



ACAST Brochures

Photo courtesy of South Pacific Division Heritage Centre.

Australasian Conference Association Superannuation Trust (ACAST)

MILTON HOOK

Milton Hook, Ed.D. (Andrews University, Berrien Springs, Michigan, the United States). Hook retired in 1997 as a minister in the Greater Sydney Conference, Australia. An Australian by birth Hook has served the Church as a teacher at the elementary, academy and college levels, a missionary in Papua New Guinea, and as a local church pastor. In retirement he is a conjoint senior lecturer at Avondale College of Higher Education. He has authored *Flames Over Battle Creek*, *Avondale: Experiment on the Dora*, *Desmond Ford: Reformist Theologian*, *Gospel Revivalist*, the *Seventh-day Adventist Heritage Series*, and many magazine articles. He is married to Noeleen and has two sons and three grandchildren.

ACAST is an acronym for the Australasian Conference Association Superannuation Trust. It is a fund from which employees of the Seventh-day Adventist Church are paid a pension in their retirement. Alternatively, employees may instead choose to receive a lump sum at retirement. The fund was established in response to Australian federal government legislation under the Self-Managed Superannuation Funds Taxation Act (1987) and the Productivity Benefit Act (1988).¹ Owen Mason, associate treasurer of the South Pacific Division was tasked with much of the work involved in establishing the fund. The fund is administered under the terms of South Pacific Division Policy *EMP 30:13 Employee Superannuation*.

ACAST was established in 1988 and administered by National Mutual. It began with an estimated four to five thousand members. Members had no choice regarding how the funds were invested and, upon retirement, all payments were a single lump sum. The fund had eight trustees, four appointed by church administrators and another four by employees.²

The establishment of a superannuation fund for its employees represented a significant shift in the manner in which the Church funded retirement income for its employees. With ACAST, the Church began the transition from a defined benefit plan (sustentation) to a defined contribution plan for retirement support. In Australia and New Zealand, no new employees were placed on sustentation and sustentation for preexisting employees was phased out beginning in 1997.

Soon after the establishment of ACAST in 1988, the Australian government introduced legislation governing superannuation. Trade unions began to agitate for all superannuation funds to be transferred to their preferred fund. This prompted an ideological tussle with church administrators. A series of meetings was held in Melbourne where a way forward was negotiated. The unionists were skeptical that a church authority could properly conduct the oversight of a superannuation fund, but they withdrew their pressure when church leaders agreed to give employees a choice between a union fund and the Church-preferred fund. Church leaders believed their employees would remain loyal to the Church-controlled fund and that was what eventuated. Ninety-nine percent of employees chose ACAST.³

In 1992, church leaders decided to transfer control of the fund from National Mutual to the South Pacific Division. Keith Hughes was appointed as manager. At that time, the invested funds totaled approximately A\$10 million. Two years later, the trustees were made directors and a corporate trustee was appointed. A significant development took place in 1996 when the employees were given the choice of having their individual funds

invested at one of five risk levels, the increasing risk being calculated on an increasing level of investment shares. A so-called Mix-0 was composed entirely of cash with no risk attached. The option involving the highest risk was called Mix-100 and had the highest ratio of shares to the more stable cash reserves. A further change was introduced in 1999 when employees were given the option upon retirement of receiving their payment as a lump sum or rolling it over into an allocated pension scheme.⁴

The annual report for the 2000 financial year showed that the fund had grown to A\$120 million and, based on investments made by the fund, there were excellent returns for the 11,700 employees. The following investment returns were listed:

Mix-0: 5.9%; Mix-30: 10.5%; Mix-50: 13.6%; Mix-70: 16.6%; and Mix-100: 22.5%.⁵

As of 2020, the rate of contribution by employers, known as the super guarantee, was set at 9.5% of each employee's wage. The super guarantee is a compulsory amount that an employer must pay into any eligible employee's chosen superannuation fund. Legislation to increase the super guarantee over time was introduced by the Labor government in 2012. At the time, it was set at 9% and was set to increase to 12% by July 2019. While the super guarantee did rise to 9.25% in 2013 and to 9.5% in 2014, it was frozen at 9.5% in July 2014.⁶ The Australian Taxation Office stated that from July 2021 the rate will incrementally increase until it reaches 12% in July 2025.⁷ Employees have the option of adding a regular contribution from their own earnings to enhance the accumulation of funds in their superannuation account.

When Hughes retired in 2002, Paul Rubessa was appointed fund manager. At the end of June 2006, all funds were transferred to Mercer Super Trust, which took over the administrative services and the trusteeship of the entity. The Church appointed a liaison officer and retained ultimate control of the fund. The move was judged to be beneficial for the fund members in the context of changing government legislation that threatened to impact operating costs. At the time of the transfer, the fund held A\$280 million on behalf of 14,000 employees.⁸

In preparation for the expiration of the agreement with Mercer Super Fund at the end of 2018, there was an extensive review of the operation of the fund. On June 30, 2018, there were 5,497 members and \$366.1 million funds under management in the ACAST plan.⁹ After a benchmarking exercise was conducted as part of the review, funds for a tender process were approved.¹⁰ Rice Warner, a professional advisory group for superannuation and actuarial analysis, was engaged on behalf of the South Pacific Division to assist with a tender process for selecting a new ACAST trustee.¹¹ Eight superannuation funds submitted tenders, and six were shortlisted.¹² It was determined that Sun Super would become the trustee of the fund, taking over from Mercer Super Trust in 2020.¹³

SOURCES

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NOTES

1. "Federal Register of Legislation," Australian Government, n.d., accessed December 4, 2019, <http://legislation.gov.au/>.
2. Keith Hughes, email message to author, January 1, 2020.
3. Owen Mason, interview by author, Kellyville, Sydney, December 29, 2019.
4. Keith Hughes, email message to author, January 1, 2020.
5. Aaron Driver, "Preaching Super to the Converted," *Super Review*, June 2001, 18-19.
6. "The Super Guarantee Debate Is Heating Up. But Will the Rate Stay Frozen?" accessed January 14, 2020, <https://www.canstar.com.au/superannuation/super-guarantee-increase/>.
7. Ibid.
8. Melody Tan, "ACAST to Change," *Record* [South Pacific Division], April 8, 2006, 3.
9. "Superannuation Tender Analysis: Seventh-day Adventist Church," unpublished manuscript held in the office of the associate treasurer, South Pacific Division of Seventh-day Adventists.
10. 2015-2020 Seventh-day Adventist Church (SPD) Limited Board of Directors Minutes, Action 15.12 "Tender ACAST Super Trust," August 29, 2018.
11. Ibid.

12. Ibid, 3.

13. 2015-2020 Seventh-day Adventist Church (SPD) Limited Board of Directors Minutes, Action 21.12 "ACAST-Superannuation Provider," August 20, 2019.

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