

# **FUTURE SUPER**

2021 Annual Report



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## About this Annual Report

This Annual Report is for members of the Future Super Fund, USI 45 960 194 277 010 RSE No. R1072914 referred to in this Annual Report as the Fund. The Fund contains more than one division. Information in this report relates to members of the Future Super division (“Future Super”) unless otherwise stated as relating to the Fund.

This Annual Report has been issued by Diversa Trustees Limited (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of Future Super. The Sponsor and Promoter of the Fund is Future Super Investment Services Pty Ltd ABN 55 621 040 702, AFS Representative No. 001271441), which is a Corporate Authorised Representative of Future Super Holdings Pty Ltd (ABN 90 167 800 580, AFSL 482684).

This Annual Report should be read in conjunction with the Annual Member Statement recently provided to you, which shows your member entitlement in the Fund as at 30 June 2021. If you would like a hard copy of this Annual Report sent to you free of charge, please contact Future Super on 1300 658 422.

The information in this document is intended to provide you with general information only and does not take into account one or more of your personal objectives, financial situation and needs. Before making any financial decisions about Future Super, it is important that you consider the current product disclosure statement (PDS) and Target Market Determination (TMD) relevant to your membership and consider your particular circumstances and whether the particular financial product is right for you. The current PDS for the product is available by calling Future Super on 1300 658 422 or downloading from [www.futuresuper.com.au](http://www.futuresuper.com.au). You should consult a financial adviser if you require personal advice.



# Report from the Investment Manager

## Report from the Investment Manager

The last financial year was an eventful one for investment markets as the world continues to navigate the COVID-19 pandemic. Australian and global sharemarkets have been exceptionally volatile over these last two years. Sharemarkets reached all-time highs in February 2020 to then crash as the covid pandemic hit. The Australian sharemarket recovered back to a new all-time high by the end of the 2021 financial year. The US stock market (S&P500) only took until August 2020 to recover back to pre-pandemic levels, then dropped back before powering to levels well beyond what they were prior to the pandemic. The returns from our sharemarket investments are the biggest contributors to the double-digit positive returns for the Future Super investment options last year.

We benefited from our overweight positions in companies that performed well during the pandemic, particularly the companies that were important to the move to social distancing and remote working.

While sharemarkets have recovered to all-time highs, interest rates still remain at historical lows. This means that returns from our fixed interest investments that track fixed interest benchmarks have been low, although our investments with active fixed interest managers have outperformed the market.

We have continued to make new investments in impact assets. An impact asset is an investment that seeks to create financial returns as well as achieve positive impact metrics. We continued to invest in new and existing renewable energy projects, as well as making investments in affordable and disability housing. Our Renewables Plus Growth investment option is consistently above its target of having 20% of the portfolio invested into renewable energy and climate change reducing investments.

Each of the Future Super investment options delivered a return of between 12.8% and 14.2% over the 2020/21 financial year. In the previous financial year, the Future Super portfolios each delivered a return of around 5%. We're pleased that our investment performance over these particularly volatile few years has not only produced strong positive returns, but also returns that compare very well to the rest of the market. In the 3 years to 30 June 2021, the Renewables Plus Growth option (the largest investment option) produced a return of 9.5% p.a. compared to the average fund in its SuperRatings category which returned 7.8% p.a. That places it at a ranking of 12th over 3 years out of the 212 investment options in its SuperRatings category.

The Balanced Impact investment option (the second largest investment option) produced a return of 8.6% p.a. over the 3 years to 30 June 2021, which placed it in the top quartile for its SuperRatings category.

Most pleasingly, the growth of Future Super in the last year has been incredible. The fund is now well above \$1 billion and growing at a fast pace. This provides opportunities to increase the diversification within our portfolios and access new asset classes, as well to invest more into impactful assets.



## Thank you for your support

This statement contains general information only and does not take into account any person's financial objectives, situation or needs. We recommend that you seek professional financial advice tailored to your own personal circumstances.

When considering financial returns, past performance is not a reliable indicator of future performance. Superannuation is a long-term investment and it is important to consider investment returns over a long time horizon, rather than short term fluctuations. The risk profile of the Fund's investment strategy is based on the Standard Risk Measure. You can read more about the Risks of Super on page 12 of our Additional Information Booklet.

## Governance

The Trustee of the Fund is responsible for the ongoing management of the Fund. We employ specialist providers to help look after the Fund and its investments which are outlined in the 'Directory' section at the end of this Annual Report.

Diversa Trustees aims to ensure that all legal and compliance obligations are properly met. It is responsible for compliance with the Trust Deed of the Fund, including ongoing satisfaction of legislative requirements, and monitoring of risk controls as specified in its' risk management framework. In summary, the Trustee's role generally incorporates:

- fund registration,
- issue of disclosure documents,
- compliance monitoring against legislative and regulatory requirements, and
- risk management.

The names of the Directors of the Trustee as of 30 June 2021 are as follows:

- Vin Plant (Chair),
- Murray Jones,
- Robyn FitzRoy,
- Andrew Peterson, and
- Fiona McNabb.

## Remuneration

The Directors of the Board did not receive and are not due any remuneration from the Fund in connection with the management of the Fund. Directors fees are paid by Diversa Trustees Limited.



## Board committees

The Board of the Trustee is committed to strong principles of corporate governance, including continuous improvement of its performance and processes.

### NOTES:

#### Retirements:

Murray Jones retired as a director on 16 February 2021

Robyn Fitzroy retired as a Director on 16 February 2021

Vincent Plant retired as Chair on 16 February 2021 however remains as Director

#### Appointment:

Michael Terlet was appointed as Chair on 16 February 2021

Ron Beard was appointed as a Director on 16 February 2021

Murray Jones retired as a Director on 16 February 2021

Robyn Fitzroy retired as a Director on 16 February 2021

Vincent Plant retired as Chair on 16 February 2021 however

remains a Director Appointments:

Michael Terlet was appointed as Chair on 16 February 2021

Ron Beard was appointed as a Director on 16 February 2021

The following committees assist the Board, which in some cases involves engagement of external experts:

- Investment Committee, and
- Audit, Compliance, Risk and Remuneration Committee.

No penalties were imposed this year on any responsible person under **Section 38A of the Superannuation Industry (Supervision) Act 1993**.

## Professional indemnity insurance

Diversa Trustees has professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant policy and complies with the requirements of **Section 912B of the Corporations Act 2001**.

## The Trust Deed

The governing rules of the Fund are set out in the Future Super Fund Trust Deed. The Board has some



powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found at [www.diversa.com.au](http://www.diversa.com.au).

## Compliance

Future Super Fund is a regulated Superannuation Fund and complies with the **Superannuation Industry (Supervision) Act (1993) (SIS Act)**. The Fund lodges a return with APRA every year and has not received a notice of non-compliance from APRA. No penalties have been imposed in respect of the Fund under the relevant superannuation legislation.

## Internal Auditor

The Trustee has appointed RSM Australia Pty Ltd, ABN 33 009 321 377 as the internal auditor of the Fund, to analyse and improve the controls and performance of the Fund. RSM Australia Pty Ltd can be contacted by writing to RSM Australia Pty Ltd, GPO Box 5138 NSW 2001. The Trustee may change internal auditors from time to time.



# Investments

Future Super is designed to provide investors with a way of building retirement savings without investing in businesses which directly or indirectly support the fossil fuel industry. As well as avoiding fossil fuel investments, Future Super Values are also taken into account in the positive and negative screening of the investments.

Please refer to the PDS and Additional Information Guide and TMD at the Future Super website for further details at [www.myfuturesuper.com.au](http://www.myfuturesuper.com.au).

The investment strategy of the Fund takes into account the following criteria:

- the risk involved in making, holding and realising investments, and the likely return from those investments, having regard to the Fund's objectives and its expected cash flow requirements,
- the composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the option of being exposed to risks from inadequate diversification,
- the liquidity of the Fund's investments having regard to its expected cash flow requirements, and
- the ability of the Fund to discharge its existing and prospective liabilities.

The objective, strategy and asset allocation for each of Future Super's investment options is given below. The objective is not a promise or guarantee of a particular return or benefit but is utilised by the Trustee to measure the performance of the option. Part of the Fund's assets may be allocated to external fund managers and their products. Asset allocations may vary from time to time for various reasons including asset allocation decisions and market movements. The upper and lower limits of the benchmark may also vary from year to year, depending on changes to the Investment Strategy made by the Trustee.

Refer to the current Future Super PDS including related incorporated information and TMD for Future Super for more detailed information about the investment strategy and investment risks. The PDS is available online at [www.futuresuper.com.au](http://www.futuresuper.com.au) or by contacting Future Super on 1300 658 422.

You should consider the likely investment return and the risk and your investment time frame when choosing an investment option.



# Investment performance

A superannuation funds investment performance typically varies over time. Because superannuation is a long-term investment, longer term returns (such as 5 and 10 investment returns) smooth out short term results.

Depending on the nature of each investment option (including its risk profile), an investment option may experience negative returns from time to time and it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short-term periods.

Actual returns will be determined by the investment strategy adopted and prevailing market conditions. The Fund's monthly investment performance information is also made available at [www.myfuturesuper.com.au](http://www.myfuturesuper.com.au). Information on investment performance relating to your Account specifically is provided in your Annual Member Statement for the year ended 30 June 2021.

## Investment Performance Returns % – Financial Year 30 June 2021<sup>2</sup>

Returns as at 30 June 2021 <sup>1</sup>	1 year <sup>1</sup>	Since inception <sup>2</sup>
<b>Accumulation</b>		
Future Super Balanced Impact Accumulation <sup>3</sup>	12.56%	8.70%
Future Super Renewables Plus Growth Accumulation <sup>4</sup>	14.23%	9.26%
Future Super Balanced Index – Accumulation <sup>4</sup>	13.87%	11.39%
<b>Pension</b>		
Future Super Balanced Growth Pension <sup>3</sup>	17.94%	11.26%

Notes:

1. Returns are based on actual investment options. Returns shown for 1-year periods or longer are annualised amounts and are net of all investment fees, administration fees and taxes, excluding member direct fees. Returns are calculated using changes in the unit price. Past performance should not be relied upon as an indication of future returns.
2. Compound returns since inception are compound annualised averages and are net of all investment fees, administration fees and taxes excluding member direct fees. When the 5 or 10 years compound return is unable to be determined, the since inception return is provided.
3. Inception date for Future Super Balanced Impact & the Future Super Balanced Growth – Pension options was 24 June 2017.
4. Inception date for Future Super Renewables Plus Growth option was 1 May 2018. Inception date for Future Super Balanced Index is 16 November 2018.

Neither past performance nor volatility is a reliable indicator of what may happen in the future. Neither capital nor returns are guaranteed.

Past performance is calculated net of investment fees and taxes excludes fees charged to member Accounts directly, and does not take into account inflation.





# Investment options

## Future Super Pooled Investment Options as at 30 June 2021

The tables following contain information regarding the investment options of the Fund for the year ended 30 June 2021. Details of investment options shown are not a guarantee of any particular benefit or return.

The investment option objectives are used by the Trustee to measure the performance of the Fund's investments.

You should consider the most up to date PDS and PDS Guides where applicable, Annual Report and any Significant Event Notices provided to you when choosing an investment option in either Accumulation or Pension.

There were three investment options in the Fund for accumulation members of Future Super at 30 June 2021:

- Future Super Balanced Index (for accumulation members),
- Future Super Balanced Impact (for accumulation members),
- Future Super Balanced Renewables Plus Growth (for accumulation members), and

The Balanced Growth Pension investment option is the only investment option available to Pension members.

An Account-based pension can provide a flexible, tax-effective way to convert some or all of your superannuation into a regular income stream subject to minimum annual payment limit. The investment objectives and strategies of the investment options available to members of the Pension Account are the same as the objectives and strategies of the investment options available to Accumulation Account members, however no tax is applicable to pension assets (except effective from 1 July 2017 for transition to retirement pensions).

Call Future Super on 1300 658 422 for more information about pension eligibility criteria and consider the Pension PDS and TMD before making any decision to acquire a pension from Future Super (available by contacting the Future Super on 1300 658 422 or write to Future Super, GPO Box 1858 Sydney NSW 2001).



## Standard Risk Measure

The risk profile of the Fund's investment strategy is based on the Standard risk measure. The standard risk measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The standard risk measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a customer may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Customers should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).



## Investment options – Accumulation members

### Future Super Balanced Index Investment Option

Suitability	Future Super Balanced Index investment strategy is suitable for members comfortable with accepting short term market/performance volatility in order to achieve higher returns.			
Investment Strategy	The option aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. Where possible the exposures will be managed based on a series of rules-based models (Indexes). This option targets investments that are ethically screened and have zero exposure to fossil fuels. This option aims to provide investors with the highest possible returns consistent with a 'balanced' investment strategy. Specific allocations may vary but the Fund will retain a broad 70/30 split between growth and income assets and a bias toward Australian assets.			
Investment Return Objective	CPI + 2.50% per annum over rolling ten-year periods (after fees and taxes).			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation	Upper Limit	Lower Limit	Benchmark	
Australian shares	45%	20%	35%	
International shares	45%	20%	35%	
Other	5%	0%	0%	
Total Growth			70%	
Australian fixed interest	45%	15%	25%	
International Fixed Interest	15%	0%	0%	
Cash	20%	2%	5%	
Total Defensive			30%	
Risk Level^	Risk Band 7: Very High (6 or more estimated negative annual returns over any 20-year period).			



## Future Super Balanced Impact Investment Option

Suitability	Future Super Balanced Impact investment strategy is suitable for members comfortable with accepting short term market/performance volatility in order to achieve higher long-term returns. This product is intended for everyday Australians who want to shift their retirement savings away from companies and activities which are harmful to the environment and society and instead want to see their super invested in companies and activities which make a positive impact.			
Investment Strategy	The option aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. This option aims to provide investors with the highest possible returns consistent with a 'balanced growth' investment strategy, through investment in companies and assets, and will avoid investment in the companies who do not meet the Environmental, Social, and (Corporate) Governance (ESG) criteria of the Fund. This option targets investments that are ethically screened and have zero exposure to fossil fuels. It targets investment in social impact and renewable energy projects. Specific allocations may vary but the Fund will retain a broad 65/35 split between growth and income assets and a bias toward Australian assets.			
Investment Return Objective	CPI + 2.50% per annum over rolling ten-year periods (after fees and taxes)			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares	45%	15%	29%
	International shares	45%	15%	29%
	Other	25%	0%	7%
	Total Growth			65%
	Australian fixed interest	40%	15%	30%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2 %	5%
	Total Defensive			35%
Risk Level <sup>^</sup>	Risk Band 7: Very High (6 or more estimated negative annual returns over any 20-year period).			



## Future Super Renewables Plus Growth Investment Option

Suitability	Future Super Renewables Plus Growth investment strategy is suitable for members comfortable with accepting short term market/performance volatility in order to achieve higher returns.			
Investment Strategy	The option aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. This option aims to provide investors with the highest possible returns consistent with a 'growth' investment strategy, through investment in companies and assets, and will avoid investment in the companies who do not meet the ESG criteria of the Fund. This option targets investments that are ethically screened and have zero exposure to fossil fuels. Specific allocations may vary but the Fund will retain a broad 75/25 split between growth and income assets and a bias toward Australian assets. The Fund will target a 20% exposure to renewable energy and other related industries, diversified across a range of asset classes including Australian shares, International shares, private equity, infrastructure and various types of debt including, but not limited to, corporate bonds and secured notes.			
Investment Return Objective	CPI + 2.50% per annum over rolling ten-year periods (after fees and taxes).			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares	45%	15%	31.5%
	International shares	45%	15%	31.5%
	Alternatives – Other	25%	0%	12%
	Total Growth			75%
	Australian Fixed interest	40%	15%	20%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2%	5%
	Total Defensive			25%
Risk Level^	Risk Band 7: Very High (6 or more estimated negative annual returns over any 20-year period).			



## Investment options – Pension members

### Future Super Balanced Growth Pension Investment Option

Suitability	Future Super Balanced Growth Pension investment strategy is suitable for members seeking both growth and income from their retirement savings and a balance between risk and return. This product is intended for everyday Australians who want to shift their retirement savings away from companies and activities which are harmful to the environment and society, and instead want to see their super invested in companies and activities which make a positive impact.			
Investment Strategy	Future Super Balanced Growth Pension aims to invest in a diverse mix of assets with the majority in growth assets such as shares, and a modest investment in defensive assets such as fixed interest and cash. Specific allocations may vary but Future Super will retain a broad 70/30 split between growth and income assets, with a bias toward Australian assets. The option aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. This option aims to provide investors with the highest possible returns consistent with a "growth" investment strategy, through investment in companies and assets, and will avoid investment in the companies who provide services or finance to the fossil fuel industry.			
Investment Return Objective	Future Super Balanced Growth Pension aims to track or outperform the Consumer Price Index (CPI) + 2.50% per annum over rolling 10-year periods (after fees and taxes).			
Investor Horizon	Minimum 4- 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares	45%	20%	35%
	International shares	45%	20%	35%
	Alternatives – Other	5%	0%	0%
	Total Growth			70%
	Australian fixed interest	45%	15%	25%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2%	5%
	Total Defensive			30%
Risk Level	Risk Band 6: High (4 to less than 6 estimated negative annual returns over any 20-year period).			



# Investment allocation

## Gross assets of the Fund as 30 June 2021

The following table provides information on the portfolio allocation for all of the Future Super Fund investment options as at 30 June 2021.

	30 June 2021	
	% of Assets	Amount \$
International shares	32.56%	357,833,464
Australian shares	31.99%	351,498,241
Fixed Interest	17.83%	195,978,399
Alternatives / Other	12.38%	136,080,188
Cash	5.23%	57,520,170
Total Assets	100.00%	1,098,910,463



# Investment managers

## Significant investments

The assets of the Fund are invested in a range of investment funds or products. The table below provides information regarding the Fund's total holdings in the investment funds or products of the underlying fund managers who managed the investment funds or products in which assets of the Future Super Fund were invested as at 30 June 2021.

As at 30 June 2021 assets inside Future Super which individually represent more than five (5) per cent of total assets (or the ten (10) highest percentage assets) were:

Assets	%	\$
BetaShares Global Sustainability Leaders ETF Units Fully – Shares	31.3%	343,530,820
BetaShares Australian Sustainability Leaders ETF Units -Shares	25.2%	276,635,539
BetaShares Sustainability Leaders Diversified Bond ETF – Fixed Interest	7.7%	84,495,039
Cash at Bank (Macquarie Bank)	5.2%	57,520,170
Infradebt Ethical Infrastructure Debt Fund	3.3%	42,211,550

Note: the underlying fund managers utilised by the Trustee for investment of the Fund's assets may be changed from time to time at the absolute discretion of the Trustee. They are shown in this report to provide historical information about the investments of the Fund during the year. You have no ability to choose the underlying fund managers utilised by the Trustee.

## Other considerations

### Derivatives

The Trustee does not enter into any derivatives contracts on its own account. However, external managers may use derivatives instruments and hedging procedures to protect an investment from adverse movements in the investment market, but may not gear the investment ('Gearing' is a measure of borrowing against assets or borrowing to fund investments). The Fund holds no derivatives.

### Socially responsible investments

The Trustee, with the assistance of its service providers, takes the above environmental,





social, ethical and labour standards into account, in the selection, retention or realisation of investments. Future Super's Investment Committee draws on internal and external specialists to construct an approved investment list for the Investment Manager, and to ensure Future Super's investments are consistent with these Future Super Values. Please refer to the PDS for further information on Future Super's screening process which assist construction of the approved investment list.

## News in superannuation

This update was compiled as at October 2021 and is subject to change. For up to date information relating to taxation of superannuation, go to [ato.gov.au](http://ato.gov.au) or contact the Fund.

### Design and Distribution Obligations (DDO) Reform

The Design and Distribution Obligations (DDO) reform which commenced on 5 October 2021 is one of the most significant changes to regulation in the financial services industry in recent times. It requires, among other regulations that the Fund makes and provides a Target Market Determination (TMD) for each product covered by the reform.

#### **What is a TMD and when is it required**

A TMD is a written document that describes the characteristics of a class of consumers that a financial product has been designed for. The TMD sets out how the product, and its key attributes meet the likely objectives, financial situation and needs of the class of consumers. A TMD must contain certain information, which can be broken down into Content and Appropriateness requirements. Additionally, the TMD will contain Distribution Conditions. A TMD cannot be a simple restatement of the content of the Product Disclosure Statement (PDS) or other disclosure documents (i.e. the Additional Information Booklet or Insurance Guides).

From 5 October, 2021, a product cannot be distributed to retail consumers without a valid TMD in place. As new products are issued or new features are added a TMD will need to be created or reviewed. Products for which a PDS must be prepared such as interests in a superannuation Fund, or a managed investment scheme require a TMD to be provided.

## CONTRIBUTING AND TOPPING UP YOUR SUPER

### **Contributions Caps**

There are limits to the amounts of contributions you are able to make to your super each financial year in order to be taxed at lower rates. These limits are called contribution caps. The cap amount and how much tax you need to pay depends on your age, the financial year that the contribution relates to and whether the contributions are concessional (before-tax) or non-concessional (after-tax) contributions.



Caps for the upcoming financial year	2021	2022
Super Guarantee (SG) contributions	9.5%	10%
Concessional contributions cap	\$25,000	\$27,500
Non-concessional contribution cap	\$100,000	\$110,000
Super co-contributions (lower Income Threshold \$37,000, Higher Income Threshold \$56,112)	Max. \$500	Max. \$500
Low income super tax offset (LISTO) Adjusted taxable income up to \$37,000 (based on Concessional contributions made to the Fund)	Max. \$500	Max. \$500
Transfer Balance Cap	\$1,600,000	\$1,700,000
CGT cap	\$1,600,000	\$1,615,000
Low rate cap	-	\$225,000
Minimum annual pension amount continues to be halved as in 2021	2.0%	Under age 65
	2.5%	Age 65 – 74
	3.0%	Age 75 – 79
	3.5%	Age 80 – 84
	4.5%	Age 85 – 89
	5.5%	Age 90 – 94
	7.5%	Age 95 or more

## CARRY FORWARD ARRANGEMENTS

### Concessional cap – Carry forward arrangements

Since 1 July 2019, you have been able to carry forward an unused amount and increase your concessional contributions cap, but only if you had a total super balance of less than \$500,000 at the end of 30 June in the previous year.

Unused amounts of your concessional contributions cap are available to you for a maximum of five years, and will expire after this if not used.

### Non Concessional contribution cap – Bring-forward arrangements

Since the 2021 financial year, you have been able to extend the non-concessional cap Bring-forward rule up to the age of 67. You may be able to make non-concessional contributions up to three times the annual non-concessional contributions cap in a single year in any one three-year-period.



That is, up until 30 June 2021, you can contribute up to \$300,000 in any one three-year period, depending on your total superannuation balance. From 1 July 2021, this increased to \$110,000 p.a. or under the Bring Forward arrangements, up to

\$330,000 in any one, three year period, as long as your total superannuation balance remains under the Transfer Balance Cap. This means, that when you make contributions greater than the annual cap (noted above), you automatically gain access to future year caps. You can then make further non-concessional contributions after the end of that three-year period, up to your non- concessional contribution cap, provided your total superannuation balance continues to be less than the Transfer Balance Cap.

Further information including eligibility criteria can be found in the Super caps, rates and thresholds factsheet available on the Funds Secure Online Portal. Contribution caps may change from time to time. Refer to <https://www.ato.gov.au/individuals/super/in-detail/growing-your-super/> for up to date information.

## COVID-19 UPDATE

The initiative under the coronavirus Economic Response Package Omnibus Bill 2021 enabling early release from super payments from Member Accounts ceased on 31 December 2020. Many Members experiencing financial difficulties were able to take advantage of the ability to apply for an early release from super of up to \$10,000 from 1 April until 30 June 2020, plus an additional amount of \$10,000 between 1 July and 31 December 2020 from their member Account.

Amounts paid from a Members super Account were tax free, did not affect Centrelink or Veteran's Affairs payments, were treated as non-assessable non-exempt income, were not be counted as income and were not considered under any income or means test.

In addition, Members who satisfied a financial hardship or compassionate condition of release could still apply for these in addition to the early release of super.

In addition, Members who satisfied a financial hardship or compassionate condition of release could still apply for these in addition to the early release of super.

Changes to superannuation drawdowns were extended to apply to the 2021/21 financial year, with a further extension for the 2021/22 financial year announced by the Federal Government in early June 2021, with pension payments minimum amounts halved for:

- Account based annuities and pensions including transition to retirement income streams,
- Allocated annuities and pensions,
- Market-linked annuities and pensions also know as term allocated pensions.

If the Fund did not receive any new instructions from you to amend pension payments, the Trustees' default position has been for the administrator to continue to drawdown at the pre-existing level held at the end of the 2020/21 financial year. This meant, the new pension minimums continued to apply for the 2021/22 financial year.

Transition to Retirement Pensions are a form of an account-based pension, and have both minimum and maximum



payments to consider when opting in and lodging a superannuation drawdown.

Further information on both Superannuation Drawdowns can be found at [ato.gov.au/super](http://ato.gov.au/super). note that other fees might still apply

## INACTIVE ACCOUNTS AND TYPES OF UNCLAIMED SUPER

### Treatment of inactive low-balance super Accounts

Superannuation legislation requires the Trustee of the Fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when Member benefits are classified as Unclaimed Super. On receipt, the ATO will try to match said account with any active super Account there is a record of you holding.

The exception to this is where you have provided a written notice to the ATO declaring that you are not a Member of an inactive low balance Account. If this applies to you, you can authorise the Fund to provide the written notice to the ATO on your behalf. The notice must be provided to the commissioner of Taxation on or before the relevant due date for the payment to the ATO.

The notice is valid for 16 months, and after that period if your Account remains an inactive low balance Account, you will need to complete another declaration every 16 months if you wish your funds to remain in your Account.

Further information on unclaimed super monies and inactive low-balance super Accounts can be found in the Important Information section of this Annual Report or on the ATO website at

<https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

Alternatively, if you make a contribution or rollover to your Account, make changes to your insurance, or change your investment options, before the transfer date, your Account will be considered 'active' and won't be closed or transferred to the ATO.

### Inactive low-balance Accounts and unclaimed super monies – Reporting and payment requirements

There are two ATO reporting periods each year (by 31 October for the 30 June six-month period, and by 30 April for the 31 December six-month period).

1. **Member aged 65 or older** – your Account has been inactive for two years or more, and we have not been able to make contact with you for five years.
2. **Non-Member spouse** - An amount payable to a non-Member spouse as a result of a family law superannuation split – and after making reasonable efforts to contact, the non-Member spouse, and after a reasonable period has passed, we are unable to ensure that the non-Member spouse will receive the amount.
3. **Deceased Member** – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
4. **Temporary residents** - temporary residents permanently leaving Australia have up to six months to claim superannuation and if not claimed the amount will be transferred to the ATO
5. **Former temporary resident Member** and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not Australian or New Zealand citizen.

6. **Small and insoluble lost Member** - when your balance is less than \$6,000 (small lost Member Account). and you are considered as:

- uncontactable - two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the Fund is satisfied that it will never be possible to pay an amount to the Member (insoluble lost Member Account).

7. **Holding an inactive low-balance Account** - A super Account is an inactive low-balance Account if all of the following criteria are met on unclaimed money day where:

- no contribution or rollover has been received for 16 months,
- the Account balance is less than \$6,000,
- the Member has not met a prescribed condition of release,
- the Account is not a defined benefit Account,
- there is no insurance on the Account,
- the Fund is not a self-managed super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.

#### **WHEN IS AN INACTIVE LOW-BALANCE ACCOUNT CONSIDERED ACTIVE?**

An inactive low-balance Account is deemed to be active if any of the following have occurred within the last 16 months. The Member:

- Changed their investment options,
- Changed or elected to maintain insurance coverage,
- Made or amended a binding death benefit beneficiary nomination,
- Notifies the Fund or ATO in writing that they are not a Member of an inactive low-balance Account, or
- Owes the super provider an amount in respect of their Membership.

Further information can be obtained from the website [ato.gov.au/Individuals/Super/Growing\\_your\\_super](http://ato.gov.au/Individuals/Super/Growing_your_super).



# Important information

## Abridged financial information

Set out below is the abridged financial information relating to the Future Super Fund.

### Statement of Financial Position as at 30 June

ASSETS	2021 (\$'000)	2020 (\$'000)
Cash and cash equivalents	87,400	66,748
Investments held at fair market value	1,160,357	699,874
Receivables		
– Distributions and dividends receivable	30,561	89
– GST receivable	285	184
Other assets		
– Current tax asset		–
– Deferred tax assets	10	16
<b>Total Assets</b>	<b>1,278,613</b>	<b>766,911</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	1,492	1,123
Successor fund transfer payable		–
Benefits payable	1,052	1,183
Current tax liabilities	15,923	1,194
Deferred tax liabilities	13,721	4,518
<b>Total liabilities excluding member benefits</b>	<b>32,188</b>	<b>8,018</b>
<b>NET ASSETS AVAILABLE TO PAY BENEFITS</b>	<b>1,246,425</b>	<b>758,893</b>
Member benefits	1,239,213	755,065
<b>TOTAL NET ASSETS</b>	<b>7,212</b>	<b>3,828</b>
<b>EQUITY</b>		
– Operational Risk Reserve	2,902	1,629
– Expense Reserve	92	703
– Unallocated Surplus	4,218	1,496
<b>TOTAL EQUITY</b>	<b>7,212</b>	<b>3,022</b>



Future Super Fund Statement of member movements (as at 30 June 2021)	2021	2020
	\$'000	\$'000
OPENING NET ASSETS	668,368	440,709
INCREASE (DECREASE)	414,902	227,659
CLOSING NET ASSETS	1,083,270	668,368

\*The Funds financial accounts have been prepared in accordance with accounting standard AASB1056 Superannuation Entities applicable to reporting periods on or after 1 July 2016. The Funds financial accounts and audit report can be made available to members on request by phoning the Future Super Fund (Refer Directory on the back page).

## Reserves

The Trustee maintains the following reserves in the Fund for the benefit of members. Reserves are held to meet licence conditions, facilitate administration efficiency and are invested for the benefit of members.

## Operational Risk Financial Requirement

Trustees of super funds are required to establish and maintain an Operational Risk Financial Reserve (ORFR) which complies with prudential requirements to ensure that the Trustee has sufficient financial resources to provide for member and/or beneficiary losses arising from an operational risk event such as incorrect benefit payments due to human or system error, unit pricing errors and loss of data. The reserve is funded from fees and other costs. Expense recovery fees may include a transfer to the ORFR to meet this regulatory requirement.

Please refer to the current PDS and PDS Guides for more information.

Future Super Fund ORFR (as at 30 June 2021)	2021	2020	2019
	\$'000	\$'000	\$'000
CLOSING BALANCE	2,902	1,629	1,000

## Expense reserve

The Trustee maintains an expense reserve (ER) for costs not related to the administration of the fund. The expense reserve complies with prudential requirements and is utilised for the payment of fund fees, costs, tax and levies. Please refer to the current PDS and PDS Guides for more information.



Future Super Fund Expense Reserve (as at 30 June 2021)	2021	2020	2019
	\$'000	\$'000	\$'000
CLOSING BALANCE	92	703	232

## Buy/Sell costs

When a member buys or sells units, this initiates a need for the Trustee to trade the underlying assets that relate to the particular investment transaction. This trading generates transaction costs such as brokerage, settlement costs (including custody costs), government taxes/duties/levies, bank charges and Account transaction charges which are paid from the investment option.

These transaction costs are reflected in a buy/sell spread that is taken into account in the calculation of unit prices. The buy/sell spread is the difference between the entry price and exit price of units and is an additional cost incurred by members each time they invest (including via rollovers from other funds) or withdraw funds.

The buy/sell spread is retained within Future Super and contributes towards the transaction costs associated with Future Super buying or selling assets in relation to investment transactions initiated by members or relating to the administration of member Accounts.

The spread ensures that those members joining or leaving Future Super or product, or switching investment options, contribute towards these transaction costs and other investors who are not joining, leaving or switching investments at that particular time are not disadvantaged.

The buy/sell spread for the investment option is made up of the following costs:

Future Super – Investment Strategy	Buy	Sell
Future Super Balanced Impact – Accumulation	0.07%	0.07%
Future Super Renewables Plus Growth – Accumulation	0.075%	0.075%
Future Super Balanced Index – Accumulation	0.07%	0.07%
Future Super Balanced G – Pension	0.07%	0.07%

## Allocating net earnings to members' Accounts

As Future Super is a unitised fund, your Account balance is equal to the amount of units held multiplied by the applicable unit price(s). The value of each unit held and the unit price for each investment option changes with the value of the underlying assets of the investment option.





The unit pricing process for pooled investment options:

- We calculate the value of the underlying assets of each pooled investment option once every day.
- The value of the underlying assets is divided by the number of units on issue for that investment option.
- This is the unit price that will be applied to your transaction request.

Sometimes unit pricing errors may occur. In the event that a material unit price error is detected and requires rectification, the Trustee may apply a fixed dollar minimum of \$20 when determining whether exited (former) members affected by the error should be compensated.

Refer to the current PDS for more detailed information about the calculation of earnings. The PDS is available by contacting us on 1300 658 422. Refer to your Annual Member Statement for information the net investment performance for your portfolio of investments.



## Types of unclaimed super

Superannuation legislation requires the Trustee of the fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when member benefits are classified as Unclaimed Super. There are two ATO reporting periods each year (by 31 October for the 30 June six-month period, and by 30 April for the 31 December six-month period).

- Member aged 65 years or older – your Account has been inactive for two years or more, and we have not been able to make contact with you for five years.
- Non-member spouse – An amount payable to a non-member spouse as a result of a family law superannuation split, and after making reasonable efforts to contact, the non-member spouse, and after a reasonable period has passed, we are unable to ensure that the non-member spouse will receive the amount.
- Deceased member – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
- Temporary residents – temporary residents permanently leaving Australia have up to six months to claim their super and if not claimed the amount will be transferred to the ATO.
- Former temporary resident member and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not an Australian or New Zealand citizen.
- Small and insoluble lost member – when your balance is less than \$6,000 (small lost member Account). and you are considered as:
  - uncontactable – two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the fund is satisfied that it will never be possible to pay an amount to the member (insoluble lost member Account).
  - Holding an inactive low-balance account – A super account is an inactive low-balance Account if all of the following criteria are met on unclaimed money day where:
    - no contribution or rollover has been received for 16 months,
    - the account balance is less than \$6,000,
    - the member has not met a prescribed condition of release,
    - the account is not a defined benefit account,
    - there is no insurance on the Account,
    - the Fund is not a self-managed Super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.



## When is an inactive low-balance Account considered active?

An inactive low-balance Account is deemed to be active if any of the following have occurred within the last 16 months. The member:

- Changed their investment options,
- Changed or elected to maintain the insurance coverage,
- Made or amended a binding beneficiary nomination,
- Notifies the Fund or ATO in writing that they are not a member of an inactive low-balance Account, or
- Owes the super provider an amount in respect of their membership.

Further information can be obtained from the website [ato.gov.au/Individuals/Super/Growing your super](http://ato.gov.au/Individuals/Super/Growing_your_super). Member statements

Your Annual Member Statement is published online within your Account, you can access this via the Super tab/Report inbox in the Secure Online Portal. Additionally, we also publish product updates and personalised communications online.

## Superannuation surcharge tax

While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any amounts dedicated by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.

## Temporary residents

If you have worked in Australia on a temporary visa and you have super in Australia, you can apply after you leave Australia, to have this super paid to you as a departing Australia superannuation payment (DASP). If you have not claimed your super after you have left Australia for at least 6 months, and your visa has expired or been cancelled, your super will be transferred to the ATO as unclaimed super money. You can subsequently access your benefit from the ATO. The ATO can be contacted on 13 10 20. We are not obliged to notify or give an exit statement to you if we transfer your super to the ATO after you depart Australia.

There are limited conditions of release available to a member who is or was a temporary resident. Accounts in respect of all temporary resident members (irrespective of whether or not they have left Australia) will only be able to be released under the following conditions:

- death or terminal medical condition,



- permanent incapacity,
- departing Australia permanently – applies to temporary residents who apply in writing for release of their benefit,
- Trustee payments to the ATO under the Superannuation (Unclaimed Money and Lost Members) Act 1999, or
- temporary incapacity and/or release authorities under the Income Tax Assessment Act 1997.

Note: If you are a New Zealand citizen or you become an Australian citizen or permanent resident these changes will not apply to you.



## Eligible rollover fund

As a result of legislative changes introduced in 2020/2021, all unclaimed and lost money is now transferred to the Australian Taxation Office (ATO). The SMERF is required to transfer all Member balances to the ATO by 31 January 2022. While the requirement is to transfer all Member benefits to the ATO by 31 January 2022, the Trustee of the SMERF made the decision to transfer all Member benefits to the ATO by 30 June 2021. As a result of this action the SMERF was effectively closed to accepting any further Member balances from 30 June 2021.

## Conflicts

The Trustee's approach to conflicts management is governed by its Conflicts Management Policy, which sets out the principles and the minimum requirements of the Trustee. Conflicts are identified, recorded and managed on an ongoing basis via the Trustee's registers of relevant duties and interests and via other related Trustee policies, systems and processes. Training and awareness with respect to the Trustee's Conflicts Management Framework is undertaken annually. Further information can be found at [www.diversa.com.au/trustee/governance](http://www.diversa.com.au/trustee/governance).

## Enquiries and Complaints

Superannuation legislation requires the Trustee to have arrangements in place for you to make enquiries or complaints about the operation or management of the Fund.

The arrangements that we have established are:

- Enquiries can be made by telephone to 1300 658 422 or in writing [info@futuresuper.com.au](mailto:info@futuresuper.com.au).
- A complaint can be made verbally or in writing and addressed to The Complaints Officer, Future Super, PO Box 1282, Albury, NSW 2640 or sent electronically to [info@futuresuper.com.au](mailto:info@futuresuper.com.au).

The receipt of complaints will be acknowledged by the Fund. The complaint will be investigated, and action initiated to resolve the matter. A written response will be made as soon as possible but within the timeframes prescribed by superannuation legislation. The Complaints Officer will investigate your complaint and write to inform you of the results of that investigation no later than 45 calendar days after receiving your complaint (unless the complaint relates to a death benefit distribution, in which case the Complaints Officer will respond no later than 90 calendar days after the expiry of the 28 calendar day period for objecting to a proposed death benefit distribution). If you are not satisfied with our response or you have not received a response within the required timeframe, you may take your complaint to the Australian Financial Complaints Authority (AFCA).



## AFCA

AFCA is an External Disputes Resolution service that deals with complaints from consumers in the financial system. AFCA replaced the Superannuation Complaints Tribunal. Strict time limits apply for lodging certain complaints with AFCA; otherwise AFCA may not be able to deal with your complaint.

To find out if AFCA can handle your complaint and determine the type of information you need to provide, AFCA contact details are as follows:

Phone: 1300 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

Write: Australian Financial Complaints Authority  
(AFCA) GPO Box 3  
Melbourne VIC 3001

Visit: [www.afca.org.au](http://www.afca.org.au)



## Information on request

The following information is available on the Fund website [www.myfuturesuper.com.au](http://www.myfuturesuper.com.au) and/or by contacting Future Super during office hours, or write to Future Super at GPO Box 1858, Sydney NSW 2001 (refer to the Directory on the back page):

- Future Super's various Product Disclosure Statements (including Investment Guide, Insurance Guide and Additional Information Guide which are incorporated by reference, where applicable),
- the Fund's regular investment performance
- recent member newsletters,
- the Fund's Trust Deed and Rules,
- all forms, e.g., the Nomination of Beneficiaries Form,
- the TMD
- information about your benefit entitlements, and
- any other information that may help you understand particular investments of the Fund or its management.

## Disclaimer

Reasonable care is taken to ensure that information is correct, but neither the Trustee nor its service providers accept responsibility for any errors, misprints or for anyone acting on this information. The Trustee reserves its right to correct any errors or omissions.

The terms of your membership in the Fund are set out in the Fund's Trust Deed and any applicable insurance policy and PDS. Should there be any inconsistency between the Trust Deed and other documents, the terms of the Fund's Trust Deed will prevail. The Trustee reserves the right to amend the terms and conditions of the Fund in accordance with the provisions of the Trust Deed and superannuation law. The Trustee may also withdraw the PDS and close the Fund.



# Directory

## Obtaining further information

### Future Super

Phone: 1300 658 422

Website: [www.futuresuper.com](http://www.futuresuper.com)

Mail: PO Box 1282  
Albury NSW 2640

### Trustee

#### **Diversa Trustees Limited**

ABN 49 006 421 638 AFSL No. 235153

RSE Licence No

L0000635 GPO Box  
3001

Melbourne VIC 3001

### Auditors

#### **PricewaterhouseCoopers**

ABN 52 780 433 757

Freshwater Place

2 Southbank Boulevard

Southbank VIC 3006

### Custodian

Citi

CITIGROUP PTY LTD ABN 88 004 325 080

Level 16 AFSL 238098

120 Collins Street Telephone ( 03 ) 8643 9900

Melbourne Vic 3000

### Investment Manager

#### **Future Super Investment Services Pty Ltd**

ABN 55 621 040 702 AFSL Rep. No. 001271441

Corporate Authorised

Representative of Future Super

Holdings Pty Ltd

ABN 90 167 800 580 AFSL 482684

GPO Box 1858

Sydney NSW 2001

### Insurer

#### **AIA Australia Limited**

ABN 79 004 837 861 AFSL 230043

### Promoter

#### **Future Super Investment Services Pty Ltd**

ABN 55 621 040 702 AFS Rep. No. 001271441

Corporate Authorised

Representative of Future Super

Holdings Pty Ltd

ABN 90 167 800 580

AFSL 482684

GPO Box 1858

Sydney NSW 2001

### Administrator

#### **OneVue Super Services**

ABN 74 006 877 872 AFSL No. 246883

PO Box 1282

Albury NSW 2640