Super News

ORACLE SUPERANNUATION PLAN

November 2015

Welcome to the latest issue of *Super News*, the newsletter for members of the Oracle Superannuation Plan ("the Plan").

This edition of *Super News* updates you on:

- The recent performance of each of the Plan's investment options;
- Some changes made by the Trustee to the Plan's investment objectives; and
- The contribution caps for 2015/16 and the tax that applies if you exceed them.

How have the Plan's options performed?

Share market returns have been in negative territory over the quarter to the end of June and the share market experienced a correction in late August due to poor Chinese economic results. This is occurring against a backdrop of extremely low interest rates for cash and bonds. The table below shows how each of the Plan's investment options have performed for the first three months of the new Plan year, together with three-year and five-year historical performance.

Past performance is not a reliable indicator of future performance.

Plan's investment performance to 31 August 2015

Period to 31 August 2015	Diversified Shares	Growth	Balanced	Stable	Cash
3 months 1 June 2015 to 31 August 2015	-6.17%	-4.44%	-2.84%	-1.52%	0.45%
3 years to 31 August 2015 (per year)	14.75%	10.99%	8.39%	5.93%	2.34%
5 years to 31 August 2015 (per year)	11.07%	9.64%	8.25%	6.61%	3.05%

Note: The returns shown are after tax, investment fees and an allowance, from 1 July 2013 to build up the Operational Risk Financial Requirement reserve have been deducted. The rates apply to Employee and Spouse members. Retained Benefit members have an administration fee deducted from the returns shown above. The administration fee is currently 0.65% per year.

Changes to the investment objectives

After a number of years of healthy investment returns, you should be aware that the investment industry believes we are facing a period of lower returns on investments. If you have had money invested in the bank either in a savings account or a term deposit, you would know that interest rates are currently very low. This has arisen since the Global Financial Crisis in 2008/09 when many countries took action to artificially reduce interest rates in the hope of stimulating business and economic activity to avoid recession.

The Plan's investment adviser has advised the Trustee that it could take a prolonged period (such as 10 years) for cash and bond rates to return to more "normal" levels (even though they are expected to improve earlier in some locations, like the US). These low returns are expected to flow on to other asset classes.

The Trustee, in conjunction with the Plan's investment adviser, has therefore reviewed the Plan's investment objectives and decided to make some changes to ensure they remain appropriate in the current climate and given this medium-term outlook.

While still taking a longer–term view, the revised objectives reflect the expectation that returns from most asset classes are likely to be lower on average over the medium term. There is also a greater likelihood of negative returns in some years.

Investment objectives are the specific goals set by the Trustee for each option. They are not intended to be forecasts or guarantees of future investment returns.

There are no changes to how any of the options' assets are managed or to their investment strategy. The table below shows the new objectives that will apply from 1 November 2015, the expected frequency of negative returns and the revised volatility level. Note that some objectives have not changed but will now be measured over a longer period. Full details are in the Plan's PDS, which is available on the website at **http://mysuper.towerswatson.com/oracle**.

How are the investment objectives changing?

	Diversified Shares	Growth	Balanced	Stable	Cash
Return objective measured over rolling 10-year periods (previously 5-year periods*)	CPI + 4% p.a. (no change)	CPI + 3.5% p.a. (no change)	CPI + 2.5% p.a. (down 0.5% p.a.)	CPI + 1.5% p.a. (down 1.0% p.a.)	CPI + 0.5% p.a. (down 1.0% p.a.)
Limit the probability of a negative gross of tax return over rolling 12 month periods to:	Approximately 6 in 20 years (previously less than 6 in 20 years)	Approximately 5 in 20 years (previously about 4 in 20 years)	Approximately 4 in 20 years (previously about 3 in 20 years)	Approximately 3 in 20 years (previously less than 3 in 20 years)	Approximately 0 in 20 years (previously less than 0.5 in 20 years)
Likelihood of a negative annual return in any 20-year period**	6 or greater (previously 4 to less than 6)	4 to less than 6 (no change)	4 to less than 6 (previously 3 to less than 4)	2 to less than 3 (previously 1 to less than 2)	Less than 0.5 (no change)
Volatility level**	Very High (previously high)	High (no change)	High (previously medium to high)	Medium (previously low to medium)	Very low (no change)

* The Cash option was previously measured over rolling 3-year periods.

** The volatility level shown is based on industry guidance to allow members to compare investment options that are expected to deliver a similar number of negative annual returns over any 20-year period. It is based on the Standard Risk Measure developed by the industry and it 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 member 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. Members should ensure they are comfortable with the risks and potential losses associated with their chosen investment options.

Monitor your super contributions against the caps

Contributing extra to your super helps you prepare for a more comfortable retirement. To make the most out of your super savings and avoid paying extra tax, remember to monitor your contributions against the Government's contribution cap. The cap limits how much can be put towards your super each year which can receive concessional tax treatment.

What is the concessional cap for 2015/16?

	Concessional contributions
What is the annual cap?	$30,000 under age 49* $35,000 age 49 or over*
What tax applies if I am within the cap?	15% contributions tax**
What tax applies to the extra if I exceed the cap?	Your marginal tax rate plus an interest charge

* On 30 June 2015.

** You may receive an additional tax assessment from the Government if your relevant income exceeds $300,000.

If you exceed your annual cap, you are able to withdraw up to 85% of any excess concessional contributions made from 1 July 2013 (contributions withdrawn will be taxed as income). For more information about the caps, including those which apply to non-concessional contributions, refer to the latest *Annual Report* on the website.

What's included in my concessional contributions?

- Contributions made by Oracle and any other employer during the financial year;
- Insurance and administration fees Oracle pays for you; and
- Before-tax (or salary sacrifice) contributions you make.

For the 2015/16 financial year the annual insurance fees paid by Oracle are expected to be approximately 0.7% of your salary. It is expected that the administration fees paid by Oracle for employee members will average out at approximately $400 per member.

For example: if you earn $100,000, your insurance fees will be approximately $700 and the administration fees paid by Oracle will be approximately $400. In this example, $1,100 will count towards your concessional contributions for 2015/16.

If you need more information about the amount of your concessional contributions for the year, contact the Plan Administrator on **1800 127 953**.

Any questions?

If you have any questions about the information in this newsletter or about the Plan in general, please contact the Plan Administrator on 1800 127 953 or visit the Plan's website, http://mysuper.towerswatson.com/oracle.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee for the Oracle Superannuation Plan (ABN 17 608 890 083). November 2015.