

Community news



AUGUST 2011

Welcome...

... to this edition of Prime Super's Community News.

2010-2011 has been a year of ups and downs. On a positive note our investment returns are looking healthy and we have achieved a positive return across all of our investment options for the year ending 30 June 2011. Our super fund Default option returned 10.30% for the financial year, while our income stream Default option returned 11.70%. Both of these returns are in the top 25% when compared to other super funds.

We also made the exciting decision to appoint Russell Employee Benefits Pty Ltd ("Russell") as the administrator of the fund effective 1 January 2012.

The move to Russell will allow us to provide members and employers with intra-fund financial planning to help with investment, contribution and insurance strategies.

We will also have a more comprehensive member education program as well as a number of other exciting service improvements that we will deliver to members and employers over 2012.

We are working closely with our outgoing administrator, Pillar Administration, and Russell to ensure that members and employers have as few interruptions to service as possible during the changeover.

2010-2011 was unfortunately marred by some sadness. Mother Nature wreaked havoc on Australia in early 2011. Queensland, Victoria and Tasmania were hit by devastating floods, while Western Australia experienced bushfires. The loss of life and damage to property, especially in Queensland, was immense and our thoughts are with those affected. Two of our Regional Managers are based in Queensland and experienced the floods first-hand. Wayne Wright, our Toowoomba

based Regional Manager spent many hours helping his community clean up after the floods and continues to play an active role in rebuilding his town.

We have many members and employers affected by these natural disasters and sought to play our part by increasing our support of Lifeline Australia. The extra funding will allow Lifeline to adapt its Psychological First Aid course for young people affected by the floods. It is hoped the course will increase the resilience of young people and increase their capacity to help their siblings and friends deal with the aftermath of the floods.

You can read more about our support of Lifeline in this newsletter or in our Annual Report.

If you would like more information on any of the stories in this newsletter please contact our Customer Service Centre on **1800 675 839**.

Helping communities affected by the floods



This past year has tested the resolve of people all over the world as Mother Nature wreaked havoc. Sadly, Australia was not spared from Her wrath. The devastating floods in Queensland, Victoria and Tasmania, and fires in Western Australia, cost lives and livelihoods.

We are already the proud and long-time supporter of Lifeline's Information Service, which distributed many toolkits in the aftermath of the floods. However, after the floods we increased our funding to allow Lifeline to adapt its Psychological First Aid course for young people affected by the floods.

Our donation has allowed Lifeline to train over 100 new Community Recovery Officers who have been deployed to support those people affected by the floods and cyclone. It also enabled them to recruit seven full time counsellors for different regions across Queensland to provide ongoing support to those most severely impacted by the floods, for a period of two years.

Lifeline has also been able to implement some new services and extend some of their current services across Queensland to support the flood recovery.

One of the new programs is the *Face the Fear Youth Project* in the Ipswich region. This program provides workshops like kayaking trips for young people, to give them different experiences in a water environment that

contrasts with their recent experience during the flooding. All of the workshops provide young people with access to fun and age-appropriate activities, that with the support of peers and youth counsellors teaches them skills in facing fears and preparing for life's challenges.

Self-help toolkits hugely popular

In the last year, more than 35,000 people accessed one of Lifeline's self-help toolkits. The most popular toolkit for download was the *Suicide Prevention* toolkit while perhaps not surprisingly the *Overcoming stress, Helping your children cope with the effects of a natural disaster* and *Coping with loss and change in a community after a natural disaster*, were also hugely popular.

A recent survey conducted by Lifeline found that access to a self-help toolkit was the main reason people were visiting the Lifeline website. Our sponsorship of the Lifeline Information Service makes these toolkits possible and we are proud to be able to offer people in need access to valuable information.



Super Masterclass

Everything you need to know about estate planning

Estate planning doesn't generally make for pleasant dinner conversation. But that doesn't mean it's not an important conversation you need to have with your family, to make sure you don't leave a mess for others to deal with once you're gone.

Prime Super's new financial planner, David Luker, helps us out.

Q. So David, what is Estate Planning?

A. Estate planning is designed to help protect the wealth you have built over your lifetime by ensuring that it is distributed according to your wishes. When you are developing an estate plan, you need to take the following three areas are taken into consideration:

- Preparing a Will;
- Superannuation beneficiaries; and
- Power of Attorneys

Q. What do we need to take into account when thinking about a Will?

A. Some people don't think it's worth the time or the money to have their Will drawn up by a professional. However the relative small cost of having your Will prepared professionally can far outweigh the potential cost and inconvenience of court hearings and family disputes that can arise if you pass away without one, or with a one that is not robust enough.

When thinking about a Will, you need to take into account:

Reversionary Beneficiary – By nominating a reversionary beneficiary, you'll have some certainty that your benefit will be paid to your reversionary beneficiary who is generally your spouse.

Beneficiaries – You need to think about not only who you would like to receive all or part of your estate when you die, but who will benefit if your first choice beneficiary (or second or third) passes away before you do. This is particularly important in terms of your children and grandchildren.

Executors – An executor is the person who is responsible for carrying out your wishes once you die. They take charge of your assets and property, see that the funeral, administration expenses as well as debts and taxes are

paid, and then finally, they distribute the assets to your beneficiaries in accordance with your will. You should choose an executor who is unlikely to predecease you (die before you do), and also nominate an alternative executor. It's important that your executor be someone in tune with your wishes.

Trustee – Keep in mind that it is possible that some funds may be held for a considerable time in trust for beneficiaries who have not yet reached the age you nominate for them to receive the bequest.

Specific bequests and devices – This becomes important if you wish to leave certain items to specific people.

Regular review – It is important to remember that as situations and circumstances change, so do the needs of your Will. It's therefore important to review your Will regularly, or when your personal circumstances change.

Q. How does superannuation factor into estate planning?

A. Superannuation is distributed differently to other assets.

It is not considered an 'estate asset' and therefore is not generally distributed by a Will. This is because the Trustee of the super fund has discretion (unless binding nominations are allowed by the fund and are in place) as to whom the benefit is distributed to. Unless a valid binding nomination is in place, the Trustee of a super fund must generally pay the benefit a superannuation dependent as defined by the *Superannuation Industry (Supervision) Act 1993* (SIS Act).

In general terms, a superannuation dependant is:

- A surviving spouse (married, de facto or same-sex) who lives with the member, or
- Any child (biological, step or adopted) of the member, or
- Any person who is financially dependent on you, or
- Any person who is in an 'interdependency relationship' with the member. An 'interdependency relationship' will exist if two people:
 - have a close personal relationship, and
 - live together, and

- one or each provides the other with financial support, and

- one or each provides the other with domestic support and personal care.

You can make a preferred beneficiary nomination to let the Trustee of your super fund know what your intentions are, and while this nomination is not binding, the Trustee will certainly consider your request.

Binding Nominations

If you want more certainty about who receives your superannuation benefit, you should complete a binding nomination. If your binding nomination is valid and in effect (not expired), when you die, the Trustee must pay your benefit to the beneficiary/ies you nominated, in the proportions specified.

To ensure a binding nomination is valid, only dependants as defined by the SIS Act or the estate can be nominated. In addition, the binding nomination must be appropriately witnessed by two independent individuals (non-beneficiaries). Binding nominations are only valid for 3 years and need to be renewed by completing a new binding nomination that reflects the current wishes of the super fund member.

If a binding nomination is invalid for any reason, eg. not signed properly, and/or expires, it becomes a non-binding or preferred nomination and the trustee regains discretion as to whom they pay. Although Prime Super offers binding nominations, it's worth noting that not all super funds offer them.

Q. What's an Enduring Power of Attorney?

A. An Enduring Power of Attorney is a legal document appointing an organisation or a person to act on your behalf if you become either physically or mentally incapacitated. It can be held in a dormant state and only activated upon specific instructions from you, or alternatively, in the event of sudden illness, on written medical advice. The process to appoint an attorney should be done before your competency and/or mental state is called into question.

As well as an enduring power of attorney, you can also appoint a medical power of attorney.

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Your super is an asset – treat it like one



But regardless of what you think about superannuation, after your home, it's likely to be the biggest investment you'll own. It's an asset that deserves to be nurtured because not only is it your money, it will determine how you spend your twilight years.

Most people don't realise that you need at least 65% of your pre-retirement income to achieve a decent standard of living in retirement. Scarily, when most Australians retire, they won't have more than 50-60% of their pre-retirement income and it's even less for people who take a break from the workforce. If you think the aged pension will cover you, consider this: the full aged pension is currently \$670.90 a fortnight for a single or \$1,011.40 (\$505.70 each) a fortnight for a couple. Could you survive on this?

The smartest and best way to maximise your super money is to treat it like an asset and put the same time and effort into your super as you would if you had taken some money out of the bank to invest in property or the share-market.

Familiarise yourself with your super

What's your account balance? Do you have more than one account? Do you know where your super is invested? Are you paying too much in fees? If you have no idea, you could be missing out on some great opportunities.

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Q. What's a Medical Power of Attorney?

A. Your medical power of attorney, or durable power of attorney for health care, is able to make medical decisions, large or small, occasionally or permanently, on your behalf.

You might need to give someone a medical power of attorney authority if you cannot make informed decisions for yourself.

This may be a short term issue such as when unconscious after an infection or accident.

Most Australians are apathetic about their superannuation. Many employees see it as a forced saving that could be put to better use while some employers still argue that it's nothing more than a tax on business. It's not until we reach those years in the lead up to retirement that we really give our super a second thought.

Make an investment choice

The majority of Australians have their super invested in their super fund's balanced investment option. While this may be fine for most, it's worth reviewing your investment options to see if there's one better suited to your investment horizon and your risk profile.

Make additional contributions to your super

Currently 9% of your wage goes to super each year. Sadly this is not enough to fund most people in retirement. If you can afford to, it's worth making additional contributions to your super. Salary sacrifice can be a tax effective way to contribute to super. Alternatively if you are a low-to-middle income earner and you make after-tax contributions to your super, you may be eligible to receive a co-contribution which is effectively free super money from the government.

It's important to keep an eye on how much you are contributing because the government limits the amount of money you can contribute to your super each year. Currently the limit for pre-tax contributions is \$25,000. However to help Australian's approaching retirement boost their super savings, the government has increased the cap for pre-tax contributions to \$50,000 for people aged over 50, with a super account balance under \$500,000. This increase only applies to the 2011-2012 financial year.

The limit for after-tax contributions is \$150,000. However, if you are under 65 years old for at least one day of a financial year, you can 'bring forward' two years worth of contributions,

giving you a total non-concessional contributions cap of \$450,000 for the three years, rather than a \$150,000 cap in each year of the three years. The three-year period automatically starts from the first year that you contribute more than that year's non-concessional contributions cap.

Give your spouse a helping hand

If your partner's super could use a cash injection you can help them by splitting certain super contributions with them. Plus you may be able to claim an 18% tax offset on super contributions of up to \$3,000 you make on behalf of your non-working or low-income-earning spouse. The ATO limits how much you can split with your spouse so check their website for the current thresholds –

www.ato.gov.au/super

Make sure you're covered

Insurance cover – death, TPD and income protection are important elements of your super and can offer some piece of mind that things will be taken care of if the unexpected happens. You should review your insurance cover regularly (or at least when your circumstances change) to make sure that if anything was to happen to you, your family would be provided for financially.

Consider consolidating your super accounts

If you have more than one super account (most Australians have around three) it's worth consolidating them into one. This way you'll stop paying multiple sets of fees and your super will have a higher base from which to grow.

affairs. Where assets are held in joint names, both parties should complete a Power of Attorney, as the assets will be frozen should one party be unable to issue instructions either personally or through an Attorney.

More information

If you've got any questions about estate planning, feel free to email David at dluke@mail.ifs.net.au.

Prime Super sponsors Community Awards

Awards Australia run a series of awards to encourage, acknowledge and pay tribute to individuals, communities, businesses and groups who are making a significant contribution to regional and rural areas.



The Regional Achievement & Community Awards operate in New South Wales, Australian Capital Territory, Victoria, Queensland and Western Australia. The Community Achievement Awards operate in South Australia and Tasmania.

The Awards recognise those who work hard to support and enhance the social, economic, commercial or environmental prosperity of their region. Last year we sponsored the Community Group of the Year Award in Victoria and Western Australia.

The winner of the Victorian award was Wycheproof Vision from Wycheproof. Wycheproof Vision is a group of dedicated community members who promote the town with the aim of sustaining its future. The group bring the community of 700 together each year to hold the very successful 'Grain Festival', the only Grain Festival in Australia.

The festival incorporates the 'Music on the Mount' which grows in size each year. They are also responsible for the Wycheproof Men's Shed and the Mount Wycheproof Cup.

The winner of the Western Australian award was Alive and Kicking Goals! from Broome. Alive and



Kicking Goals! is a Kimberley project working to address the growing suicide epidemic amongst young Aboriginal people. It's the only Aboriginal-managed, peer-education project which tackles youth suicide through a football club. The project focuses on esteem-building using young Aboriginal men, most of whom have experienced first-hand the effects of suicide, to promote change in Aboriginal communities. They are trained in leadership and suicide prevention, with the skills to identify suicide risk and strategies to combat it within a culturally appropriate environment.

This year, in addition to once again sponsoring the Awards in Victoria and Western Australia, we are also sponsoring the:

- Events and Tourism Award in Tasmania;
- Business Achievement Award in South Australia;
- Community of the Year Award in Queensland; and
- Regional & Rural Development Award in New South Wales/Australian Capital Territory.

For more information on any of the awards please visit www.awardsaustralia.com

Consolidate your multiple super accounts for a chance to win an iPad2!*

WIN!



Stay connected anytime, anywhere with a brand spanking new iPad2.

To enter all you have to do is roll more than \$100 into your Prime Super account before 30 November 2011.

Simply use the pre-populated form included in your mail pack or download a rollover form from www.primesuper.com.au.

It couldn't be easier!

*Conditions apply. Total prize pool consists of one first prize of a \$729 iPad2 (16GB with WiFi and 3G) awarded to the first eligible name drawn. The competition will run from 26/09/2011 to 30/11/2011. The draw will be held on 16/12/2011 at Prime Super (the promoter), Level 15, 190 Queen Street, Melbourne, 3000 and the winner notified shortly thereafter. The winner's name will be published in The Australian Newspaper on 30/12/2011. ACT Licence No TP11/02744-1, NSW License No LTPS/11/06175. For full terms and conditions visit www.primesuper.com.au/competitions.

Change of administrator will deliver benefits to members & employers

After a long and exhaustive tender process, we have decided to change administrators. This change from Pillar Administration to Russell as of 1 January 2012 will allow us to further strengthen our member and employer services, and introduce some exciting new features.

These new features will include intra-fund financial planning for members wanting to discuss investment and contribution strategies or insurance; and a more comprehensive member education program.

While Pillar has provided good service and support to us over our eight year partnership, we felt that the additional services offered by Russell, and their technological edge, were necessary to help us grow the Fund.

Russell's technology capabilities will enhance the operations of the Fund and enable us to significantly improve our online service offering to members and employers.

We are excited about the additional benefits we will be able to offer members and employers and will be working closely with Pillar and Russell to ensure there are as few interruptions to service as possible, during the changeover.

Investment returns

Investment performance for the year to 30 June 2011		
	Superannuation Fund	Income Stream
Pre-mixed options		
Default	10.30%	11.70%
Managed Growth	10.49%	12.26%
Conservative	7.04%	8.18%
Target Return	10.51%	12.09%
Sector options		
Australian Equities	11.45%	12.47%
International Equities	10.64%	12.28%
Property	6.10%	6.79%
Fixed Interest	4.87%	5.58%
Cash	4.14%	4.89%

Please note that past performance should not be taken as an indication of future performance.