

NOVEMBER 2010

# YOUR SUPER

Your quarterly news talking all things super...

*Wealth gained hastily will dwindle,  
but whoever gathers little by little  
will increase it. Proverbs 13:11*

## New initiative



I'd like to introduce a new initiative from Christian Super to keep you informed and support you in managing your superannuation. This month we launch 'Your Super', a quarterly electronic newsletter for those who are serious about super and planning for their financial future.

In this issue we look at how much the industry recommends you need for retirement; provide you with a financial market update from our Chief Investment Officer; introduce a key member of our staff and hear the story of a fellow Christian Super member. If there are topics you'd like to see covered in future issues, we'd be delighted to receive your suggestions.

Our desire is to resource and equip you with the information you need to make wise decisions regarding your super, that will benefit you and your family.

God bless,

Peter Murphy  
CEO Christian Super



# Staff Spotlight

Tim Macready,  
Chief Investment  
Officer



**Qualifications:** B Com (Actuarial Studies), PS146, CIMA

**Studying:** Masters of Divinity

**Church Attended:** Cherrybrook Presbyterian Church. I am involved in eldership, preaching and leadership of young adults and young families in the church. I also sit on the governing Committee for Presbyterian Youth.

**Family:** Married to Abra for six years and we have one child, Benjamin.

**Interests:** Playing Sport (Indoor Soccer), Music (Orchestral Arrangement & Conducting, Band Leading for youth camps), Watching Sport (Soccer, AFL, and anything else) and, if I have any time, video games.

**Reading:** Nicholas Wolterstorff – *Justice: Rights and Wrongs*, John Marsden – *Tomorrow When the War Began* series, Don Carson – *A Call to Spiritual Reformation*, and Mark Driscoll – *Confessions of a Reformation Reverend*. I also enjoy Tom Clancy, Agatha Christie and Alastair McLean. I do a lot of 'reading' by listening to podcasts on the way to and from work.

**Watching:** With a part-time masters to work on and a new baby there's not a lot of time for TV, but we enjoy watching *The West Wing* and *Big Bang Theory* when we have time.

**Passion for Christian Super:** To see biblical principles applied in investment and to see people with resources and opportunity to continue to serve God in ministry well into retirement. Also I hope to see Christian Super provide leadership in the area of responsible investment, encouraging secular financial organisations to recognise the opportunity they have to act as part of the solution for serious global issues such as poverty and environmental damage.

## A good steward

The leader of a large evangelical organisation once asked what a major donor would look like. He was told that if a person looks as if he can give large sums of money by the home he lives in and the car he drives, it's likely that he is actually unable to give significantly. Outward looks can be deceiving. Based on experience and observation, the following list of characteristics of a significant giver were identified:

- Proportionate giving
- Controlled, debt-free lifestyle
- Taxes paid with integrity and thanksgiving
- Financial goals set as a family
- Accountability

Source: Faith-Based Family Based Finances from Focus on the Family.

# Market Update

The September quarter saw a relatively cautious optimism return to most markets, mainly driven by a feeling that relevant new data was not as bad as was feared.

Currency has been a major talking point, with fears that developed countries are using a range of measures to artificially deflate their currencies in an attempt to make outputs more competitive in a global market. While we have so far avoided outright trade wars, with the Euro effectively prevented from such manipulative behaviour, there has been a flight away from the US Dollar in expectation that the US will continue to put downward pressure on its currency. The Australian Dollar's current relative strength is mostly being driven by the US Dollar's weakness rather than any fundamental shift in the Australian Dollar, although the relative interest rate differential between Australia and the rest of the developed world remains, and is only increasing as our Reserve Bank raises rates while others stay on hold. Gold has become increasingly popular as a safe haven from such currency manipulation, with the added expectation of inflation protection should the quantitative easing used by most western governments cause inflationary pressures.

Meanwhile, an increasing focus, particularly in Europe, on the extent of debt accrued continues to cause concern. While on-balance sheet liabilities are manageable for most European governments, the off-balance sheet liabilities are massive, estimated at 434% of Euro-area GDP. The fiscal tightening in Ireland has already led to a double-dip recession there, and the extent of cutbacks announced by the UK may cause a similar result. With ageing demographics in Europe, Greek social unrest caused by fiscal austerity may be a tame precursor of what we could be seeing in Europe. Again the Euro is a potential millstone for European countries, whose ability to inflate their way out of financial problems is limited by the Growth & Stability pact.

Some significant restructuring of Euro-area debt (and further turmoil in financial markets) therefore would appear to be, in the medium term, inevitable

A breakup of the Euro has been foreshadowed as a possibility, however our assessment would be that too many European politicians have invested too much political capital in the project to allow it (along with the entire EU) to fail. Some significant restructuring of Euro-area debt (and further turmoil in financial markets) therefore would appear to be, in the medium term, inevitable. The additional flexibility of the United States in this respect allows them to inflate their way out of debt, offering a slightly more politically palatable exit route.

Tim Macready  
CIO Christian Super.

*A house is built by wisdom and becomes strong through good sense. Through knowledge its rooms are filled with all sorts of precious riches and valuables. Proverbs 24:3-4*





# Member Story

## Ron Kennedy

In 1944 I was born into a working class, non religious family, in Liverpool, England. We were so poor that we went into Kentucky Fried Chicken to lick other people's fingers! The upside was that during my teens, rock'n'roll exploded on the scene and I saw such artists as the Beatles, Rolling Stones, Dusty Springfield, Frank Ifield, Neil Sedaka, Roy Orbison and the Everly Brothers!



After a few years of working on the Liverpool wharves and driving buses, my wife and I became "Ten Pound Pommies" and emigrated to the land of milk and honey – Australia. I arrived in Sydney in 1968 with two suitcases, three children under five years of age, \$1300, a non working wife – and not knowing a single, solitary soul.

Last year, after 50 years in the workforce, working as a Telecom Linesman, Welfare Worker in Mission Australia and 25 years as a pastor in Churches of Christ (at Campbelltown, Mt Druitt, North Shore, Beverley Hills and Padstow), I retired. Suddenly I had to fill in about 60 hours a week. I immediately joined a gym, but after six months and a six pack like Brad Pitt, I quit while I was ahead! I volunteered one day a week working in a warehouse, storing, packing and despatching donated goods to needy families in Eastern Europe. I'm also involved with Meals on Wheels, visiting an aged care centre, and am a trained and qualified 'Lollipop Person' for the RTA!

*Last year, after 50 years in the work-force... I retired. Suddenly I had to fill in about 60 hours a week*

On the social scene, my wife and I love the movies, theatre and eat out regularly. We are also 'Clubbers' big time! We attend concerts and shows at many clubs and our Saturday nights are booked out until the end of the year. Baby sitting by long term arrangements only!

Travelling is also a passion and we have recently returned from seven weeks in Dubai, England, Scotland and Wales. We have also booked a rock'n'roll cruise to the South Pacific Islands next year. My wife Maureen works full time as a Divisional Manager for Legacy, the organisation which supports War widows and their families. I've explained to her that she needs to work until she's 75 in order to keep me in the lifestyle to which I've become accustomed.

In case you're wondering, our teenage marriage back in the 60's has produced three children and three grandchildren. Having achieved various degrees and post graduate qualifications along the way, becoming a lollipop man was not how I expected to spend my retirement. Yet, God, as we all know, often has vastly different ideas to our own, doesn't He? Good thing I love kids!



## How much do you need to retire?

	Single	Couple
Centrelink age pension*	\$18,228	\$27,482
Modest lifestyle	\$20,981	\$30,399
Comfortable lifestyle	\$39,159	\$53,565

### Modest retirement lifestyle:

Better than the Age Pension, but still only able to afford fairly basic activities.

### Comfortable retirement lifestyle:

Enabling an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as: household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel.

If you were totally self funded in retirement a good rule of thumb for how much you need for retirement is 12 times your income requirement i.e. a couple wishing to live the Comfortable retirement as defined in the above study, \$53,565 p.a. multiplied by 12 provides an indication of the amount of capital required to meet that lifestyle i.e. around \$642,780. However, if you are eligible for a part government pension or your income requirements are less the amount of capital required can reduce.

\*At June 2010 for homeowners. Source: Westpac ASFA Retirement Standard

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