00:00:32:21 - 00:01:00:08
Josh
Hi there. My name is Josh van Gestel. I'm the Senior Manager of Education here at ART. And it is wonderful to have you all here. Very often when myself and my team are out doing education for our members. What we get asked is a lot about investments, and we've already talked a lot throughout this series about how investments are an important part of growing your superannuation.

00:01:00:12 - 00:01:28:13
Josh
As you're looking to accumulate wealth for retirement. But what we also get asked, or what we see a lot as we are out talking to our members, is that a lot of them get more concerned around their investments as they approach retirement, which is understandable, but also that a lot of them think that their investment potential and their investment journey actually ends at the point they retire.

00:01:28:15 - 00:02:10:04
Josh
Now, the important thing to note in regard to that is twofold. Firstly, at the point you retire, your superannuation balance is probably the largest it's ever going to be. It comes with enormous potential. And the second thing to think about is even at that point of retirement, you may still have 20 or 30 years of investment future ahead of you, a period that you can still be really thinking about how you take advantage of investment opportunities, while also though being attuned to how you make sure you're managing your money so at lasts for as long as possible.

00:02:10:05 - 00:02:36:20
Josh
And this is what we're going to be discussing today. In the moment. I'll hand over to April Smith, one of our amazing education leads here at Australian Retirement Trust. But before I do. I'd just like to make a couple of months. Firstly to all of you for again taking an interest in your retirement, your plans for retirement and how you're going to engage with that.

00:02:37:00 - 00:03:04:21
Josh
But secondly, I'd like to also acknowledge the traditional owners of the lands from which we're broadcasting, the Jagera and Turrbal people, as well as the traditional owners of the lands from which you were on. And I'd also like to acknowledge that today's information is of a general advice nature only. We hope that this session actually will raise questions for you, and that's important as you approach retirement.

00:03:05:01 - 00:03:30:14
Josh
But as you have those questions raised, it's important that you can also seek out answers. So we encourage you to jump onto our website. Use some of the tools we'll be talking about today. Access some of the information that will be referencing. But you also have the ability to reach out to our advice team, or where you have your own trusted advisor to reach out to them.

00:03:30:16 - 00:04:03:02
Josh
Now, when it comes to investing in your super, at any point, there's three things to really consider. The first is to think about the time frame that you have with that investment. Now, outside of super, our time frames for investing can be much shorter. Perhaps we're making investments that we want to realize in a year or a few years, but with our superannuation, for some of us it may be with us for 60 or 70 years or more.

00:04:03:04 - 00:04:34:02
Josh

The time frame is significant, but there's parts within that superannuation journey where we might want to think about making some changes. And one of those times is as we approach and enter retirement. And as I note, that's giving you a time frame of perhaps about 20 or 30 years. As you get closer to the end of your retirement, though, you maybe need to rethink that a little throughout that journey as well.

00:04:34:03 - 00:05:12:15
Josh
You need to think about your risk tolerance, and our risk tolerance will change over time. Naturally, it's a superannuation fund. We make sure that we're investing for our younger members, unless they choose otherwise into more aggressive, growth orientated investment options. And as members approach retirement, we think about giving them a more balanced or conservative investment backing. And then as you enter into retirement, we often see people feel much more conservative around the way that they want to invest.

00:05:12:17 - 00:05:40:00
Josh
It's really thinking about how you balance that risk tolerance with the third element, the return you want. We have a lot of members, understandably, really wanting to make sure that they drive strong returns from their super, but they're often uncomfortable with that. They're often finding that they're not sleeping well at night as a result of the way they're super is invested.

00:05:40:02 - 00:06:04:17
Josh
It's important. And what we're focusing on today is how you try and balance that risk tolerance and what you need to fulfill their to sleep well at night. As well as your exposure to returns and risk and what you're going to achieve. And to some extent, you need to give up one in some part to help the other.

00:06:04:19 - 00:06:44:14
Josh
So to help us as we go through this, it's important to maybe just think at a high level around a key investment concept. Largely when we look at investing in super. We put everything into two main buckets or main areas of focus in April. We'll talk about this in a lot more detail in a moment, but think about it as those investments that you go into that have a low risk, such as defensive assets in things like cash and fixed interests as a result of their low risk profile, may actually give you a low return.

00:06:44:16 - 00:07:09:07
Josh
Although they are safer, they are more stable. The payoff for that is that you will get a lower return, and that may not give you what you need, especially in retirement when you're having to really think about inflation and how that impacts on your earnings and what you're spending money on. So on the flip side, we have what we call growth assets.

00:07:09:07 - 00:07:43:19
Josh
And this includes things like shares property private equity. And again I will go into this. But although these assets give you growth potential they do come often with short term volatility. They do come with risk. And that's the trade off. That's the reward. You are being rewarded through that risk with better returns over the long term. And this becomes a difficult balancing act as you enter into and actually are in retirement.

00:07:43:21 - 00:07:54:20
Josh
So to help us talk about this journey a bit more in retirement and to help us unpack some of the things that you need to consider. I'll hand over to April in our studio.

00:07:54:22 - 00:08:21:07
April
Hello. Thank you very much, Josh. As Josh said, my name is April. I've now worked in superannuation for just over 14 years now, and I've spoken to many members, whether they're pre-retirement or entering retirement. And this session is designed for those that are just entering retirement. Maybe you're on the doorstep and you want to learn more about how to grow your superannuation.

00:08:21:13 - 00:08:44:12
April
I also wanted to start, I guess, with something that's a little bit topical at the moment. There has been some tax changes within the government, particularly relating to investing within residential property. So a lot of people at the moment are looking at opportunities outside of potentially residential property investing. So I want to talk to you a little bit about what are the benefits within superannuation.

00:08:44:12 - 00:09:10:21
April
If you may want to consider investing some of your money within superannuation. So one of the biggest benefits of our money being invested in super is those tax concessions that we do get. So if we were to invest our money outside of superannuation, then we would be looked to be putting in our tax return and we'd be paying our marginal tax rate on that investment option.

00:09:10:23 - 00:09:38:10
April
Where is within superannuation? We get these tax tax concessions. If our money sits in an accumulation account or a transition to retirement account. Our investment earnings are only taxed at 15%, which is traditionally a lot less than a marginal tax rate. If we have money in an income account or a lifetime pension option, we actually pay 0% of tax on our investment earnings.

00:09:38:13 - 00:10:01:04
April
And another benefit there is we don't have to put in our tax returns. So it's all done within the superannuation fund. Now just to let you know that income account and the lifetime pension option, there is a limit in terms of how much we can put our money in that tax free investment environment, which is currently for this financial year, $2.1 million.

00:10:01:06 - 00:10:28:05
April
Now I just want to revisit a slide that Josh had earlier talked about. And the reason why I want to revisit this slide is because this is really important when you're choosing your investment option. We need to consider how long is our money going to be sitting within the super environment? I know a lot of people that I've spoken to, generally younger members, they they think that when they get into retirement, as Josh said, the growth stops from there within their investing.

00:10:28:07 - 00:10:49:18
April
However, in retirement, the benefit of having the money invested within super is we want our money to outperform inflation, so we don't want it to just sit there. I remember gentleman said, why wouldn't I just put my money under a mattress? And the reason being is because the value of our money starts decreasing every time CPR starts increasing.

00:10:49:22 - 00:11:13:24
April

So you do need to consider how long are you going to invest your money? Now, I could be maybe 60, retired, and maybe I live till I'm 100 years of age. That's 40 years of investing. So that's quite a long time. But then you do need to think of that sleep at night factor. And how did you feel if you can remember maybe over Covid, maybe you were here with the GFC as well.

00:11:14:00 - 00:11:42:05
April
How did you feel seeing volatility in your account? Did you act impulsively and maybe did you switch your investment strategy and potentially choose a low risk investment option? I'm going to talk to you about particular growth within certain options and that volatility, so that maybe it might help you sleep at night a little bit easier. Just knowing that we will experience volatility over time in our investment options.

00:11:42:06 - 00:12:06:11
April
But we really do need to focus on the objective of our long term. And also how engaged do we want to be with our super. Some people and you know, I know for myself when I started 14 years ago, don't understand investments at all. So we do have options that are available that actually naturally transition over time and becomes a little bit more conservative.

00:12:06:12 - 00:12:37:10
April
The closer we get to investing. So let's have a look at how we invest your money within a super account. Because really the choice is yours. There's multiple different assets that we invest in and they will all have their different objectives for us. So if we look at those growth assets these are our share portfolios. So this is if we look at maybe investing in some Australian shares or international shares, then we have those defensive assets there which is our cash and our fixed interest.

00:12:37:12 - 00:13:04:05
April
So over time they help us ease the right of volatility. If we have a portion of our money invested in, say, the cash or fixed interest options, and then we also have other different investment options or assets there as well. So we've got private equity. We might invest in property. There's also infrastructure. We've got VicRoads. So every time someone in Victoria when they pay their registration you know we get a cut of that as members.

00:13:04:05 - 00:13:26:14
April
So there's a lot of different assets that we are managing and four of those different options. Now I will highlight we run many of these different education sessions. And one of my colleagues, Steven, has actually gone into a lot more detail on the type of assets that we invest in. But just giving you a quick overview here. We've got Heathrow Airport, one of the biggest airports in the world.

00:13:26:18 - 00:13:55:17
April
We've also got G'day holiday parks. As members. You may or may not know, but you've actually got discounts. Now. These G'day holiday parks are in every state within Australia, so take advantage of that. If you are looking at traveling within Australia, there's also commercial property in Sydney as well. We've also got wind turbines in Washington. So you can see there's there's an array of different assets that we have that traditionally you and I might not be able to afford to be invested in.

00:13:55:17 - 00:14:18:10
April

But when you've got the benefits of a large Superfund with more than $390 billion, you've got a lot of choice and a lot of investment opportunities. So if we have a look and break down a couple of different investment options that we do hold, we're going to look at four different options here high growth, balanced, balanced, risk adjusted and conservative.

00:14:18:13 - 00:14:48:16
April
And I want you to look at the actual colors within. Let's let's call it a donut shall we. So if we have a look at the the the light I guess that teal color and the fixed interest there are conservative assets. So as I mentioned earlier, they tend to try and smoothen out the right. But it is really important for us to also look to invest some of our money in growth assets, because over time, and if you have a look on our website, we're very transparent with our returns.

00:14:48:19 - 00:15:10:17
April
If you look at the cash portfolio versus the actual cost of living growth the way they are at the moment, the risk of investing 100% in cash is will it actually outperform inflation? Which is why when you look at these different options, it is important to understand why a conservative option might actually have some exposure to growth assets.

00:15:10:20 - 00:15:45:19
April
So if we can have a look there at the the black and the gray there, they're considered our growth assets. Now you can see based on all of these four donuts that they actually have more components. If we look at that high growth in those share portfolios and those unlisted assets or alternative investing, whereas if we look at more that conservative balance, you can see there there is a lot of diversity in terms of our growth assets and our defensive assets, and it's just letting you know or highlighting for you that the different options we have, we'll all have their different objectives.

00:15:45:20 - 00:16:08:08
April
And this is where we want you to revisit what's my sleep at night factor. But then also what time have I got to invest. Remember that person if they're retiring at 60, living till they're 100 and their money's in super. That's 40 years of investing. So really good idea to consider maybe seeking some financial advice on your investments if ever you are asking yourself questions.

00:16:08:14 - 00:16:34:15
April
So let's have a look at a few of these different options that we've got here at our in terms of growth over the long term. Now, the reason why we want to start at December 2002 is maybe you might know that there was some big events that actually impacted volatility. So we want to see what happened in the GFC or in Covid for example, to our investment option, depending on where we were investing our money.

00:16:34:16 - 00:17:04:08
April
And also, as I said, one of the important things that we need to be mindful of is our money is growing above CPI, so we don't want our money and our value to go backwards. So let's have a look at these different investment options. So if we look at high growth, we can see if we invested a lazy $10,000 that we just had sitting around in December 20th, 2002 would now be worth or in April 2026, $66,000.

00:17:04:08 - 00:17:30:22
April

So that's a $56,000 growth on our money that we have just put in our super over just over 20 odd years. If we look at balance now, balanced, conservative, balanced and conservative, these ones had a little bit more exposure, if you can remember, to the cash component to the fixed interest. So we're not necessarily chasing so much as a high return over the long term.

00:17:30:24 - 00:17:58:20
April
But this is where we've thought of our sleep at night factor and thought, you know what, I don't want to see that volatility. I just want to make sure that my money is outperforming inflation okay. And we want to make sure that, you know, our money isn't sitting under the mattress as I said earlier. Now as I mentioned 20 years, we're looking at that because we're looking at these different impacts in the market, which was the GFC, Covid and then more recently Iran as well.

00:17:58:22 - 00:18:37:13
April
So if we have a look at the GFC, you can see if we were invested in high growth, that drop there for a lot of people, especially those that were entering into retirement, was a massive concern. I do remember whilst I, you know, at the time probably didn't understand superannuation myself, a lot of my parents friends were talking about the GFC and how concerned they were, and a lot of them, and I remember one particular couple actually said, I'm so glad that I went to my financial advisor because they had their money in high risk and they were willing to go to, say, a cash investment option because they weren't comfortable seeing that volatility.

00:18:37:13 - 00:19:01:18
April
They didn't know what they were going to see in the future. But they spoke to their financial advisor and they said, stay the course. Please do not make a change. That is, investments in its in its nature is to see volatility. You can see here this is the most recent event which was Covid. You may remember that volatility if you ever checked your account balance I know I was working in the contact center at the time.

00:19:01:20 - 00:19:30:23
April
That was the busiest I have ever felt. The contact center and I worked there for many, many years because a lot of people were switching. They were concerned and they were switching to a cash portfolio. If you actually see here over that Covid dip, if we look at the, say that black line there, which is conservative verse, that high growth, you can see the returns from the drop of Covid, that high growth just swung right back up.

00:19:31:04 - 00:19:56:18
April
Whereas if we were investing our money in, say, cash, and I'm going to get Josh to show you another slide in terms of when we make those emotional decisions with with our investments and what actually happens to our money. But you can see there we've got different options and they all have different objectives. And we always want to make sure that we outperform that brown line there which is CPI.

00:19:56:20 - 00:20:23:14
April
So now let's have a look at Australian Retirement Trust. You know you want to know that we're also a great performing fund. We're going to show you here because we're very proud of this our ten year return and how we compare to the industry median. If we have a look at the Super ratings website, as I said, this is the median of what super funds are returning versus I guess, an apples for apples comparison of what Australian Retirement Trust have.

00:20:23:18 - 00:20:57:03

April
Our high growth option was performing 10.07% for a ten year period up until 30th June 2026. Verse 9.4%. Let's have a look at another one I showed you earlier, which is our balanced option. And you can see here that's 8.69% versus 7.7%. So each one of these options, you know, are above or almost there at the 1%, over 1% now 1% makes a huge difference over a long period of time.

00:20:57:03 - 00:21:20:14
April
You can go through our calculators and have a look at growth. What is growth? If I go back to my original example of if I'm investing in retirement for 40 years, 1% over 40 years makes quite a significant difference. So let's go through the options that you've got within your super. Now, as I mentioned earlier, it depends on how engaged you also want to be within your investing.

00:21:20:17 - 00:21:48:14
April
We actually have our default investment option within our accumulation account, being the life cycle or the lifetime option, depending on whether you're in a super savings account or a super account. I'm going to show you what that was designed for shortly. We do also have diversified options. Now this is where we invest. If you remember those donuts, if we where we invest in a range of different options and they'll all have their different, objections as well.

00:21:48:16 - 00:22:10:12
April
We've also got the asset class. So if you say I just want to invest in Australian shares or property, for example, then that opportunity is there for you as well. But let's go back to one of our most popular options in an accumulation account, our default option. And the reason why I say it is popular because it is the default investment strategy.

00:22:10:18 - 00:22:34:02
April
Now, how this this option works is it's automatically going to be adjusted over time throughout your life when we're in our earlier stages. So maybe we've just started our first job. We're going to have a lot more exposure to growth assets because we're looking at quite a long term perspective in terms of our returns over the long term.

00:22:34:04 - 00:23:05:03
April
You know, when we're younger, as I mentioned. So more exposure to high growth as we come closer to retirement, we start de-risking that portfolio and entering more assets like cash and fixed interest, so we can enter more of those defensive assets. So as I said, that's what traditionally will happen in the default option where it follows that natural, behaviors in terms of how we invest our money throughout our life within our superannuation.

00:23:05:05 - 00:23:27:04
April
So if we have a look at the light blue here on this graph under the age of 50, we're going to have most of our super sitting in high growth. So these are the share portfolios for example. And then as you can see there from 51 we start introducing a little bit more defensive assets like the cash and the fixed interest.

00:23:27:06 - 00:23:51:16
April
So you can see there it gradually d risks that portfolio over time for ourselves if we want to be in the default option. But you most certainly have opportunity here. So as I mentioned you've got diversified options. This means you're investing in a range of different investment assets. And then you've just got the one asset class. So let's say I want to be in a high growth option.

00:23:51:16 - 00:24:09:18
April
I could choose high growth. I want to go through to the ART website and see how that's invested. What what am I exposed to? What percentage is going to be invested in shares? Maybe I might want to be in some of those conservative options. We'll be able to show you that on the website how those funds are invested.

00:24:09:23 - 00:24:33:02
April
Asset class. We might want to just be in Australian shares. We can be 50% in balanced, 50% in Australian shares. The choice is completely yours. And there's also no cost to switch your investment options. And you can also switch your options whenever you like. If you are switching them every day, though, that's where I would probably suggest you may want to look to get some financial advice.

00:24:33:04 - 00:25:00:18
April
Now in those early episodes, as I mentioned, you know, we run a lot of these sessions. We talk about contributions and money going into our super. There's different ways that money can go into our super. There's before tax contributions. Some of those benefits are when we're trying to get those tax concessions in terms of putting our money into super before our income tax rate is applied, there's after tax contribution.

00:25:00:18 - 00:25:23:13
April
And that's effectively what they are contributions that go into super before sorry, after our income tax has been applied, we might get benefits if we're putting in those after tax contributions as lower income earners, for example, these might be the government. And then later in life we might downsize the property. We don't want to look after the backyard anymore.

00:25:23:15 - 00:25:43:01
April
The kids might have moved out of the home, and we might want to put some of our money when we downsize our property into our super, so we can draw that down as an income in retirement and have our money invested and growing over time. So let's have a look at somebody over 20 years putting money into super.

00:25:43:01 - 00:26:08:10
April
So we're going to put the same amount of money into our super, but we're going to do $100 per month over 20 years. Verse $200 per month over ten years. So if we have a look and we start doing that $100 over 20 years, we're looking to retire with just over $48,000, or that value of that money is just over $48,000.

00:26:08:14 - 00:26:34:13
April
If we actually have a look at doing that for a short period of time. So ten years less, but putting in the same amount of money, we have less time in the market to ride that volatility and chase that long term return. If we had invested the same value as money just a ten years earlier, starting ten years earlier, you can see here now, this is a 6.5%, investment return that we're looking at.

00:26:34:15 - 00:27:02:03
April
That's just over 7500 dollars extra. By just making sure that we put our money in super one of our earlier, one of our biggest superpowers in super is having time and investing within that time behind us. So it's just wanting to

highlight for you why it's really important to be engaged in our super as early as possible. So share this knowledge, maybe with your kids, with your grandchildren as well.

00:27:02:03 - 00:27:25:17
April
So, you know, the earlier we get involved in our super and understanding it, the better off we are in the long term. Now remember I also said this is 6.5% return. You can I showed you earlier that high growth option over ten years was over 10%. So if you wanted to invest this money over a 10%, you'll, you'll, you'll see that the the difference is even greater than that.

00:27:25:19 - 00:27:48:05
April
Now, if you wanted to choose your investment options, we've made it very easy for you to switch your investments online. So you could go to the website or download the app and you can switch your different investment strategies there. It is very simple, but that's also if you ever get stuck at all. That's why our contact center is there so that they can support you on your journey.

00:27:48:07 - 00:28:12:04
April
If you wanted to learn more about your investment options, this is a great place to start. On the website. We've got a risk profile quiz there so you can, you know, if maybe you don't understand investments at this stage, go in and answer some of these questions and it'll let you know. Well, based on, you know, how long you've got to invest that sleep at night factor, you may want to invest in X investment strategy.

00:28:12:05 - 00:28:35:21
April
So have a look there. Play that play with our calculators. That's a perfect place to start. So what I want you to do from here, those takeaways for yourself is understand the options available. I know for myself, 14 years ago when I was learning about superannuation for really the first time, that website was just such a phenomenal place to go.

00:28:35:23 - 00:29:01:03
April
To learn the essentials of super, please go to the investments, look at the performances. There's graphs on there as well, and it'll just, I guess give you a little bit more information in terms of understanding what your investment options opportunities are and also what your risk profile is. You can click on a different investment option. You'll be able to see those objectives.

00:29:01:05 - 00:29:29:20
April
So have a look at the profile that you're going to be choosing. Have a look at the performance on those graphs that we do have and also seek guidance and support. I want to take you back to that earlier story of the couple when they had GFC and they were invested in that high risk investment strategy. Initially they were ready to switch to cash, but then they spoke to their advisor and they said, look, you've backed this horse, you need to ride it out.

00:29:29:20 - 00:29:59:24
April
And they did. And I remember I spoke to them a year later and they said, I am so glad that somebody told me to stay in that investment option, because when you change out and you switch to a lower risk and we're not keeping our money invested, it's called crystallizing a loss. So basically it's maintaining that loss. We have heaps of information on the website as I mentioned, but we've also got, you know, our chief economist Brian Parker, talking about the economy.

00:30:00:04 - 00:31:11:17
April
He's he's quite a, entertaining economist, if I must say. I actually enjoy listening to him myself. So we've got podcasts there. You can learn a lot of information on our website. So please head over to the website. Now I'm that's me wrapped up. I'm, we're going to go through to a quick break and then I will welcome Josh to the stage with me.

00:31:11:19 - 00:31:37:04
Josh
Thank you very much. April. And there's some of what April talked about that I'd just like to bring to life a little more. And that's more about those moments where you can find it difficult to sleep at night, and you're actually thinking about taking some action in regard to your superannuation and just thinking about the impact that this can have when it comes to our investment journey.

00:31:37:05 - 00:32:09:15
Josh
It's actually sometimes how we're feeling that goes against what we should in fact be doing. In other words, there's times when we see that share markets and other investments, whether it be crypto or gold or other things, when they're riding high, we want to jump in on that. We want to make sure that we're benefiting from that. But often by doing that, we're buying into those things when they've already created that growth, we're buying in, when they're when they're expensive.

00:32:09:21 - 00:32:40:19
Josh
And our growth opportunity may not actually be there. Conversely, when share markets and other investments are falling, when they crashing, when they're going through volatility, that's when we instinctively emotionally want to pull our money out. And why this goes against what we should be thinking about financially, is that it's actually the opposite. That we should do when it comes to money is things are growing as they're becoming higher in value.

00:32:40:20 - 00:33:05:15
Josh
We should recognize that the growth opportunity is perhaps being more limited, and that's not the time to throw our money into them. And also, as things go down, instead of actually thinking about trying to find a safe harbor or taking our money out, those are the times when things have become cheaper, when the price has gone down, when we should be thinking about buying in.

00:33:05:15 - 00:33:45:13
Josh
And actually it is in retirement trust. That's the way our investment team takes advantage of volatility and fluctuating markets. But let's unpack it a little more. And it was actually really interesting hearing April tell her story about her parents friends and how they've reacted in different periods of downturn in the economy. And I think myself when we had the GFC, I was working at the Australian Financial Review at the time, and I was actually seeing on the front page of that newspaper on a daily basis the impact of the GFC.

00:33:45:15 - 00:34:13:15
Josh
But it's important in those times to know, as Brian Parker, our chief economist, says, that they will come to an end, that the opportunities, the growth will come again and will actually come out of it. So let's think about the short term view that we often have in these periods, whether that's be covered the GFC, the recent downturn in markets as a result of tariffs or the Middle East crisis.

00:34:13:17 - 00:34:39:12

Josh
These are all times when we get concerned and we think about finding a safe harbor. And so in this case, I'm showing here what we saw during Covid. And if we stayed in our main investments that April has already talked about, you can see here that in that short period of Covid, that one year that I would have actually lost money as a result of staying the course.

00:34:39:14 - 00:35:11:19
Josh
And so, understandably, we had people who decided to move to cash and for a brief period, they probably would have felt very good about that decision. They would have felt very comfortable about that decision and probably slept quite well. But let's play that out a little further. And the reason why I do this is I've said before in these events is that often we quickly react and move our money to cash, but then we don't know when to get back in.

00:35:11:21 - 00:35:36:06
Josh
So often in making these changes. These are changes that we stay with for some time. So instead of looking at one year over Covid, let's look at five years starting with that Covid period. If I stayed the course, I would actually see that my balance is the same or better off than it was before Covid. And let me add one more thing to this.

00:35:36:09 - 00:36:03:10
Josh
This is for someone who is drawing down a retirement income stream each year. So you're seeing here the balance with investment returns after fees and after they've taken a draw down of their balance to give them a minimum income. So they've managed to maintain their balance or improve it in spite of the downturn and in spite of taking a withdrawal out of their account.

00:36:03:12 - 00:36:45:20
Josh
But if we were in cash, what we'd see as a result of this is crystallizing those losses that April talked about, and then drawing down income on top of that is actually going to start to deplete their balance far sooner, because they've effectively taken the growth opportunity off the table. But this is a five year view. And the more powerful view, if I can go back to that example of of the GFC, is to think about how this would play out over decades, remembering that if this is something that you decide to do, the point, you start your retirement journey.

00:36:46:00 - 00:37:26:10
Josh
You could be on that retirement journey for 20 or 30 years. The decisions you make today will impact you for the decades to come. So I've got here again, the situation where you're invested in one of those options that April went through over the long term following the GFC. And you can see that in these cases, in spite of the GFC and then Covid and the recent downturns, and in spite of also taking an income withdrawal from that each year for that period, you're actually better off than you were before the GFC.

00:37:26:12 - 00:38:07:17
Josh
If you had made the decision to move to cash remembering, as I said, people then don't know when to buy back in. So often they stay that course. You would be in a considerably different scenario today than you otherwise could have been, and this is why it is really important not to say stay in a growth orientated investment, or stay in something that makes you uncomfortable, or that is causing you not to get that sleep at night, but what it is trying to say to you is before you make an impulsive decision, before you move to cash or something like that.

00:38:07:17 - 00:38:32:23
Josh

When we're in a period of volatility, just reach out. Either yourself to explore your options or understand your risk profile as a pro went through. Or speak to an advisor, someone that can take the emotion out of it and actually give you a bit more awareness. So we have great tools on our website, and this includes as April went through our risk profile tool.

00:38:32:23 - 00:39:00:16
Josh
And to be completely honest with you, this was a tool that I used myself earlier this year when we saw those initial attacks with Iran in the Middle East and the impact that that had on markets globally, I saw my super balance hit, and that really did. As someone who is in their early 50s, I am taking a bigger notice of my superannuation balance and seeing it fall.

00:39:00:19 - 00:39:30:06
Josh
And four considerably at that period did make me uncomfortable. So I actually redid the risk profile test, and what it confirmed to me was that my risk profile was where it has been for some time, and how I was invested was right. I'll be frank. I then slept comfortably and I actually stopped looking at my app. Stop looking at my balance and stop looking at what was happening.

00:39:30:08 - 00:40:02:03
Josh
Our chief economist, Brian Parker, often says that one of the best investment approaches you can take during a period of volatility is benign neglect. Know that we will get through the period and that growth will follow it at some stage, and that's really something for us to consider. How do you check back in on your risk profile? Not just to make you make an investment change, but perhaps to just confirm to you that you are in the right place?

00:40:02:05 - 00:40:15:15
Josh
Now, to help me unpack all of this a little bit more. And we have been receiving quite a number of questions, as well as questions that have been I'd like to welcome April sitting next to me. How are you, April?

00:40:15:17 - 00:40:16:16
April
Oh, good. How are you?

00:40:16:17 - 00:40:19:14
Josh
Good. Thank you very much for your update earlier.

00:40:19:15 - 00:40:20:22
April
Oh, thanks for yours.

00:40:20:24 - 00:40:25:10
Josh
You had to run a bit of a marathon. It was a lot of information to get access.

00:40:25:11 - 00:40:34:12
April
And I know we've got lots of questions. And also thanks to those that have the behind the scenes that are answering some of those questions on our behalf. So thanks, team.

00:40:34:13 - 00:40:58:12
Josh
Yep, we have a wonderful team behind us. But, April, you talked a little bit about and we do have members who have a bit of that view of putting money under the mattress. A questions come in saying, can I just take my super out? Let's assume that they've hit retirement age or a condition of release. Can I just take my money out and put it in shares?

00:40:58:15 - 00:41:25:10
Josh
Now you talked a little bit around how tax has changed. And and certainly it's been topical from a real estate perspective. But it also applies here as well. Why would you say to someone don't shove it under the mattress. Don't take it yourself to put in shares outside of super. Let's summarize and maybe think about what are the benefits in just keeping it in super and investing it that way.

00:41:25:11 - 00:41:47:14
April
Okay, so we'll start with maybe the shares. If we decide to take money out and put our money just in shares. Now remember this is if we go back to my first slide where we were talking about, taxes on our return. So if we're investing outside of our super, then we actually have to submit our tax return.

00:41:47:15 - 00:42:11:16
April
We're also paying our income tax rates on that. Whereas if it's invested in super we've got professional investment managers managing our assets for us. And also we don't have to submit our tax return. Not only that, we're also being taxed less within super. So the returns in the accumulation account and transition to retirement. The tax on those was 15%.

00:42:11:21 - 00:42:37:21
April
And then in the lifetime pension option and the pension account zero tax up to the $2.1 million that we can put into those environments. So it's a it's a massive benefit being invested within Australia when we are sorry within super when we look at those tax advantages. The other part to your question was would I just take it out and put it in, say, my bank account?

00:42:37:22 - 00:42:59:12
April
Yep. Which is similar to maybe putting money under the mattress, which is what that gentleman did ask me. And I want you to go back to the to the brown line of my, the chart that I showed earlier in terms of the returns, which was CPI, every time we leave our money under the mattress or in a bank account, our money is going backwards.

00:42:59:12 - 00:43:21:03
April
And if you see the volatility of CPI in the most recent years, you know, one one portion, it was 8% CPI. So our money, our value that's sitting under the mattress is going back to a percent in value. So definitely considerations when you're taking money out and choosing to invest either yourself or putting it under the mattress or in your bank account.

00:43:21:04 - 00:43:48:03
Josh
And I think I probably call out something really significant that we didn't highlight enough around the tax opportunity that comes with investing. When you're in a retirement income product, that not only are you getting tax free

payments to you over the age of 60, but where you're in a retirement income account or a lifetime pension account, your investment earnings attacks free.

00:43:48:05 - 00:44:17:04
Josh
So it is the most consistently taxed investment vehicle that exists in Australia. It's it almost boggles my mind that someone would want to give that up. The other thing, though, to make mention of is that once you take your your super out, once you withdraw it, whether you're chucking it under the mattress or into shares or whatever it may be, as we've discussed in previous episodes, very difficult to get back in.

00:44:17:04 - 00:44:38:15
Josh
So you don't want to shut that door on yourself, especially when you think about the tax opportunities that do exist within super, particularly in retirement. So April, we've you mentioned this very high level, and I'm very happy for you to respond to the high level. But question that's come in is, are your returns any good?

00:44:38:16 - 00:44:39:20
April
Oh well.

00:44:39:22 - 00:44:42:18
Josh
So your immediate response to that.

00:44:42:19 - 00:45:07:16
April
Well, we're quite proud of our returns. And that's why we show you the returns in those slides earlier was high growth and balanced option over the ten year performance. We we really look at our long term returns. We've we've at why are you in the big news with Brian and the social media? One of our, high growth option was number one.

00:45:07:18 - 00:45:10:23
Josh
High growth option and over 10% over ten years.

00:45:11:04 - 00:45:33:00
April
Over 10%. Yeah. Which is which is quite phenomenal. Great. Response. And also, if you have a look at the super rating, super ratings will always compare super funds and the returns of the super funds. And we are coming out on top over that long term for a lot of our investment options. So we are really proud of who we are.

00:45:33:02 - 00:45:59:24
Josh
And I think even to that, equestrians come in saying, I've lost money this year. What are you doing? And I think a couple of things I would respond to in that. Firstly, yes, we've seen markets be volatile in the early part of this year. We have seen some periods of negative return. But to your point, April, put that in context of the years, many years before it.

00:45:59:24 - 00:46:22:02
Josh
So I think very often we see our balance go down without remembering that our balance has gone up year after year after year in the period before it. The other thing I'd say is that it's remembering that we do have short term

view, a lot of our members in how they look at their super. They might think, yes, my balance has gone down here this year.

00:46:22:02 - 00:46:51:11
Josh
But again, think about that context. Well, has it gone up since then? Has it recovered? What did it do before? It's really important to understand that as a super fund, we aren't trying to ensure that we're driving you, driving for you this strong return, day after day, minute after minute, week after week, that's impossible to chase. Chase, what we're trying to achieve for you is very strong returns over that long term.

00:46:51:13 - 00:47:16:00
Josh
And I would encourage all of our listeners and viewers to really think about their super and the returns they're achieving in that context, because that's what we're focused on for you. The question we often get asked is, and especially as people do look for conservative havens, is do I have the opportunity to invest in gold or minerals through Australian Retirement Trust?

00:47:16:00 - 00:47:22:11
Josh
And this is something Steven in an earlier webcast spoke to. But do you have a view?

00:47:22:13 - 00:47:40:24
April
Yeah. Look, I know and I know you and Brian do a lot of the podcast together. So he talks about this quite a bit. But yeah, whilst we're not, investing in gold within itself, we might have companies that we invest in that, that also have kind of a bit of an offset of of gold themselves and investing.

00:47:40:24 - 00:47:51:15
April
So we kind of get a little bit of that return by at an arm's length. I mean, you could probably talk to it a little bit more when you speak to Brian and what he says.

00:47:51:18 - 00:48:18:18
Josh
No, I think that's absolutely right. We find that things like gold and minerals, they're quite speculative. So it's not something that we would lean heavily into. To your point, we actually see value in investing in those companies that actually buy them by their very nature, derive value from those minerals, including gold. So beautifully answered, April. Questions come in.

00:48:18:18 - 00:48:29:14
Josh
How often should I change my investment options? I think I should reframe that to be how often should I think about or check in on my investment options? But any thoughts.

00:48:29:15 - 00:48:50:13
April
I like? I like Brian's terminology of benign neglect. When there is volatility in the market, how often should you check on your investment options? I mean, you can look every day in your account, but at the moment there's a lot of geopolitics. At the moment there's a lot happening. So you know we will see short term fluctuation predominantly.

00:48:50:13 - 00:49:12:24

April
We've we've seen that short term fluctuation maybe not as much as GFC or Covid. But in terms of switching your investment options, we hope from this session alone that you see that we can't make emotional decisions when changing our investment options. Check out whenever you want, but maybe once a year, you know, you might want to look at that, investment returns.

00:49:12:24 - 00:49:36:18
April
Have a look at all of the different investment options. But a great because I as I said, when I learned super, I went to the website. It is such a great place to get all your knowledge and your insights. We have a get advice a financial advisor to on the website. So if you wanted to actually get advice on your investment options.

00:49:36:19 - 00:49:37:11
Josh
You can do that.

00:49:37:12 - 00:49:41:24
April
You can do that too by just a couple of clicks through your member online.

00:49:42:01 - 00:50:16:20
Josh
And, and it's it's a really great tool to add to to all our other tools the ability for you to make an investment change, but to receive some guidance online to towards that, I think is a wonderful call out. I think April, the other thing I suggest, and we as educators, we know the power of of knowledge and learning and really thinking about for all of our members by getting on that onto our website, learning more, what it actually does is it gives you more confidence.

00:50:16:21 - 00:50:39:18
Josh
And it actually, I think, empowers you a bit to understand what's going on and know whether you need to make a change or not. So for me, I would actually suggest if you're not sleeping well at night, reach out, have a look online, try and find out some more information to see whether, like I did in my own circumstance, I could actually just reassure myself.

00:50:39:24 - 00:51:01:20
Josh
Secondly, though, if you're finding that you're still not sleeping well, that you're still uneasy, that you're still not sure, well, that's when you've got opportunities like thinking about the digital advice tool, reaching out to one of our wonderful advice team, or where you've got your own advisor speaking to them and ensuring that they are actually looking after you as well.

00:51:01:20 - 00:51:29:02
Josh
So plenty of ways that you can think about getting additional support when it comes to your super and how you're investing. If, though, we can put to you. There is a journey you can start now, and we do have a range of videos with our digital Take the Wheel program that actually help you to dig deeper into your superannuation to explore some of the options available to you.

00:51:29:03 - 00:51:52:19
Josh

And these are short, bite size videos that just start to engage you a little bit more about how you can think and what you can do. But as April has mentioned a number of times, I think she must be a bit of a fan. We have a wonderful podcast series, Super Insider. I am very biased about it as one of its wonderful co-hosts, but I just called myself one.

00:51:52:22 - 00:51:53:09

Yeah.

00:51:53:09 - 00:52:27:16
Josh
Well, I mean, we have wonderful co-hosts, of which I'm part, but that's super insider series. A lot of it is focused on investments, including doing deep dives on particular assets, doing quarterly updates with our chief economist on what's happening with the economy and our investments. And recently we've had a podcast actually recorded Going Live that is with our chief investment officer, Ian Patrick, really having his view of the year that was and what he sees ahead.

00:52:27:16 - 00:53:07:10
Josh
So really great ways to engage, not just with your retirement and your super, but to engage as well with your investments. But lastly, and most importantly, please, if after all of that, you're still wanting a bit more confidence and a bit more support, reach out to us. It is what we're here for. On that note, I would like to thank you all for your time and hope you'll be joining us as we now start getting to the point end of this program and really thinking about how you can start to use your supreme retirement, and then how you can thrive during your retirement to really be fulfilled.

00:53:07:12 - 00:53:12:04
Josh
We look forward to seeing you soon. In the meantime, please take care. Thank you.