

Annual Report  
**IRIS Retirement Income**

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For the year ended 30 June 2015  
Issued 31 October 2015



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The IRIS Retirement Income Annual Report for the year ended 30 June 2015 applies to the IRIS Super Income Stream and the IRIS Term Allocated Pension.

The Annual Report is intended to provide information of a general nature only. It has been prepared by Super Members Investments Limited (SMI), ABN 61 095 974 100, AFSL 231230, as Trustee of the IRIS Superannuation Fund (IRIS or Fund), ABN 88 556 625 125, which incorporates both the IRIS Super Income Stream and the IRIS Term Allocated Pension.

IRIS has provided all information it reasonably believes a member would need for the purpose of understanding the management, financial condition and the investment performance of the Fund.

You should obtain a copy of the latest Product Disclosure Statements (PDS) before making any investment decisions based on this information. For a free copy, please visit our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or call us on **1300 367 485**.

# Report from the Chair

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The past year saw continued strong performance across the IRIS portfolio, with 9 out of 10 investment options exceeding their benchmark return over 1, 2 and 5 years. The property option underperformed, but still returned 7.11% over the year.

Pleasing as this is, the outlook is for a more difficult investment environment ahead. Low interest rates and slower growth in China will make it difficult to meet our investment targets within prudent risk parameters.

As a result, the Board has made modest adjustments to the investment objectives for a number of the IRIS options. These will take effect from 1 October 2015. I encourage you to familiarise yourself with the changes which were sent to you with your Annual Statement and to contact us if you have any questions about how they fit with your own investment objectives.

The Board is conscious that every dollar in fees is a dollar that is not in your investment returns.

I am pleased that from 1 July 2015 we reduced the fees charged in a number of options. The Board will continue to look for opportunities to manage our costs, while delivering prudent investment management and high quality service to members.

The regulatory environment is a constant challenge, for superannuation trustees and for members. I was delighted that during the year almost 300 members attended seminars to hear about changes to the social security deeming provisions. I trust members found these useful. We remain alert to further regulatory change, and will keep you informed via the website and other channels during the year.

The Board and management value the trust you place in us to manage your retirement savings. We will work hard to ensure we continue to earn it, and we welcome your feedback on how we can serve you better.



Cath Bowtell  
Chair  
Super Members Investments Limited  
October 2015



# Important changes to IRIS investments and to super income streams

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## Investment policy changes to IRIS investments effective 1 October 2015

The investment objectives, strategy, allocation ranges and benchmarks used for each IRIS investment option are regularly reviewed by the Trustee Board taking into account recommendations of its Investment Consultant, Frontier Advisors and its overarching responsibility as a trustee under the provisions of the Superannuation Industry (Supervision) Act 1993.

A Significant Event Notice (SEN) detailing the changes that were made to the objectives, strategic asset allocations, allocation ranges and benchmarks on 1 October 2015 was sent to all IRIS members with their Annual Member Statements.

The information provided in this Annual Report, reflects the situation as at 30 June 2015 i.e. prior to the 1 October changes.

## Income testing changes affecting Super Income Streams from 1 January 2015

From 1 January 2015, account based income stream balances (such as IRIS Super Income Stream balances) are deemed for income test purposes. This means Centrelink will assume that all your financial assets are generating a pre-determined amount of income, regardless of the income that you actually receive. IRIS Term Allocated Pensions are not subject to deeming.

### Grandfathering rules

Any account based income stream which was in place before 1 January 2015 continues to be assessed under the income test rules applying before 1 January 2015 if the person was in receipt of an eligible income support payment at that time and since that day, the person has been continuously receiving an income support payment. In other words, if you had an IRIS Super Income Stream pension in place before 1 January 2015, and were receiving an eligible income support payment and continue to do so, there is no change. Your income stream from IRIS will not be deemed for income test purposes. However, please note the information in the following paragraphs, if you want to make a change to your IRIS Super Income Stream.

### What are 'eligible income support payments'?

An eligible income support payment includes most Centrelink and DVA pensions and allowances, including Age Pension, Service Pension, Disability Support Pension, Carer Payment and Newstart Allowance.

### Caution required if you want to make changes to your IRIS Super Income Stream

After 1 January 2015, if any of the following changes occur, you will be assessed under the new deeming rules:

- You switch income stream providers (i.e. you transfer your IRIS Super Income Stream to another income stream).
- You aggregate multiple account based income streams (i.e. you merge two or more accounts into one account).

- You refresh a transition to retirement account based pension strategy.
- You add or remove a reversionary beneficiary and a new income stream is commenced.
- You cease receiving an eligible income support payment.
- You die and a new pension is paid to a beneficiary.

### Reversionary beneficiaries

If your IRIS Super Income Stream has a reversionary beneficiary its grandfathering status can continue when it reverts to the reversionary beneficiary upon your death. This applies providing your reversionary beneficiary is receiving an eligible income support payment at the time of the reversion and continuously receives an eligible income support payment from that time.

## Pension assets test changes from 1 January 2017

From 1 January 2017, changes to the assets test will affect nearly 500,000 age pensioners. According to the Federal Government, 91,000 will lose their entitlement to the Age Pension and 235,000 will have their pension entitlements cut. 170,000 pensioners will receive a pension increase.

The taper rate for the assets test, which determines how much Age Pension a person receives, will reduce Age Pension entitlements by \$3 a fortnight for every \$1,000 of assets a pensioner owns over the full Age Pension threshold. The harsher assets test also applies to a number of other pensions and allowances.

### Obtaining further advice

If you are unsure about any of these changes or have any questions please contact us on **1300 367 485** or email **admin@retirewithiris.com.au**. If the Customer Service Centre cannot answer your enquiry it will be forwarded to our Financial Adviser for assistance.

Our Financial Adviser is available to talk to both existing and prospective IRIS members and their beneficiaries on a wide range of retirement advice topics, such as superannuation/income streams, Centrelink and estate planning.

Our Financial Adviser is Melbourne based but is available nationally through a combination of phone and email/web based communications, as well as regular visits.

Our Financial Adviser works for Industry Fund Services Limited (ABN 54 007 016 195) under AFSL 232 514.

We encourage you to take advantage of our Financial Adviser's availability, and if you haven't sought advice for a while then it may be timely to have a discussion to review your position and possible advice needs.

# IRIS Superannuation Fund investment options – at 30 June 2015

## IRIS Diversified Options

### Defensive

#### Investment Objective

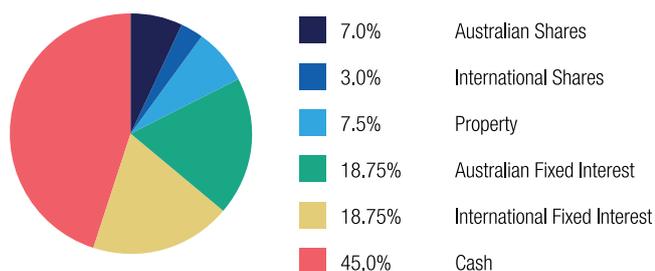
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested, as well as limiting the likelihood of applying negative annual returns to one in 50 years (i.e. approx. 0.4 times in 20 years).<sup>3</sup>

**Risk Level** Very Low

#### Benchmark

The Defensive Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

#### Strategic Asset Allocation



#### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	2 – 12	7.5
International Shares	0 – 8	3.6
Property	5 – 10	5.9
Australian Fixed Interest	10 – 25	20.6
International Fixed Interest	10 – 25	16.8
Cash	40 – 50	45.6

### Conservative

#### Investment Objective

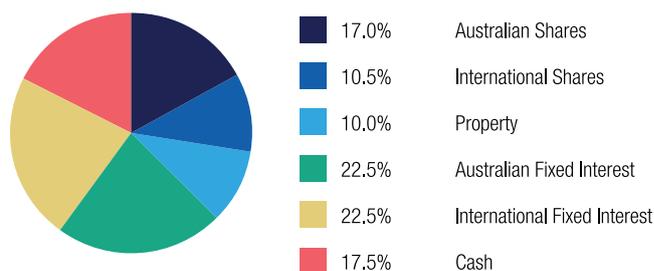
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2.5% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. It aims to provide security (but not a guarantee) of capital invested as well as limiting the likelihood of applying negative annual returns to one in every ten years (i.e. approx. 2 times in 20 years).<sup>3</sup>

**Risk Level** Low to Medium

#### Benchmark

The Conservative Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

#### Strategic Asset Allocation



#### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	10 – 20	17.2
International Shares	7.5 – 17.5	10.2
Property	5 – 15	9.2
Australian Fixed Interest	15 – 30	24.9
International Fixed Interest	15 - 30	20.3
Cash	12.5 – 22.5	18.2

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

## Growth

### Investment Objective

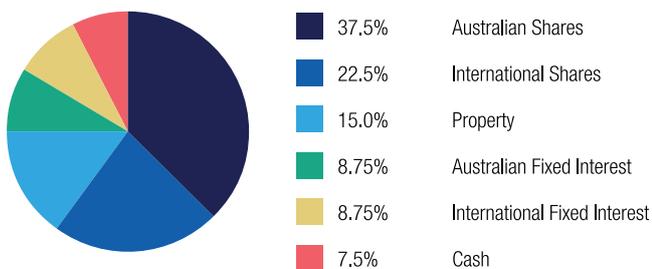
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Growth Option will invest a significant portion in growth assets such as shares and property. It aims to limit the likelihood of applying negative annual returns to one in every five years (i.e. approx. 4 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

The Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	32.5 – 47.5	39.4
International Shares	17.5 – 27.5	19.8
Property	10 – 20	12.8
Australian Fixed Interest	5 – 15	9.9
International Fixed Interest	5 – 15	8.0
Cash	2.5 – 12.5	10.1

## High Growth

### Investment Objective

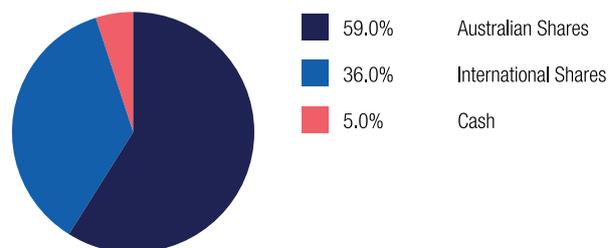
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the High Growth Option will predominantly invest in Australian and international shares. It aims to limit the likelihood of applying negative annual returns to one in every four years (i.e. approx. 5 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

The High Growth Option benchmark is calculated as the performance of the market benchmark for each of its asset classes (see page 11) weighted by the Strategic Asset Allocation for the Option and adjusted by the applicable Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	42.5 – 72.5	59.8
International Shares	22.5 – 52.5	34.8
Cash	0 – 10	5.4

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

## Sector Specialist Options

### Cash

#### Investment Objective

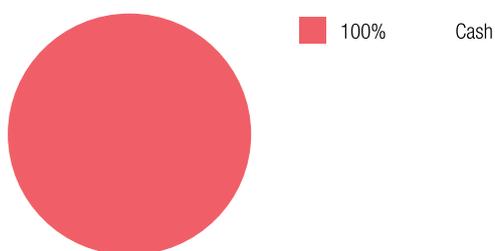
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 1% per annum (after tax)<sup>2</sup>, on a rolling two year basis. This is expected to be achieved around 70% of the time. To achieve this, the Cash Option will predominantly invest in short term cash investments with minimal risk of capital loss. It aims to limit the likelihood of applying negative annual returns to a negligible level.

**Risk Level** Very Low

#### Benchmark

UBS Australian Bank Bill Index adjusted for the IRIS Cash Option Administration fee.

#### Strategic Asset Allocation



#### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Cash	100	100

### Diversified Fixed Interest

#### Investment Objective

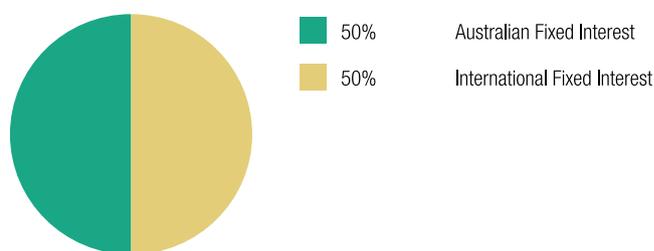
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 2.5% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 70% of the time. To achieve this, the Diversified Fixed Interest Option will predominantly invest in a diverse range of government and corporate bonds and alternative debt. It aims to limit the likelihood of applying negative annual returns to one in every twenty five years (i.e. approx. 0.8 times in 20 years).<sup>3</sup>

**Risk Level** Low

#### Benchmark

50% UBS Australian Composite Bond (All Maturities) Index and 50% Barclays Global Aggregate Bond Index hedged into AUD adjusted for the IRIS Diversified Fixed Interest Option Administration fee.

#### Strategic Asset Allocation



#### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Fixed Interest	40 – 60	54.4
International Fixed Interest	40 – 60	44.4
Cash	0 – 10	1.2

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

## Property

### Investment Objective

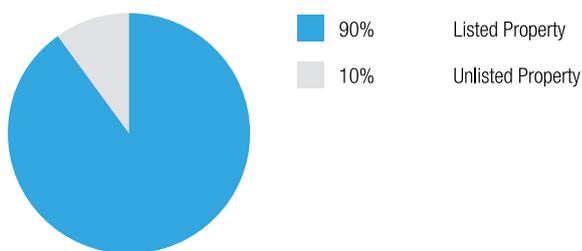
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3% per annum (after tax)<sup>2</sup>, on a rolling five year basis. This is expected to be achieved around 65% of the time. To achieve this, the Property Option will invest in both direct and indirect Australian and international property. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

10% Mercer/IPD Australia Monthly Property Fund Index – Core Wholesale, and 90% FTSE EPRA/NAREIT Developed ex-Australian Rental Index (hedged into AUD) adjusted for the IRIS Property Option Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Property	90 – 100	97.0
Cash	0 – 10	3.0

## Australian Shares

### Investment Objective

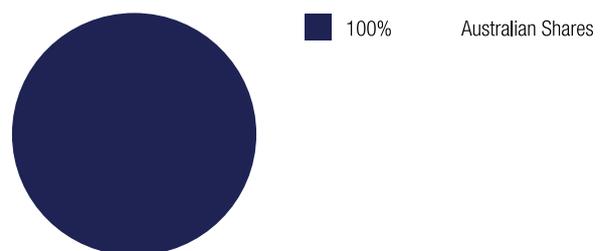
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Australian Shares Option will predominantly invest in Australian shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** Very High

### Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Australian Shares Option Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	90 – 100	98.2
Cash	0 – 10	1.8

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

## Sustainable Australian Shares

### Investment Objective

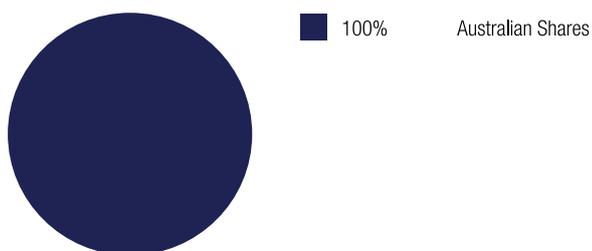
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the Sustainable Australian Shares Option will predominantly invest in Australian shares that display environmental, sustainable and socially responsible features. It aims to limit the likelihood of applying negative annual returns to one in every three years (i.e. approx. 6.7 times in 20 years).<sup>3</sup>

**Risk Level** Very High

### Benchmark

S&P/ASX 200 Accumulation Index adjusted for the IRIS Sustainable Australian Shares Option Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
Australian Shares	90 – 100	98.4
Cash	0 – 10	1.6

## International Shares

### Investment Objective

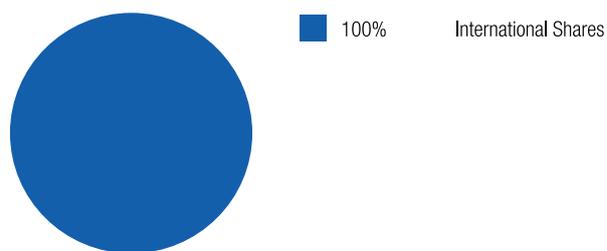
To achieve returns that exceed the inflation rate (change in the CPI)<sup>1</sup> by 3.5% per annum (after tax)<sup>2</sup>, on a rolling ten year basis. This is expected to be achieved around 70% of the time. To achieve this, the International Shares Option will predominantly invest in international shares. It aims to limit the likelihood of applying negative annual returns to one in every three and a half years (i.e. approx. 5.7 times in 20 years).<sup>3</sup>

**Risk Level** High

### Benchmark

66.6% MSCI World ex-Australia Index (unhedged in AUD) and 33.3% MSCI World ex-Australia Index (hedged into AUD) adjusted for the IRIS International Shares Option Administration fee.

### Strategic Asset Allocation



### Allocation Ranges

Asset Class	Allocation Range (%)	Actual Asset Allocation (%)
International Shares	90 – 100	97.3
Cash	0 – 10	2.7

<sup>1</sup> CPI = Consumer Price Index

<sup>2</sup> Investment returns at the IRIS investment option level do not attract tax due to their status as pensions. 'After tax' in this context relates to how the tax credits arising from the underlying asset classes of each investment option (and arising due to the Tax exempt status of IRIS), are taken into account when modelling expected returns for each option.

<sup>3</sup> This is the estimated frequency of negative returns over a 20 year period. This is an average based on a set of long term capital market assumptions and the actual frequency of negative returns over a 20 year period may be more or less frequent than estimated depending on the prevailing economic and investment market environment.

# IRIS investment performance

IRIS Investment Options	Fund inception date	1 Year performance as at 30 June 2015		3 Year performance as at 30 June 2015		5 Year performance as at 30 June 2015	
		IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance	IRIS Performance	Benchmark performance
Defensive	01/03/1997	4.68%	4.47%	5.89%	5.29%	6.11%	5.27%
Conservative	01/03/1997	6.96%	6.67%	9.30%	8.63%	8.29%	7.35%
Growth	01/03/1997	9.66%	8.73%	14.33%	13.41%	10.59%	9.88%
High Growth	01/05/2001	11.47%	10.35%	18.28%	17.37%	11.77%	10.50%
Cash	01/07/2008	2.53%	2.20%	2.93%	2.45%	3.66%	3.25%
Diversified Fixed Interest	01/09/2004	5.50%	4.87%	5.49%	4.65%	7.05%	6.03%
Property	29/08/2003	7.11%	10.09%	12.23%	13.16%	11.91%	11.20%
Australian Shares	01/07/2008	6.35%	4.68%	15.31%	14.06%	9.66%	8.69%
Sustainable Australian Shares	01/07/2008	11.31%	4.53%	20.95%	13.91%	16.46%	8.62%
International Shares	01/07/2008	21.96%	19.18%	23.56%	22.95%	15.15%	14.92%

Investment performance for each investment option is calculated by measuring the difference between the current end of month non transactional valuation and the prior period's end of month non transactional valuation.

A "non transactional valuation" is one that is not used for the processing of investor transactions and is calculated only for measuring investment performance and will differ from the valuations published on our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

This is the performance applicable to investors who were investors at the beginning and the end of the period and who did not initiate any transactions during the period.

Investment performance is quoted net of fees and before taxes.

Past performance is not a reliable indicator of future performance and investments can rise and fall in value. Investment returns are not guaranteed as all investments carry some risk. Returns are quoted after fees and before taxes for the period shown. For the latest performance information, please visit our website [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or call us on **1300 367 485**.

# Benchmarks

These are the benchmarks and their related weightings, to be used for investment comparison purposes for the IRIS Diversified Options. The benchmarks for the IRIS Sector Specialist Options are shown per option on pages 7 to 9.

Asset Class	High Growth	Growth	Conservative	Defensive	Benchmarks
Australian Shares	47.50%	37.50%	15.00%	7.00%	S&P/ASX 200 Accumulation Index
International Shares					
• Hedged	15.80%	7.50%	4.20%	1.00%	MSCI World ex-AUS Index net divs (Hedged into AUD)
• Unhedged	31.70%	15.00%	8.30%	2.00%	MSCI World ex-AUS Index net divs (Unhedged into AUD)
Property					
• Unlisted	0.00%	1.50%	1.00%	0.75%	Mercer/IPD Australia Monthly Property Fund Index – Core Wholesale
• International Listed Property	0.00%	13.50%	9.00%	6.75%	FTSE EPRA/NAREIT Developed ex- Australia Rental Index (hedged AUD)
Fixed Interest					
• Australian Fixed Interest	0.00%	8.75%	22.50%	18.75%	UBS Australia Composite All Maturities Bond Index
• International Fixed Interest	0.00%	8.75%	22.50%	18.75%	Barclays Global Aggregate Bond Index (Hedged into AUD)
Cash	5.00%	7.50%	17.50%	45.00%	UBS Australian Bank Bill Index
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

## How investment earnings are applied to your account

Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of the investment option/s in your account. The upward or downward movement in the value is applied to your account.

## Valuing the investment options

The investments in your account are valued every Wednesday. Where Wednesday is not a business day in Melbourne, they are calculated on the next business day. By processing all transactions and buying and selling assets only once a week, we are able to keep the costs down.

The movement in value of an investment option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influence the underlying assets.

An earning rate is determined on a weekly basis for each investment option, based on these valuations.

## Who manages your investments?

The Trustee engages Australian and International specialist investment managers to manage specific investment options or an allocated amount of money for an investment option. At the date of this Annual Report appointed investment managers are as listed in the following table.

Asset Class	Investment Manager
Australian Shares	IFM Investors Pty Ltd Perpetual Investment Management Ltd
International Shares	Blackrock Asset Management Australia Ltd
International Fixed Interest	Blackrock Asset Management Australia Ltd
Australian Fixed Interest	Blackrock Asset Management Australia Ltd IFM Investors Pty Ltd
Property	Eureka Funds Management Group Vanguard Funds Management
Cash <sup>1</sup>	IFM Investors Pty Ltd ME Bank

<sup>1</sup> A cash float is held on deposit with the National Australia Bank which acts as Custodian for the Fund.

# Financial statements

The summarised financial statements are derived from the audited accounts of the IRIS Superannuation Fund, which incorporates the IRIS Super Income Stream and the IRIS Term Allocated Pension. A copy of the audited accounts and associated audit report for the year ended 30 June 2015 can be obtained from our website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) or by calling us on **1300 367 485**.

## Operating Statement

	2015 (\$)	2014 (\$)
Investment revenue	44,381,511	62,087,197
Contribution revenue	16,020,334	10,459,785
Other revenue	1,599,213	1,101,301
<b>Total revenue from ordinary activities</b>	<b>62,001,058</b>	<b>73,648,283</b>
Less expenses from ordinary activities	5,654,063	5,510,419
<b>Benefits accrued as a result of operations before income tax</b>	<b>56,346,995</b>	<b>68,137,864</b>
Income tax benefit	3,057,978	3,409,844
<b>Benefits accrued as a result of operations after income tax</b>	<b>59,404,973</b>	<b>71,547,708</b>
(Increase)/Decrease in amounts not yet allocated	(10,840)	(4,625)
<b>Benefits accrued as a result of operations</b>	<b>59,394,133</b>	<b>71,543,083</b>

## Statement of Financial Position

	2015 (\$)	2014 (\$)
Investments	539,765,675	544,496,292
Other assets	16,514,625	17,297,350
<b>Total assets</b>	<b>556,280,300</b>	<b>561,793,642</b>
<b>Total liabilities</b>	<b>8,282,359</b>	<b>1,163,707</b>
<b>Net assets available to pay benefit</b>	<b>547,997,941</b>	<b>560,629,935</b>
<b>Represented by:</b>		
Members' funds	547,556,211	560,500,997
ORFR Reserve	416,019	114,067
Amounts not yet allocated to members	25,711	14,871

## Statement of Cash Flows

	2015 (\$)	2014 (\$)
Cash flow from operating activities	(34,426,219)	(25,221,300)
Cash flow from investing activities	34,301,472	25,371,980
Net increase/(decrease) in cash held	(124,747)	150,679
Cash at beginning of reporting period	220,894	70,215
Cash at the end of reporting period	96,147	220,894

# General information

## How investment earnings are applied to your account

Interest earned on application monies is treated as earnings of IRIS and is retained by the Fund. Investment returns (which may be positive or negative) are allocated to your account by ascertaining the value of your chosen investment option(s) in your account. The upward or downward movement in the value is applied to your account.

The movement in value of an option is dependent on the underlying assets, liabilities, income (including imputation credits and other tax credits), taxes and other expenses. Movements in investment markets influencing the underlying assets.

## Income payments

Your payment may be deducted from your IRIS account up to a week prior to the scheduled payment date. This is done to ensure we can make your income payment on time. In the interim, while the payment is yet to be made to your bank account, your IRIS account balance will be reduced, reflecting the payment having already been deducted.

For further information on income payments please refer to our PDS at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

We recommend you seek financial advice regarding any alterations to your income payments.

## What information does IRIS send to Centrelink?

If you receive any entitlements from Centrelink, we may need to provide it with additional information, such as your total account balance as at 1 July as well as the frequency and amount of your income payment.

## Communicating with you

IRIS endeavours to keep you informed with the latest news and information via mail and on our website. Communications you will receive throughout the year include:

Type of communication	When will you receive it?
Income Payment Details & PAYG Payment Summary	July
Annual Statement	September
Annual Report	Sept/Oct if requested
Confirmation of any change to your details	When a change has been processed
Centrelink Schedule	After every commutation/ withdrawal

## Fees and charges to your IRIS account

We are committed to maintaining IRIS as a high quality, low-cost, member focused retirement income product.

The table below shows the Administration fees that were charged directly to members' accounts in 2014/15 depending upon their chosen investment options. These fees were different from the investment management costs which were deducted directly from the underlying investments.

Our simple fee structure covers costs incurred in the ongoing administration and investment of the product. No establishment or termination fees apply to any of the investment options and no commissions are paid to financial planners.

The Administration fee component does not include transaction costs. The Administration fee is charged to your account monthly in arrears based on the value of your account in the month.

IRIS Investment Option	Total account balance below \$250,000 p.a.	Total account balance of \$250,000 p.a. or above <sup>1</sup>
Defensive	0.90%	0.85%
Conservative <sup>2</sup>	0.95%	0.90%
Growth	1.00%	0.95%
High Growth	1.10%	1.05%
Cash	0.40%	0.35%
Diversified Fixed Interest <sup>2</sup>	0.75%	0.70%
Property	0.90%	0.85%
Australian Shares <sup>2</sup>	1.00%	0.95%
Sustainable Australian Shares	1.15%	1.10%
International Shares <sup>2</sup>	1.15%	1.10%

<sup>1</sup> If your account balance exceeds \$250,000 a reduced fee will apply to all your investment options.

<sup>2</sup> From 1 July 2015, fees have been reduced for this option. Refer to the Significant Event Notice dated 1 August 2015 on the IRIS website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris) for details.

## Eligible Rollover Fund

If you become a lost member, the Trustee may transfer your balance to an Eligible Rollover Fund (ERF). The Trustee will treat a member as lost if at least two items of mail we sent you have been returned unclaimed. The ERF nominated by the Trustee for this purpose is AUSfund, ABN 85 945 681 973.

If your benefits are transferred to AUSfund, you will cease to be a member of, and cease to have any rights against IRIS. You should be aware that an ERF may not be a suitable long-term investment vehicle for you, as the investment performance and other features may be less favourable than those available from other funds.

To contact AUSfund, call **1300 361 798** or visit [ausfund.com.au](http://ausfund.com.au).

## Complaints

We take complaints seriously and have procedures in place to address them. A complaint about your IRIS account will be dealt with in the first instance by the IRIS Retirement Income administrator. If you are not satisfied with the administrator's response and wish to lodge a complaint, please contact us directly on **1300 367 485** or write to us at:

**Complaints Resolution Officer**  
**IRIS Administration**  
**Locked Bag 200**  
**Carlton South VIC 3053**

Upon receipt of your complaint, we will:

- acknowledge the complaint promptly and inform you when to expect a response
- investigate the complaint in a timely manner
- respond to you in writing within 90 days of the date of receiving your complaint.

If after completing IRIS' internal complaints process you are not satisfied with the outcome, you may contact the Superannuation Complaints Tribunal (SCT) at:

**Superannuation Complaints Tribunal**  
**Locked Bag 3060**  
**GPO Melbourne Vic 3001**

Phone: **1300 884 114**  
Email: **info@sct.gov.au**  
Web: **www.sct.gov.au**

The SCT is an independent body established by the Federal Government. It helps members of super funds and their dependants resolve certain types of complaints about decisions made by fund trustees, where they cannot be resolved by the fund's complaints process.

## Service providers

The external service providers throughout the year were:

Accountant:	Shared between Superpartners and Industry Fund Services
Administrator:	Superpartners
Custodian:	National Australia Bank
External Auditor:	Deloitte Touche Tohmatsu
Investment Advisor:	Frontier Advisors

## Insurance and indemnification

SMI, the Trustee, has indemnity insurance in place. Insurance cover extends (subject to policy terms and conditions) to the conduct of representatives/employees who no longer work for IRIS but who did at the time the conduct occurred, and that could give rise to a claim for compensation. No insurance premiums are paid from the assets of the Fund for insurance cover provided to either SMI or the auditors of IRIS.

## Related party transactions

No fees were paid to key management personnel of the Trustee out of the assets of the Fund during the period. The Trustee held no interest in the Fund at the end of the financial year.

## Environmental regulations

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory Law.

## Derivatives

Financial derivatives may be used by appointed external investment managers consistent with their own internal policies or by the Trustee from time to time.

## Risk reserve

The Federal Government's super reforms require trustees of all super funds to establish and maintain an operational risk reserve. As a result, the Trustee of IRIS has established an operational risk reserve account within the Fund.

The purpose of a risk reserve is to provide a source of financial resources specifically to protect members' interests should an operational failure occur that results in losses to the Fund or to members.

An operational failure may occur due to inadequate or failed internal processes, people and systems or from external events. An inaccurate unit price to process a transaction is an example of an operational failure that could lead to a Fund or member loss, which may be addressed through the use of the operational reserve.

A minimum level is required to be maintained to address operational risk, which will be built up over time by provisioning an expense to the Fund. Until the reserve is built up to the required level the Trustee will share with the Fund the cost of any operational risk expenses.

## Privacy

We recognise that your privacy is important to you. Under the Privacy Act 1988 (Commonwealth) we will handle your personal information in accordance with Privacy Principles, and any reasonable directions relating to privacy which are given by the Australian Information Commissioner.

We will only collect, maintain and use personal information about you that is necessary to provide you with the services that you have requested. We also appoint specialists in the fields of administration, investment management, financial planning, custody and audit, to provide services to you on our behalf. They are required to meet the Australian Privacy Principles when using your personal information for the purposes of administering your investment in IRIS.

To find out more about the personal information we hold and how it is handled, or if you wish to make a complaint about a possible breach of privacy, please call us on **1300 367 485**.

## Key management personnel

### Directors

The directors of the SMI Trustee Board during the year were:

- Cath Bowtell (since Jan 2014)
- Robbie Campo (since Jan 2014)
- Paul Faure (since 2011)
- Graeme (Sandy) Grant (resigned November 2014)
- Michael Migro (since 2012)
- Linda Rubinstein (since May 2013)
- David Issa (since October 2015)

The Directors were appointed in accordance with the SMI Constitution. Copies of the relevant extract from the Constitution and also the Trust Deed are available on our website at [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris).

### Other key IFS management personnel

Name	Position	Employer
Bill Danaher	Chief Executive Officer	IFS
David Vernon	General Manager	SMI and IFI
John Meehan	Chief Financial Officer	IFS
Andrew Steggall	Company Secretary	IFS
Lisa Rayner	Executive Manager, Legal Governance and Insights	IFS





## IRIS Superannuation Fund

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SPIN SMI0100AU  
USI SMI0100AU  
ABN 88 556 625 125

## Trustee

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Super Members Investments Limited  
ABN 61 095 974 100  
AFS Licence No. 231 230

## Contact

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IRIS Administration  
Locked Bag 200  
Carlton South VIC 3053

T 1300 367 485  
W [ifs.net.au/retirement/iris](http://ifs.net.au/retirement/iris)  
E [admin@retirewithiris.com.au](mailto:admin@retirewithiris.com.au)

