

Member Investment Choice Fact Sheet

On 1 July 2007, Member Investment Choice was introduced to NTGPASS members. In early 2009 changes were made to introduce an additional Managed Cash investment option and allow more flexibility in the way members can mix investment options.

Is my entire account invested?

Active members

If you are an active member (currently employed by the NT Government and contributing between 2% and 6% of salary to NTGPASS) your NTGPASS benefit has two components: an employer funded defined benefit and your accumulation account. Only your accumulation account is invested.

The employer funded defined benefit is the amount payable to you when you cease NTG employment and is based on your salary, contribution rate and years of service. This is paid by your employer when you claim your benefit so is not invested while you are an active member.

For most members, the defined benefit component is the largest part of their total NTGPASS benefit, and therefore acts as protection against negative investment returns because it is not affected by how investment markets are performing.

Your accumulation account is made up of your contributions (member, personal, salary sacrifice, spouse, co-contributions) plus all rollovers from other super funds and investment earnings. Member Investment Choice applies to this part of your NTGPASS benefit.

Retained and pension members

If you are a retained or pension member you only have an accumulation account (the employer component was paid when you ceased employment). Member Investment Choice therefore applies to your entire benefit.

What are the choices?

All NTGPASS members (active, retained and pension) have the same pre-mixed investment options from which to choose.

Each investment option contains a different mix of growth and defensive assets designed to cater for a variety of personal circumstances and attitude to risk.

Growth assets comprise property and shares while defensive assets comprise fixed interest and cash.

The Growth option is the default option for superannuation members. There is no default option for pension members.

Managed Cash - 0% growth 100% defensive

A very low risk option with funds invested in cash investments (such as cash deposits, bank bills and similar securities) with an expectation to achieve low long-term returns. Developed for members with a short-term investment horizon who require greater assurance on the security of their assets.

Conservative - 30% growth 70% defensive

A low risk option with funds invested primarily in cash and fixed interest with an expectation to achieve low to moderate returns. Developed for members whose primary focus is on the security of their assets.

Cautious - 50% growth 50% defensive

A low to moderate risk option with funds invested in a balanced mix of assets with the expectation to provide steady long-term returns. Developed for members with an expectation to achieve low to medium growth in their portfolio while having a strong focus on the security of their assets.

Growth - 75% growth 25% defensive

A moderate risk option with funds invested proportionately more in growth assets with an expectation to achieve medium to high long-term returns. Developed for members who seek a competitive level of growth in their assets.

Assertive - 85% growth 15% defensive

A moderate to high risk option with funds invested primarily in growth assets with an expectation to provide higher returns over the long term. Developed for members who are looking for higher growth in their assets over the medium to long term.

Aggressive - 100% growth 0% defensive

A high risk option with funds invested wholly in growth assets. This means accepting high volatility with an expectation to achieve higher long-term returns. Developed for members who desire high growth in their assets over the long term.

Can I choose more than one option?

Superannuation members

NTGPASS superannuation members are those who have an active, retained or spouse account. These members can choose one investment option for their account balance and the same, or a different option, for all future contributions. Superannuation members can select a maximum of two investment options.

Future contributions are all contributions made to your accumulation account after you switch to a particular investment option. This includes any rollovers, personal, spouse and co-contributions. For active members this will also include member contributions and salary sacrifice.

Pension members

Pension members can choose to invest their account balance in any or all six investment options.

Pension members can also specify the priority order of investment options from which to draw down pension payments and lump sum withdrawals. Payments are drawn from the priority one option until funds from that option are exhausted, then automatically drawn from the next priority option. Alternatively, payments can be withdrawn from all chosen options on a pro-rata basis. This is the default if advice is not given.

Example: Specify order of investment options

	Investment options	Priority order for payments
Current	100% Growth	-
Change to	20% Managed Cash	1
	80% Growth	2

What about lump sum withdrawals?

Active members can not withdraw lump sums from their account.

Retained members must satisfy a condition of release before funds can be withdrawn. You cannot request that an amount be withdrawn from a specific investment option.

Pension members can specify the order in which lump sums are withdrawn from their investment options. Alternatively, lump sums can be withdrawn from all selected options on a pro-rata basis. This is the default if no advice is given.

What happens when I switch?

NTGPASS investment returns are calculated and applied on a weekly basis for superannuation accounts and on a monthly basis for pension accounts. These returns and financial year-to-date returns are posted on our website. Investment returns can be positive or negative depending on prevailing market conditions. The balance of your account will vary in line with the movement in investment returns.

Your account is revalued immediately prior to processing your investment switch application. The resulting revalued amount is then switched into your elected investment option(s).

For superannuation members, the entire account balance (including the future contributions balance) is transferred to the option you select for your current account balance. Future contributions start to accumulate again in your chosen option (if different from your current account balance) until a subsequent switch is actioned.

Example: Switch for superannuation member

An NTGPASS superannuation member has their account balance invested in the Conservative option and their future contributions in the Assertive option.

The member elects to switch their account balance to the Cautious option and continues to direct future contributions to the Assertive option.

The account is revalued immediately prior to processing the switch and the amounts held in the Conservative and Assertive options are transferred to the new option (Cautious). Future contributions start to accumulate again in the Assertive option.

Investment Options	Account balance	Future contributions balance
Prior to processing		
Conservative	\$120 000	
Assertive		\$15 000
After processing		
Cautious	\$135 000	
Assertive		\$0

When will the switch occur?

In general, superannuation account switches are actioned within 30 days of receipt and pension account switches are actioned in the first week of the month.

Which option is best for me?

We can not provide personal financial advice. If you require assistance in selecting an investment option, you can seek the services of a qualified professional. However, some factors to consider when choosing your investment options include:

Investment time horizon The longer you have to invest, the more time that you have to ride the ups and downs of volatile investment markets.

Personal circumstances Your circumstances have a bearing on investment risk preference for example, your marital status, number of dependents, and whether you have alternate sources of income.

Attitude to risk Not everyone is comfortable with volatile investment markets and the chance of negative returns. If you have a low tolerance for risk it may be appropriate for you to invest more conservatively.

Market timing Past investment returns are no indication of future returns. Trying to predict what will happen over short time periods is virtually impossible and there are many studies that show significant losses can be made by people who attempt to "time the market".

Disclaimer

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