



# 2014

## ANNUAL REPORT

ORACLE SUPERANNUATION PLAN

**ORACLE**<sup>®</sup>

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## YOUR ANNUAL REPORT

This *Annual Report* has been prepared for members of the Oracle Superannuation Plan (ABN 17 608 890 083). It reviews the Plan's performance and super developments for the 12 months ending 31 May 2014 and covers how the Plan is managed.

The information in this document is general information only and does not take into account your particular objectives, financial circumstances or needs. It is not personal or tax advice. Any examples included are for illustration only and are not intended to be recommendations or preferred courses of action. You should consider obtaining professional advice about your particular circumstances before making any financial or investment decisions based on the information contained in this document.

Issued by Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049), as Trustee of the Oracle Superannuation Plan. Preparation of this *Annual Report* was completed on 19 September 2014.

## KEEPING IN TOUCH

For enquiries or any complaints:

### The Plan Administrator

Oracle Superannuation Plan

Mail: PO Box 1442 Parramatta NSW 2124

Phone: **1800 127 953**

Fax: (02) 8571 6222

Email: [oraclesuperadmin@linksuper.com](mailto:oraclesuperadmin@linksuper.com)

Website: <http://mysuper.towerswatson.com/oracle>

You can also contact:

### Human Resources

Oracle Corporation Australia Pty Ltd

Mail: 4 Julius Avenue North Ryde NSW 2113

Phone: (02) 9491 1188

Email: [humanresources\\_au@oracle.com](mailto:humanresources_au@oracle.com)

If you have a question,  
call 1800 127 953.

# FROM THE TRUSTEE

This *Annual Report* contains key information to help you understand how your super is going. Focusing on the year to 31 May 2014, we provide you with:

- A review of how your super has performed;
- News about what's been happening in super; and
- Information about how the Plan is managed.

As you go through life, your priorities may change. We have also included some pointers on what to consider about your super at some important stages in your life. You could also try our five-point super health check to make sure you are keeping your super in a healthy state.

As Trustee, our role is to manage the Plan for your ultimate benefit. We welcome any questions or feedback. See page 16 for our contact details.

**The Trustee**  
**Oracle Superannuation Plan**

**Solid investment returns continue.**

## 2014 highlights

- Good investment performance has continued for a second consecutive year, resulting in solid investment results for all options. Options such as Growth and Diversified Shares, with a higher proportion of assets in shares, achieved the highest returns. Our long-term returns have now returned to a more normal pattern as the effects of the global financial crisis fade.

See the table to the right for the performance of each option. More details on the returns your super has achieved are on page 8. To learn more about how the Plan's assets are invested, see pages 11 to 13.

- In response to the Government's Stronger Super superannuation reforms, the Trustee decided to continue the 'choice' nature of the Plan and will not be offering a MySuper arrangement. Members need to choose to join the Plan and must select their investment strategy on joining.
- In March, the Plan revised its Privacy Policy due to changes in the Privacy legislation. Copies of the policy are on the Plan's website.

### The Plan's net assets at 31 May



**2014** \$232,475,164  
**2013** \$200,257,828

### The Plan's membership at 31 May

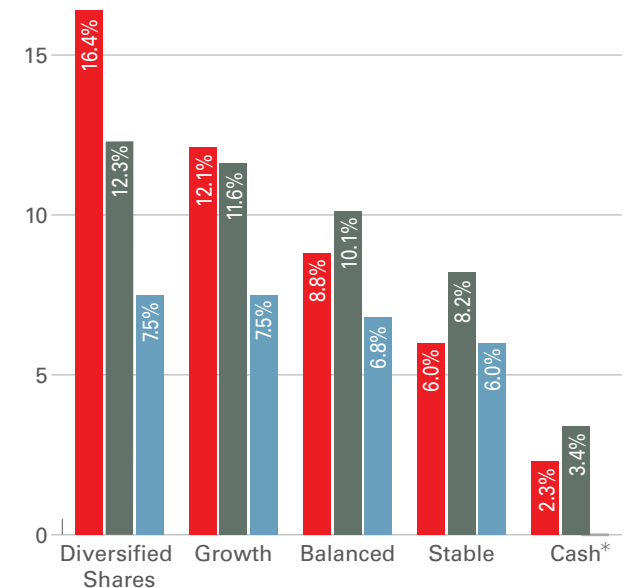


**2014** 2,305  
**2013** 2,344

## Year at a glance

### How your Plan performed to 31 May 2014

Past performance is not necessarily a reliable indicator of future performance.



- 1 year net investment return
- 5-year compound average net return (per year)
- 10-year compound average net returns (per year)

Note: The returns shown are after tax and investment fees. From 1 July 2013, an allowance has also been deducted to build up the Operational Risk Financial Requirement reserve. The rates apply to the accounts of Employee and Spouse members. Retained Benefit members should see page 8 for information on the returns applied to their accounts.

\* The Cash option commenced on 1 April 2009, so the 10-year compound average return is not available.



# SUPER MILESTONES

Birthdays, a new job, getting married, new babies, kids growing up... life is busy and things change. It's easy to overlook your super because so much else is happening.

Have you recently passed a major milestone? Here are a few pointers on what to consider about your super at some important stages in your life.



New permanent job:

Ben, 22 "I'm just enjoying each day!"

After all that hard work and study, it's understandable that you want to enjoy yourself. As you are just starting your working life, retirement is a long way away. And super, well that's for when you're older. A lot older!

Despite thinking super is not that relevant, here are three things for Ben and other young members to think about now which could mean more money in the future.

## 1. Consider merging all of your super into one account.

You may not know that one of the advantages of working for Oracle is that the Company pays the cost of administering your super and the fees for your standard insurance cover, leaving more money to grow for your future. Are you currently paying administration fees to lots of other superannuation funds? You probably have had a few odd jobs before this one and may have a handful of annoying small superannuation accounts. That summer at the car wash café and all those other part-time jobs probably come to mind, to say nothing of your clogged up inbox with all the related correspondence. You may have even lost track of some of your super over the years.

Consider merging all of your super into one account. This can save you a big headache and wasted fees in the long run. Before transferring your super from your other fund, you should check if you will be charged exit fees for withdrawing your benefit or if you will lose any valuable benefits such as insurance cover. There are no fees for rolling amounts into the Plan. See page 7 to learn how to do this.

## 2. Have you checked how your super is invested?

See your latest *Benefit Statement* for details. Make sure the investment option you are in is appropriate for you. Your super will be invested for a long time and you need to have the right mix of assets working for you to get the best returns. As you are young, options with a higher amount invested in shares and property may be more suitable for you as you will have time to recover from periods of poor investment market performance. The Plan offers you a choice of how your super is invested; read pages 12 to 13 in this Report for details on each of the options. If you are not sure what's best, consider talking to a financial adviser. See page 7 for details.

## 3. Can you save any extra?

Even small amounts invested over a long timeframe build up due to compounding; where you earn investment returns on your investment returns. If you get into a good regular savings routine when you are young, you won't need to make as many sacrifices later on to try and catch up. You may qualify for a Government co-contribution – click the 'About the Plan' tab on the Plan's website and then select the 'Contributing to my super' page to find out if you are eligible. To make contributions\*, you can go to the 'Member Centre' page of the Plan's website or you can download a *Super Options form* from the website and return it to Human Resources.

\* Remember that contribution caps apply. See page 15 for details.



**Young family:**  
Emily, 32 “Family time is precious”



**An empty nest:**  
Bill, 52 “More time for me”

It’s hard juggling it all, working as well as being a parent and a partner. However, with added responsibilities like schooling and a mortgage, it’s important to know you are setting yourself up for the future and doing the best you can for your family.

A few simple steps can help improve Emily’s financial security. They are also relevant to other members with young families.

**1. Review your budget to see if you are contributing enough to your super.**

Check to see if you qualify for any Government tax concessions or rebates which can boost your balance. For more details about your contribution options\*, see pages 6 and 15, and have a look at the Plan’s Product Disclosure Statement.

**2. Do you have enough insurance?**

The unthinkable can happen. What would it mean for you and your family if you died or couldn’t earn an income? The Plan offers you a lump sum benefit if you die or meet the definition of total and permanent disablement. While this benefit provides peace of mind, have you reviewed your needs to make sure you have enough insurance?

Did you know that the Plan also offers voluntary insurance? If the insurer accepts your application, this feature allows you to top up your insurance and receive an extra payment if you die or are totally and permanently disabled. The fee for voluntary insurance is deducted from your super account. See the Product Disclosure Statement to learn more about the terms and conditions that apply or contact the Plan Administrator on **1800 127 953** for more information.

**3. Make sure that your death benefit nomination is up to date so the Trustee is aware of your preferences.** See pages 6 and 7 to learn more.

Finally, the kids have left home and there’s a window for you to think more solidly about your plans for the future. You’ve taken life as it’s come but you realise you need to do a bit more to prepare for life after work.

Some thought now can help Bill and anyone in a similar situation enjoy the future.

**1. Think about increasing your contributions to super**

Hopefully there’s a bit less pressure on the household finances and you can think about increasing your contributions to super.

The Plan allows you to contribute from before-tax or after-tax salary. If you are planning your retirement as a couple, you may wish to discuss your contribution decisions\* together to ensure you are optimising your super savings and any available tax concessions and rebates.

**2. Discuss your situation with a licensed financial adviser**

It may be helpful to do some more formal retirement planning by discussing your situation with a licensed financial adviser.

They can review your circumstances and suggest strategies to help you reach your goals. See page 7 for how to find an adviser.

\* Remember that contribution caps apply. See page 15 for details.

# SUPER HEALTH CHECK

Are you super savvy or do you need some clues so you can be? Try this five-point super health check to see what to do to keep your super in a healthy state. Like your regular medical check-up, it's a good idea to think about your super at least once a year.



## 1 Can you contribute more?

Making personal contributions is a good way to boost your final payout from the Plan. You have the choice of making contributions from your before-tax or after-tax salary. There may be tax advantages to making contributions before tax. The Government has caps which limit the amount you can contribute to super at reduced (concessional) tax rates (see page 15 for details). If you contribute after tax, in certain circumstances, you may qualify for a co-contribution boost to your super account from the Government. To make or change your voluntary contributions you need to go to the 'Member Centre' page of the Plan's website or you can download a *Super Options form* from the website and return it to Human Resources. See the Plan's website to learn more.

## 2 Is your super invested appropriately?

The Plan offers five options for you to choose how your super is invested. You can change how your super is invested as your investment needs and life stage change. You can learn more about these options by reading pages 12 to 13 of this Report, or see the Product Disclosure Statement which is available on the Plan's website. Some fees may apply for changing investment options. To change your investment choice, simply go to the 'Member Centre' page of the Plan's website or download a *Super Options form* from the website.

## 3 Have you combined your super?

Are you struggling with a number of small superannuation accounts? Consider consolidating them into one account in the Plan and save yourself fees and hassle. Before transferring your super from your other funds, you should check if you will be charged exit fees for withdrawing your benefit from your previous fund or if you will lose any valuable benefits such as insurance cover. There are no fees for rolling amounts into the Plan. See the box on page 7 for more tips on how to arrange this.

## 4 Do you have enough insurance?

One of the important features of the Plan is that it provides an insurance payment if you die or are totally and permanently disabled (eligibility conditions apply – see the Product Disclosure Statement). The Plan also offers voluntary insurance which allows you to apply to purchase extra cover. This may be particularly helpful if you have a young family, large mortgage or other expenses. See the Plan's Product Disclosure Statement (available on the Plan's website) for details of the terms and conditions which apply.

## 5 Is your nomination of beneficiaries up to date?

You can make either a binding or non-binding nomination as explained on page 7. If your nomination is kept up to date, and the unexpected happens, the Trustee has a recent guide as to how you would like your super benefit paid. If you have made a binding nomination, check it hasn't expired as they are only valid for three years. If you would like to make a nomination or change your current nomination, you will need to complete the *My Beneficiaries form* which is available from the Plan's website or you can go online and change your beneficiaries through the Plan's 'Member Centre'.

Remember that the Plan's rules generally allow your death benefit to be paid to:

- Your spouse (including your de facto or same sex partner);
- Your children (including children of your spouse);
- Your legal personal representative (your estate); or
- Any person who is dependent on you or in an interdependency relationship with you.

See the Plan's Product Disclosure Statement (available on the Plan's website) for more details. If you are a Retained Benefit member your death benefit can only be paid to your legal personal representative.

## How to combine your super

There are a few ways to arrange to merge your super into one fund (super funds call this making a rollover). It can seem a bit of a chore, but you can call the Plan Administrator on **1800 127 953** if you need help. Some effort and persistence can save you money and paperwork hassles in the future. If you have changed your name, you may also need to provide certified copies of relevant documents proving your identity such as a marriage certificate.

### Option 1: Use the Australian Taxation Office website

The Government provides a *SuperSeeker* tool to help you find your super. To see whether you have any lost super reported to the Australian Taxation Office (ATO), you can do a quick initial search by logging in using your name, date of birth and Tax File Number.

*SuperSeeker* can also show you all your super accounts (to which you have made a contribution in the previous two financial years) and help you transfer your super into the account you want. Transfers from one fund to another are generally arranged within three days of you providing all the required information (some exceptions apply).

To use this full service, you need to register for online services by creating a MyGov account if you don't already have one. You need to link the ATO to your MyGov account and then use the *SuperSeeker* tool.

You can find *SuperSeeker* and links to register at [www.ato.gov.au/Calculators-and-tools/SuperSeeker](http://www.ato.gov.au/Calculators-and-tools/SuperSeeker).

### Option 2: Fill in the forms

Locate your past statements for all your super funds. Download the *Rollover form* from the Plan's website. You will need to complete and send a form to each of your previous super funds. These super funds will then arrange to transfer your money to the Plan.

## Your nomination of beneficiaries

### Binding nomination

If you make a valid binding nomination, the Trustee is legally bound to pay your super benefit according to your stated wishes, as long as your nomination is valid at the time of your death. Binding nominations are valid for up to three years and give you greater certainty about payment of your benefit.

However, if your personal circumstances change (e.g. you marry, divorce or have children) it is important that you remember to update your binding nomination. The Trustee cannot amend it, even though your circumstances may have changed, and some changes may mean that your nomination is no longer valid.

### Non-binding nomination

A non-binding nomination has no fixed term and is used only as a guide by the Trustee. This means that if you die, the Trustee is obliged by law to conduct its own investigations into your personal circumstances before deciding who should receive your benefit payment. The Trustee must act in the best interests of your dependants when making a decision.

## How to get financial advice

You may benefit from discussing your situation with a licensed financial adviser. This can be helpful if you are not sure about how to invest your super, how much insurance you need or the level of contributions you should make. They can help you get on track to meet your personal goals and individual circumstances.

Towers Watson Australia Pty Ltd has arrangements in place to offer members financial planning services through qualified financial advisers in its Melbourne office. You can take advantage of these arrangements at any time, including when you leave the Plan. To speak with a licensed financial adviser from Towers Watson, contact Susan Rio on (03) 9655 5222.

If you live outside Melbourne, you can find tips on locating a financial adviser in your area by downloading the Government's guide, *Financial advice and you*, from [www.moneysmart.gov.au](http://www.moneysmart.gov.au); click on the 'Tools & resources' tab, then "Publications", and choose the 'Investing' category. You can also contact the Financial Planning Association of Australia at [www.fpa.asn.au](http://www.fpa.asn.au) or by phoning 1300 626 393.

# HOW YOUR SUPER IS PERFORMING

The table below shows the Plan's investment returns. When looking at how your super is performing, remember:

- Your super performance varies depending on changes in investment markets; and
- Generally, super is a long-term investment so returns over a longer timeframe such as ten years are a better indicator of performance than a shorter period like one or two years.

You can also see your investment returns on your *Benefit Statement* and the most recent returns are on the Plan's website at <http://mysuper.towerswatson.com/oracle>.

## A history of your returns to 31 May

Past performance is not necessarily a reliable indicator of future performance.

### Employee and Spouse members

Investment option	2014	2013	2012	2011	2010	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	16.4%	26.5%	-5.7%	9.8%	16.8%	12.3%	7.5%
Growth	12.1%	19.3%	0.2%	11.1%	16.5%	11.6%	7.5%
Balanced	8.8%	13.4%	4.7%	9.8%	13.9%	10.1%	6.8%
Stable	6.0%	8.8%	6.7%	8.6%	11.0%	8.2%	6.0%
Cash	2.3%	2.9%	4.2%	4.3%	3.2%	3.4%	n/a*

Note: The returns shown are after tax and investment fees. From 1 July 2013, an allowance has also been deducted to build up the Plan's Operational Risk Financial Requirement reserve (see page 11). The rates apply to the accounts of Employee and Spouse members.

\* The Cash option commenced on 1 April 2009, so the 10-year compound average return is not available.

### Retained Benefit members

Investment option	2014	2013	2012	2011	2010	Five-year compound average net return (per year)	10-year compound average net return (per year)
Diversified Shares	15.8%	25.9%	-6.3%	9.2%	16.2%	11.6%	6.9%
Growth	11.4%	18.7%	-0.5%	10.5%	15.9%	11.0%	6.9%
Balanced	8.2%	12.7%	4.0%	9.1%	13.3%	9.4%	6.2%
Stable	5.4%	8.1%	6.1%	7.9%	10.4%	7.6%	5.5%
Cash	1.6%	2.3%	3.5%	3.6%	2.6%	2.7%	n/a*

Note: The returns shown are after tax, investment fees and administration fees. From 1 July 2013, an allowance has also been deducted to build up the Plan's Operational Risk Financial Requirement reserve (see page 11). The rates apply to the accounts of Retained Benefit members. The administration fee is currently 0.65% per year and was 0.50% per year before 1 November 2009.

\* The Cash option commenced on 1 April 2009, so the 10-year compound average return is not available.



## A recap on investments for 2013/14

Growth assets, such as shares, again produced strong positive returns over the financial year as the global economy continues on its bumpy path to slow recovery. Globally, central banks have continued with accommodative monetary policy on an unprecedented scale, which continues to push investors searching for higher returns into growth-orientated assets. This has been a significant contributor to the strong performance of growth assets over the year.

The Australian economy strengthened over the course of the financial year, with GDP growth reported as 3.5% for the twelve months to 31 March 2014. This was largely attributed to increased resource exports as the mining industry began to lower investment and increase production. In addition, there are signs that other industries are beginning to compensate for falling mining investment, although many companies are waiting for additional signs of favourable conditions before expanding further.

The Reserve Bank of Australia (RBA) made only one cut to the cash rate over the financial year, from 2.75% to 2.50% at its August 2013 meeting. At each subsequent meeting, the RBA expressed its expectation that the inflation rate will remain within the 2% to 3% target band over the short to medium term and therefore the cash rate could stay at the current level for some time. The seasonally adjusted unemployment rate, however, rose over the course of the year from 5.7% to 6.0% in June 2014.

The recovery story in the US continued over the course of the year, with the unemployment rate decreasing by 1.4% – an encouraging sign for the US labour market. US GDP growth for the year was fairly subdued, although this was impacted by severe winter conditions in early 2014. For the first half of October 2013, the US Government was unable to fund itself and shut down temporarily.

Despite the media attention, the effect of the shutdown on financial markets was relatively muted. In January 2014, the US Federal Reserve commenced tapering of its quantitative easing program in recognition of growth in the underlying strength of the overall economy and improving labour market conditions.

Economic and business conditions in Europe improved overall over the course of the financial year, with the European Central Bank announcing further monetary easing measures. Geopolitical risks remain, in particular the possibility of further escalation of conflict in Ukraine as a result of the Russian occupation of Crimea. Another worrying element in the Euro-area is the persistently high unemployment rate, which was reported at 11.6% in May 2014 (slightly lower than the rate of 12.0% at the start of the financial year). Youth unemployment remains particularly high, with a reading of 23.3% in May 2014.

For the time being at least, China appears to be successfully avoiding the 'hard-landing' that many feared, with annual GDP growth coming in at 7.4% in March 2014. Year-on-year inflation was reported at 2.3% in June 2014, whilst the HSBC China Manufacturing PMI (a composite indicator of operating conditions in manufacturing) finished the year in expansion territory at 50.7 in June. November 2013 saw the Third Plenum of the 18th Central Committee of the Communist Party of China (a major meeting of China's top leaders), which resulted in a number of planned new reforms that have the potential to bolster economic growth into the medium term if fully implemented.

The Australian share market performed strongly for the financial year as the S&P/ASX 300 Accumulation Index returned 17.3%. Australia lagged the global share market over the year, with the MSCI World ex Australia Accumulation Index returning 20.4% in unhedged Australian dollar (A\$) terms (and 24.6% in hedged A\$ terms).

The Australian dollar rose modestly over the course of the financial year after falling sharply at the end of the previous year, ending at 94.20 US cents, up from 92.75 US cents. The Australian dollar also rose against the currencies of Australia's major trading partners, as measured by the Trade Weighted Index, closing the year at 72.0 (up slightly from 71.4).

The Australian property market, as measured by the S&P/ASX 300 A-REIT Accumulation Index, returned 11.1% for the year (underperforming the broader share index by 6.2%).

Fixed interest investments were buoyed by falling government bond yields in most of the major developed economies over the financial year (decreasing bond yields are positive for bond returns), despite yields already being at or near record low levels.

Australian cash, as measured by the UBSA Bank Bill Index, returned 2.7% for the year, while the UBSA Composite Bond Index (All Maturities) returned 6.1%. Global fixed interest, as measured by the Barclays Global Aggregate Index (hedged to A\$) returned 7.8%, outperforming the Australian fixed interest market.

Note: This investment commentary does not constitute advice. All investment figures quoted relate to before-tax performance of the relevant industry benchmark.

The most recent investment returns are on the website  
at <http://mysuper.towerswatson.com/oracle>

Choosing how to invest your super is one of the most important financial decisions you can make.

### **What return do I receive?**

Your accounts receive the actual investment return for your chosen option(s) after allowing for tax and investment fees and a deduction to build up the Operational Risk Financial Requirement (ORFR) reserve and, if you are a Retained Benefit member, an administration fee (currently 0.65% per year) (see page 11 for more information about the ORFR.)

### **If you leave during the year**

Investment returns are calculated each year. If your super needs to be paid out before investment returns have been applied, an interim earning rate will be used. This will cover the period from the previous annual review date.

If you switch investment options, an interim earning rate will be applied to the part of your account that you're switching to calculate earnings at that time.

The interim rate is based on the Plan's estimated monthly net investment returns, pro-rated if calculated during the month. When net investment returns are not available, a calculation is made using a suitable market index for each asset class or the cash rate if index returns are not available.



# YOUR PLAN'S INVESTMENTS

One of the most significant roles of the Trustee is to determine how the Plan's assets are invested. The Trustee has established five investment options, each with different investment objectives and a different investment strategy, for you to choose from.

As a member, choosing how to invest your super is one of the most important financial decisions you can make. If you wish to change how your super is invested, go to the 'Member Centre' page of the Plan's website or download a *Super options form* from the website.

Read pages 12 to 13 for information about the investment objectives and strategy of each option. Details of the Plan's investment managers are also on pages 12 to 13.

## Investment objectives

Investment objectives are specific goals that the Trustee sets for the performance of the Plan and each investment option. They are not intended as forecasts or guarantees of future investment returns.

Generally, the Trustee aims to:

- Invest the Plan's assets prudently as permitted by the Trust Deed and by superannuation law;
- Invest across a diverse range of assets;
- Ensure that the Plan is able to make benefit payments to members when they are due; and
- Monitor the performance of the Plan's investment managers to ensure they exercise integrity, prudence and professional skill in fulfilling the investment tasks delegated to them.

## Investment strategy

An investment strategy is the plan the Trustee follows to achieve the objectives of an investment option. Each investment option has its own investment strategy.

## Investment managers

The Trustee appoints professional investment managers to manage the Plan's investments. These managers and their products may be changed from time to time without prior notice to, or consent from, members.

### Changes to investments

The Trustee made several changes to the way the Plan's assets are invested over the Plan year.

- During August 2013, Northward Capital was replaced by Karara Capital, Vinva Investment Management; and Merlon Capital Partners. These new managers, along with existing shares manager Schroder Investment Management, each manage one quarter of the Plan's assets in Australian shares.
- In August 2013, the Trustee introduced a specialised class of share investments, called emerging markets, to the target asset mix of all options except the Cash option. The BlackRock Indexed Emerging Market Fund invests the Plan's assets in this asset class. There were no changes to the overall investment objectives for these options.
- The Trustee also changed the split of the equity (shares) portfolio between Australian and international shares. There are minor changes to the asset allocations of all the Plan's options, except the Cash option. There is also a further change to the split between different types of shares in the Diversified Shares option. The new target asset allocations were in the September 2013 *Super News*.

## Other investment information

### Derivatives

Part of the Plan's assets (approximately 20% to 22.5% of each investment option except the Diversified Shares and Cash options) is invested in a fund of hedge funds managed by K2/D&S Management Co., LLC (the K2 Advisors Diversity Fund Ltd) and a structured beta fund, the Bridgewater All Weather Fund and a real return fund. The underlying managers for these investments may make use of derivatives to assist in achieving their objectives. The managers do not hold uncovered derivatives.

The Plan's other investment managers only use derivatives for risk-control purposes or to more efficiently shift asset allocations.

Investment managers are required to have risk management processes in place in relation to the use of derivatives and the purposes for which they are used. Each year, the Trustee obtains confirmation from the managers that they have complied with their processes.

### Reserves

The Trustee does not maintain investment reserves. However, it does maintain an operational risk reserve as described below. In addition, the Trustee maintains a general reserve, which is described below.

#### General reserve

The general reserve is used over time to finance certain Plan expenses. The level of the general reserve over the past three years is shown below.

#### Operational risk financial requirement (ORFR) reserve

From 1 July 2013, super funds have been required to set aside financial resources to address their operational risks.

An ORFR reserve will be built up to 0.25% of invested assets over the three years from 1 July 2013 by setting aside a small proportion of the Plan's investment earnings.

The Trustee has decided that the ORFR reserve will be invested in the same way as the Growth option. The Trustee will update members on the status of the reserve in the *Annual Report*. Once the reserve reaches its desired level of 0.25% of invested assets, it will then be monitored periodically by the Trustee to ensure that it remains close to this level.

#### Level of reserves

As at 31 May	General reserve \$	General reserve % of Plan assets	ORFR reserve \$	ORFR reserve % of Plan assets
2014	504,872	0.22%	209,168	0.09%
2013	451,408	0.23%	n/a	n/a
2012	493,318	0.30%	n/a	n/a

	Diversified Shares	Growth	
What are the investment objectives for this option?	<ul style="list-style-type: none"> <li>To achieve a return (after tax and investment fees) that is at least <b>4.0% p.a.</b> more than movements in the Consumer Price Index (CPI) over rolling five-year periods.</li> <li>To limit the probability of a negative return over rolling 12-month periods to <b>less than 6 in 20 years.</b></li> </ul>	<ul style="list-style-type: none"> <li>To achieve a return (after tax and investment fees) that is at least <b>3.5% p.a.</b> more than movements in the CPI over rolling five-year periods.</li> <li>To limit the probability of a negative return over rolling 12-month periods to <b>about 4 in 20 years.</b></li> </ul>	
What investment strategy does this option use?	Invest 100% in shares, with approximately 60% in international shares and 40% in Australian shares, and some exposure to currency.	Invest about 85% in shares, hedge funds, property, real return funds and structured beta, and about 15% in fixed interest and cash investments.	
Who manages the option's assets?	<p><b>At 31 May 2014</b></p> <ul style="list-style-type: none"> <li>Karara Capital (Karara Australian Equities Fund)</li> <li>Vinva Investment Management (Vinva Australian Equities Fund)</li> <li>Merlon Capital Partners (Merlon Wholesale Australian Share Fund)</li> <li>Schroder Investment Management Australia Ltd (Australian Equities Unit Trust and PST)</li> <li>BlackRock Investment Management (Australia) Limited (BlackRock) (BlackRock Fission International Equity Index Fund [Unhedged])</li> <li>BlackRock (BlackRock Wholesale Indexed International Equity Fund [Unhedged])</li> <li>State Street Global Advisors (International Equities Index Trust [Hedged])</li> <li>BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)</li> </ul>	<p><b>At 31 May 2014</b></p> <ul style="list-style-type: none"> <li>Karara Capital (Karara Australian Equities Fund)</li> <li>Vinva Investment Management (Vinva Australian Equities Fund)</li> <li>Merlon Capital Partners (Merlon Wholesale Australian Share Fund)</li> <li>Schroder Investment Management Australia Ltd (Australian Equities Unit Trust and PST and Real Return Fund)</li> <li>K2/D&amp;S Management Co., LLC (K2 Advisors Diversity Fund Ltd)</li> <li>Bridgewater Associates Inc (All Weather Fund)</li> <li>Ironbark Asset Management (RREEF Global Property Securities Fund)</li> <li>BlackRock Investment Management (Australia) Limited (BlackRock) (BlackRock Fission International Equity Index Fund [Unhedged])</li> <li>BlackRock (BlackRock Wholesale International Indexed Equity Fund [Unhedged])</li> <li>State Street Global Advisors (International Equities Index Trust [Hedged])</li> <li>BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)</li> <li>Macquarie (True Index Australian Fixed Interest Fund)</li> <li>BlackRock (BlackRock Australian Government Inflation-Linked Bond Fund)</li> <li>PIMCO Global Credit Fund</li> </ul>	
How is the option invested?	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>At 31 May 2014</b></p> </div> <div style="text-align: center;"> <p><b>At 31 May 2013</b></p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>At 31 May 2014</b></p> </div> <div style="text-align: center;"> <p><b>At 31 May 2013</b></p> </div> </div>	
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	Balanced	Stable	Cash																																																																																																
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# WHAT'S BEEN HAPPENING IN SUPER

Super has featured strongly in the media in recent months, fuelled by the debate around the May 2014 Federal Budget. Here we keep you in the loop with what's been happening.

## Budget update

In the May 2014 Federal Budget, there were several changes related to superannuation and a number of planned changes to the Age Pension which may affect your retirement planning. Here is a summary of the key proposals. Most are not legislated yet – we will keep you updated as more details become available.

## Superannuation Guarantee (SG) increases delayed

SG is the minimum amount of super the Government requires employers to pay on behalf of their employees. The SG rate increased to 9.5% from 1 July 2014 in keeping with existing legislation. It was initially proposed that the rate of future increases would be delayed and that the SG rate would remain at 9.5% for the next four years until 30 June 2018, before increasing to 12% by 2022/23. However, the future increases have been further delayed and the SG rate will now remain at 9.5% until 30 June 2021, before increasing to 12% by 2025/26.

## Ability to withdraw excess non-concessional contributions

The Government has announced that if you exceed the non-concessional contribution cap, you will have the option to withdraw the excess amount (and associated investment earnings) and only pay tax at your marginal tax rate on any investment earnings from the excess amount. This will benefit anyone who accidentally exceeds the cap and allows you the opportunity to avoid paying the penalty tax. Currently the overall tax on these amounts can be as high as 95%. Details of this proposal are still to be finalised.

## Other superannuation changes

These include:

- The new paid Parental Leave scheme will include superannuation payments.
- The First Home Saver Accounts scheme will be abolished. The Government contribution will cease from 1 July 2014, and the tax concessions and income and assets test exemptions will cease on 1 July 2015.
- The Temporary Budget Repair Levy of an extra 2% for those earning more than \$180,000 p.a. will also apply to some superannuation taxes, for example if you withdraw a taxable lump sum superannuation benefit before age 60. Legislation introducing this Levy has been passed and it is now law.
- The previously announced abolition of the Low Income Superannuation Contribution has been delayed until 1 July 2017.

## Changes to the Age Pension

The age at which you become eligible for the Age Pension will increase progressively to age 70 by 1 July 2035. If you were born before 1 July 1958, your pension eligibility age is unchanged.

See the table below for the proposed new ages. No corresponding changes to superannuation preservation ages were announced (this is the age at which you can access your super).

Date of birth	Eligibility age for Age Pension
1 July 1952 to 31 December 1953	65.5
1 January 1954 to 30 June 1955	66
1 July 1955 to 31 December 1956	66.5
1 January 1957 to 30 June 1958	67
1 July 1958 to 31 December 1959	67.5
1 January 1960 to 30 June 1961	68
1 July 1961 to 31 December 1962	68.5
1 January 1963 to 30 June 1964	69
1 July 1964 to 31 December 1965	69.5
1 January 1966 and later	70

A variety of other measures were announced which will affect the amount and availability of the Age Pension and associated concessions:

- From 1 September 2017, the Age Pension will be indexed to increases in the Consumer Price Index (CPI), instead of the current arrangements under which they are linked to the greater of CPI, Total Male Average Weekly Earnings and the Pensioner and Beneficiary Cost of Living Index.
- The eligibility thresholds for the asset and income tests for pensions will be maintained for three years from 1 July 2017.
- From September 2017, the deeming thresholds (the amount you are allowed that is calculated at the lowest interest rate) for the income test will be reduced to \$30,000 for singles and \$50,000 for pensioner couples, which will tighten the income test. Deeming rules are used when calculating pension eligibility to assume your financial assets are earning a certain amount of income, regardless of the income they actually earn.
- The Seniors Health Card will be harder to qualify for, with any untaxed payments you receive from superannuation counting in the definition of income when determining eligibility from 1 January 2015.

## New income levels for co-contributions

Thresholds to qualify for the Government's co-contribution of up to \$500 have increased for 2014/15. This means that, if you are eligible, the Government will contribute fifty cents for every dollar you make of after-tax contributions to super if you earn less than \$34,488 per year. The \$500 maximum reduces by 3.33 cents for every dollar of income above \$34,488, with no co-contribution payable once your income reaches \$49,488. If you qualify for the co-contribution, the ATO automatically pays it to your account in the Plan after processing your annual tax return.



### Contribution caps for 2014/15

Contribution caps are limits the Government sets on the amount of super contributions each year which can receive concessional tax rates. Some of these caps increased from 1 July 2014.

Age on 30 June 2014	Concessional contributions	Non-concessional contributions
Under 49	\$30,000	\$180,000*
49 or over	\$35,000	\$180,000*

\* If you are under age 65, you can generally bring forward two years of caps to make total non-concessional contributions of up to \$540,000 over three years from 1 July 2014.

### What are concessional and non-concessional contributions?

**Concessional contributions** include any contributions you make from your before-tax salary (by salary sacrifice) including the Company's compulsory contributions. If the Company pays any administration or insurance fees for you, these are also concessional contributions. For the 2014/15 financial year, it is expected that the administration fees paid by Oracle for employee members will be approximately \$410 per member and annual insurance fees will be 0.5% of your salary.

Contributions you make from your after-tax salary are an example of **non-concessional contributions**.

If you have any questions, you should contact the Plan Administrator by calling **1800 127 953** or emailing **[oraclesuperadmin@linksuper.com](mailto:oraclesuperadmin@linksuper.com)**

# HOW WE MANAGE THE PLAN

The Plan is managed by a Trustee with input from the Policy Committee. The Trustee uses a number of advisers who provide services to the Plan.

## Your Trustee

A Trustee company, Towers Watson Superannuation Pty Ltd (ABN 56 098 527 256, AFSL 236049) is responsible for managing the Plan. They have been licensed to act as a Trustee by the Australian Prudential Regulation Authority (APRA), the prudential regulator of super funds in Australia.

Towers Watson Superannuation Pty Ltd is a subsidiary of Towers Watson Australia Pty Ltd (ABN 45 002 415 349, AFSL 229921), who also acts as Administrator (via an outsourced arrangement), consultant and secretary to the Plan. See under “Advisers to the Plan” to the right for more information.

## How to contact the Trustee

Oracle Superannuation Plan  
Towers Watson Superannuation Pty Ltd  
Mail: Level 14, 60 Margaret Street Sydney NSW 2000  
Phone: (02) 9253 3333  
Fax: (02) 9253 3199  
Email: [oracle.australia@towerswatson.com](mailto:oracle.australia@towerswatson.com)

## Your Policy Committee

A Policy Committee ensures that the interests of members and the Company are represented in the management of the Plan. The Committee comprises six members, with half appointed by the Company and half elected periodically by members.

At 31 May 2014, members of the Policy Committee were:

Company-appointed	Member-elected
Gareth Hunt	Mark Ferguson
Brett Reeves	Charles Harb
Edweena Stratton	George Tanas

Member representative Naren Satyan resigned from the Policy Committee in July 2013. To ensure the Policy Committee retained an even number of Member and Company representatives, Company-appointed representative Edweena Stratton also stepped down. Edweena Stratton rejoined the Policy Committee on 11 February 2014 as a Company representative following the resignation of Ian White. The Policy Committee wishes to thank Naren and Ian for their contribution to the Plan.

The next election is due in March 2016.

## Indemnity insurance

The Trustee is currently covered by a Trustee Professional Indemnity insurance policy that protects the Plan’s assets from a legal liability to the extent allowed by law and the policy conditions.

## Advisers to the Plan

The following organisations provide specialist services to the Trustee.

<b>Consultant and actuary</b>	Towers Watson Australia Pty Ltd
<b>Administrator</b>	Towers Watson Australia Pty Ltd (outsourced to Link Super Pty Limited (ABN 68 146 993 660) a Corporate Authorised Representative (No. 401938) of Pacific Custodians Pty Limited (ABN 66 009 682 866, AFSL 295142))
<b>Investment consultant</b>	Towers Watson Australia Pty Ltd
<b>External auditor</b>	Deloitte Touche Tohmatsu
<b>Insurer</b>	AMP Limited

Members are represented on the Plan’s Policy Committee.



# PLAN INFORMATION

We aim to successfully resolve all of your superannuation issues, but occasionally you may have a problem. The Plan has a process to handle any issues or complaints. Read below for details. You may also need to know:

- The Eligible Rollover Fund where your super can be paid in certain circumstances if you leave; and
- That there are situations where you need to prove your identity before your super can be paid.

## If you have a problem or concern

We try to ensure that the Plan's level of service meets your expectations. Sometimes however, problems may arise. When you first have an enquiry or complaint, including privacy-related enquiries, you should contact the Plan Administrator (see page 2 for contact details).

The Trustee has a formal process for reviewing enquiries and complaints if you are not satisfied with the response you receive. To make a formal enquiry or complaint, please write to the Plan Administrator (see page 2 for contact details). The Trustee will respond to you within 90 days. In certain circumstances, you may be able to request the Trustee's reasons for its decision on your complaint. A copy of the Trustee's Enquiries and Complaints Policy can be downloaded from the website.

If you are not happy with the Trustee's handling of your enquiry or complaint, you may then contact the Superannuation Complaints Tribunal. The Tribunal is an independent body set up by the Federal Government to deal with certain enquiries or complaints that the Trustee has not dealt with to your satisfaction. You can contact the Tribunal on **1300 884 114** or by email to [info@sct.gov.au](mailto:info@sct.gov.au).

There are some complaints that the Tribunal cannot consider, such as those relating to the management of the Plan as a whole. Time limits also apply to certain complaints relating to total and permanent disability claims and to complaints about objections to the payment of death benefits.

If your complaint is in relation to one of these areas, please contact the Plan Administrator or refer to the Tribunal's website on [www.sct.gov.au](http://www.sct.gov.au) as soon as possible for further information.

Complaints about your privacy that have not been resolved to your satisfaction can be directed to the Office of the Australian Information Commissioner (OAIC). You can contact the OAIC on **1300 363 992** or by email to [enquiries@oaic.gov.au](mailto:enquiries@oaic.gov.au).

## What happens if you leave

If you leave Oracle or choose another super fund, your super will be transferred to the Retained Benefit section of the Plan and remain invested in the same investment option(s) for up to 180 days. Fees apply in the Retained Benefit section (see the Plan's Product Disclosure Statement for details) and all insurance cover ceases when you transfer to the Retained Benefit Section. During this period, you will be contacted by the Plan Administrator and asked how you want to receive your benefit.

The Trustee may roll your benefit over to an Eligible Rollover Fund (ERF) if:

- Your benefit is less than \$10,000 and you fail to give the Plan's Administrator instructions within 180 days of receiving details of your benefit; or
- The fund you nominate won't accept your benefit.

The ERF is:

The Administrator  
Colonial SuperTrace  
Approved Eligible Rollover Fund  
Locked Bag 5429  
Parramatta NSW 2124  
Phone: 1300 788 750  
Email: [supertrace.member@cba.com.au](mailto:supertrace.member@cba.com.au)

Once your benefit is transferred to the ERF, you stop being a member of the Plan and no longer have any rights under the Plan. You will then need to contact the ERF directly about your benefit. You can also obtain the ERF's Product Disclosure Statement using the contact details above.

The investment and crediting rate policy of the ERF may be different to those that applied in the Plan. Also, the ERF may not offer any insurance cover. You should seek advice from a licensed financial adviser about whether the ERF is a suitable investment for you.

## Superannuation surcharge

The superannuation surcharge was an additional tax of up to 15% which was levied on high-income earners. The surcharge was abolished with effect from 1 July 2005. However, assessments may still be received for you for previous years.

Any surcharge assessed by the Australian Taxation Office as being applicable to you is deducted from your accounts when the assessment is received by the Plan. For more information about the surcharge, contact the Plan Administrator (see page 2 for contact details).

## Establishing proof of identity

Before you withdraw a benefit from the Plan, you may need to establish your identity by providing certified copies of certain documents. The Trustee may also need to obtain additional identification information and to verify your identity from time to time.

In some cases, the Trustee may have to disclose information about you to the Australian Transaction Reports and Analysis Centre (AUSTRAC), the regulator of this legislation. Due to the sensitive nature of the information, the Trustee is not permitted to inform you if this happens.

## To learn more

A range of other information is available to keep you informed. This includes information about your benefits such as your choices for contributions, investments and insurance levels. Refer to your Product Disclosure Statement, *Your Oracle Super Guide*. Visit the website at <http://mysuper.towerswatson.com/oracle> or call the Plan Administrator on **1800 127 953** for more information. A number of Plan documents are also available on the website including the Trust Deed, audited accounts and various Trustee policies.

# OUR FINANCIALS

Here is a summary of the Plan's unaudited financial accounts for the year to 31 May 2014. The audit is expected to be finalised by the end of September 2014. The audited financial accounts and auditor's report will be available on request from the Plan Administrator on **1800 127 953** after that date.

## Change in net assets during the year

		\$
<b>Net assets at the beginning of the year</b>		200,257,828
<b>Plus income</b>	Contributions	25,935,728
	Rollovers	9,057,175
	Net investment income	26,109,448
	Other	2,693,874
<b>Less outgoings</b>	Benefit payments	(24,304,014)
	Insurance premiums	(1,000,000)
	Tax due	(5,852,241)
	Superannuation surcharge	(14,018)
	Expenses and charges	(408,616)
<b>Net assets at the end of the year</b>		232,475,164

## Statement of net assets

		\$	
		2013	2014
<b>Investments</b>	Northward Capital Australian Equity Trust	27,255,919	0
	Karara Capital (Karara Australian Equities Fund)	0	12,601,117
	Vinva Investment Management (Vinva Australian Equities Fund)	0	12,453,325
	Merlon Capital Partners (Merlon Wholesale Australian Share Fund)	0	12,118,547
	Schroder Investment Management Australia Ltd (Australian Equities PST)	28,571,190	14,516,917
	Schroder Investment Management Australia Ltd (Australian Equities Unit Trust)	128,146	148,544
	Ironbark Asset Management (RREEF Global Property Securities Fund)	12,165,102	13,969,384
	SSgA (Australian Cash Trust)	8,341,844	8,726,875
	SSgA (International Equities Index Trust [Hedged])	28,829,191	32,656,866
	K2/D&S Management Co., LLC (K2 Advisors Diversity Fund Ltd)	11,423,332	13,263,935
	BlackRock (Fission International Equity Index Fund)	13,773,849	16,944,937
	BlackRock (Wholesale Indexed International Equity Fund)	17,294,331	15,193,122
	Bridgewater Associates Inc (All Weather Fund)	15,920,013	18,266,617
	BlackRock (BlackRock Indexed Emerging Markets IMI Equity Fund)	0	11,355,063
	Macquarie (True Index Australian Fixed Interest Fund)	16,431,184	19,600,969
	BlackRock (BlackRock) Australian Government Inflation-Linked Bond Fund	7,496,835	10,053,539
	PIMCO Global Credit Fund	7,700,480	9,865,049
Schroder Investment Management Australia Ltd (Real Return Fund)	1,970,115	9,311,577	
<b>Current assets</b>		4,359,943	5,318,864
<b>Current liabilities</b>	Benefits payable	(48,108)	(769,074)
	Taxation payable	(1,167,424)	(2,987,197)
	Other	(188,114)	(133,812)
<b>Net assets at the end of the year</b>		200,257,828	232,475,164

Current assets include amounts in the Plan's bank account. All contributions due at 31 May 2014 have now been paid to the Plan.