 superannuation products in Australia!



Economic Update

Economic data from Europe was stronger than expected, but serious concerns remain in relation to the ongoing debt crisis. Global inflation and interest rate expectations remain low, although China continues to exhibit strong growth.

We remain concerned about the potential for future economic shocks. At some point we are likely to see some European sovereign debt restructuring, however talk of disbanding the Euro seems premature. Some leading US indicators suggest that a double-dip recession remains possible, despite claims to the contrary from leading economists, and the US housing crisis is far from over, with up to a quarter of homeowners owing more than their house is worth.

Domestically, the Australian economy continued to perform well. Unemployment fell to 5.5%, and this, with strong exports, is likely to result in another interest rate rise in the near future, unless the RBA holds off on concerns about impact of devastating floods. The Australian Dollar is likely to remain high, although we see far more potential downside than upside – particularly as the relative interest rate differential between Australia and the rest of the world narrows.

*Tim Macready
CIO Christian Super.*



Thinking of retirement but wondering how to pay for it?

Are you thinking of retiring but are not sure how you can continue to pay for your living expenses if you stop work? Well, depending on your circumstances you may have a few options available to you to support just that. The **transition to retirement strategy** can be a really effective way to either start cutting back your work hours and supplementing your income by drawing money from your super. Or you may choose to use the strategy purely as a tax saving strategy to boost your retirement savings. Learn how you may be able to take advantage of this strategy... [click here](#).

Stewardship foundations: Getting out of debt

This year we will be working through the key foundations of being a faithful steward, from 'Your Money Counts' by Howard Dayton of Crown Financial Ministries www.crown.org.au.

The first foundation is 'Getting out of Debt'. The following 10 steps are a guide for your journey to become debt free. The steps are simple, but following them requires hard work.

1. Pray. Ask for the Lord's help and guidance in becoming debt free.
2. Establish a written budget. Use it!
3. List all your possessions. What can you sell to reduce your debt?
4. List all your liabilities. Establish a priority of debt reduction.
5. Create a debt repayment schedule for each creditor.
6. Consider earning additional income.
7. Accumulate no new debt!
8. Be content with what you have*
9. Consider a radical change in your lifestyle
10. Do not give up!

*Research shows the more television you watch, the more you spend; the more catalogues you read, the more you spend; the more you shop, the more you spend.

Source: 'Your Money Counts' by Howard Dayton.



Staff Spotlight

Emma Jonceski
Senior Investment Analyst



Age: 26

Family: Married to Ashley

Church: All Saints Anglican Church
Oatley West

Interests: Baking sweet things and playing with my DSLR

Reading: "Girl in Translation" by Jean Kwok

Watching: Lost

Eating: Too much Thai

What prepared you for your role at Christian Super? I have a Graduate Diploma of Divinity from Sydney Missionary and Bible College and a Mathematics degree from Sydney University. I also worked as Research Manager at a company which did research into the Superannuation and Life Insurance markets.

Best thing about your job? Learning about opportunities around the world in which superannuation can be invested to do some good and actually help people, for example: microfinance.

Hardest thing about your job? Keeping on top of all my paperwork!

Passion for Christian Super? I love working for an organisation where everything we do (not just our investments) is focussed on glorifying God.

Member Story

Rev Peter Hester



Peter & Lynette Hester

Please give us a snapshot of your life so far.

My professional life began at Nelson Bay Central School, thrown in the deep end as the only Maths and PE teacher. I was called up for two years National Service, then appointed to Wagga High School as a Maths teacher. During this time I married Lynette, a teacher at Turvey Park Demonstration School. Having both made commitments for full time ministry during our early lives, we realised I needed additional training and I applied to the NSW Baptist Theological College (now Morling College).

While I was a student Pastor, we applied to go overseas as missionaries. This door closed and the Lord opened up the possibility for Christian schooling. Over the next few years, together with Bob Frisken (a fellow college student), David Magill (my Church Secretary) and a faithful team, I was involved in the commencement of Regents Park Christian Community School and soon after, the formation of Christian Community Schools, a company designed to assist churches to start their own school.

Over the next thirty years I served as Principal at Toongabbie CCS and Taree CCS, and as Senior Pastor at Taree and Gloucester Baptist Churches. I was also privileged to be chairman of Christian Community Schools for nearly 20 years, witnessing how God continued to bless the work which began so modestly.

Throughout this time, Lynette was a faithful partner, exercising her own gifts for leadership and expertise in Christian education, filling various roles as the needs changed in growing schools. The Lord also blessed us with three children, who each serve the Lord in given areas of ministry, as well as making us the proud grandparents of eight grandchildren.

How you are spending your time these days?

Two years ago, as we began to contemplate retirement, Lynette came across a website "Second Wind Network", featuring overseas ministry for people in the early years of retirement. One such need was for teachers at Grace International School in Chiang Mai, Thailand. We became convinced of God's call to this ministry and now find ourselves in the second year of teaching in a K to 12 school of about 540 students. Lynette teaches Core in Middle school and I head up the Maths Dept and teach senior classes.

It doesn't have the hardships of missionary life we envisaged all those years ago, but we are conscious that the role being played by "old" folk such as us, allows younger missionaries to serve on the front line rather than having to return home for the sake of their children's education

What are some of the highlights of your ministry?

I guess our current role would have to be classed as a "highlight", but there have been many others. A number of these revolve around the joy of seeing students developing their own gifts and being involved in ministry. We have been with school groups, choirs and drama teams, touring New Zealand and six states in the US. At a church level we have taken mission teams to the Philipians and the US.

For six years we were involved in teacher training in Karen Refugee camps along the Thai/Burma border; Lynette in general teacher education and me with the task of introducing a new Maths curriculum into 30 High Schools, each with one or two visits a year. There are over 120,000 refugees in these camps; many have been there for more than 20 years and the majority are committed Christians. It was humbling to see their faith and trust in God despite having lost so much in human terms.

Any special memories that still make you smile?

Many! A photocopier that had to have a fire extinguisher alongside because if paper jammed it was likely to catch alight. A Science teacher who slammed down her hand to get attention and smashed through the glass on an overhead projector. A Mayor who announced at the opening of a temporary Science block, "If you could convince our Town Planner to allow you to put this building here, you could have asked to put it in the middle of Parramatta Road!" On a personal level, giving an appeal for Christ at church and having my young daughter respond first, rushing out into her father's arms.

What will retirement look like for you?

I read recently, "You don't need to know where you are going if you know God is leading!" I think retirement will continue to be like that for us. We have never regretted any task the Lord has led us into and believe this will continue to be the case. While the Lord gives us health and energy, Lynette and I will continue to be involved in pastoral or educational ministries, even if just on an intermittent basis. There are still some overseas places we would like to see, so some travelling may be involved. Soon we will need to decide where we actually live as a home base for retirement - maybe with some fishing or beach walking available.

What is the biggest lesson that God's taught you? That God can use us even if we feel not worthy of being used; His grace is sufficient.

Invitation to our Melbourne members

You are warmly invited to our very first 'Sausages & Super' Breakfast to be held in Melbourne.

This is a unique opportunity to receive a financial market update from Christian Super CEO, Peter Murphy, discover how your investments are performing and get those super questions you've been saving up answered.

Financial Adviser, Gavin Martin of Cornerstone Wealth, will also present some very practical financial tools to help you maximise your super, plan for your retirement and get your finances in order. This is the only breakfast scheduled in Melbourne for this year, so don't miss out!

Venue: Pioneers
1/39 Railway Rd, Blackburn

Date: 7.30 - 9.30am, Wednesday 9 March 2011

RSVP: marketing@christiansuper.com.au
by Monday 6 March



Ask Gavin

I have a question regarding the article, "How Much Do You Need to Retire?". The amounts shown as needed to live on each year are realistic. However I am curious about the 12x factor for a principal amount to provide that income. How was the 12x arrived at? How long would the money last?

Is a certain starting age assumed? What rates of returns and fees are assumed? Does that allow for cost of living increases each year? I am sure I am not the only person interested in the answers! *Milton McDonald*

Great questions Milton! The 12x concept is a simple rule of thumb that can give you an indication of the funds you require (or insurance cover you need) to fund your living requirements. It is based on an 8.3% return, i.e. if you require \$50,000 in annual income the 12x rule suggests that you will need 12 x \$50,000 or \$600,000 in investments earning 8.3% to provide for your \$50,000 p.a. living requirement.

The 12x rule assumes:

- Your capital generates 8.3% p.a. income.
- That you do not eat into the capital i.e. you do not use any of the \$600,000 of investments to live on.
- You are fully self funded i.e. not receiving a full or part government age pension.
- That you are not paying any tax.
- Sufficient capital growth over and above the annual income would need to be achieved in order for the funds to keep pace with inflation (or alternatively the capital will start to be used over time).
- Fees are not factored in.

While helpful, the 12x rule has obvious limitations. More accurate calculations can be provided using the **Christian Super online calculator** or financial modeling tools.



NEXT WEBINAR

Topic: Superannuation
Date: Monday 21st March 2011
Time: 8.30pm EST (1 hour)

Learn the superannuation basics. What is super? How does super work? What are the advantages? How can I maximise my superannuation savings? Why is it so beneficial to have insurance cover though superannuation? How does co-contribution work and am I eligible for it? How do I make a superannuation contribution for my spouse?

SALARY SACRIFICING: HOW DOES IT WORK?

Higher income earners can benefit if your employer allows extra contributions from your pre-tax income, or 'salary sacrifice'.

Suppose you earn \$70,000 before tax and want to top up super. You 'sacrifice' \$10,000 in salary, getting a 'new' salary of \$60,000 on which there's less tax because there's less income. Your sacrificed \$10,000 goes into your super with only 15% in contributions tax taken out. As a result, you've invested more money than by taking the same \$10,000 in normal pay, paying normal tax and then investing what was left.

The benefit of this strategy is \$1,650 in tax savings and boosted retirement savings. Rather than receiving \$6,350 in income you invest \$8,500 into your retirement savings.

Negotiate salary sacrifice arrangements carefully with your employer and make sure it won't reduce what your employer would otherwise contribute

You might be concerned that you contributed several thousand dollars into your superfund during 2008/09 and had the same account balance at the start of the year. Whilst it may not seem beneficial in the short term, think of it like this. During that period when markets were falling you were purchasing investments on special – over 50% discounted at some stages. When the value of these investments increases to previous levels again you will benefit from it. Many investments have already increased 50% in value.

Negotiate salary sacrifice arrangements carefully with your employer and make sure it won't reduce what your employer would otherwise contribute. Legally, salary-sacrifice contributions are 'employer contributions' which your employer may be entitled to count as part of the 'super guarantee' compulsory 9% contribution. Unless you agree otherwise, your employer may be entitled to reduce their usual contribution by the total amount you salary sacrifice or pay a lower contribution based on your new 'reduced' salary.

Once you hit the concessional (i.e. pre-tax) contributions cap you will have to pay tax at the highest marginal tax rate plus the Medicare levy on excessive contributions, so it pays to know that this is generally \$25,000. If you're aged over 50 your concessional contributions cap is \$50,000 up until 30 June 2012.

Source: Australian Securities and Investments Commission (ASIC).

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DISCLAIMER The information in this newsletter is of a general nature and is provided in good faith - the Fund does not guarantee its accuracy. Readers should seek advice specific to their situation.

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