

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 Default option returned 10.30% for the financial year, coming 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.

Changed job? Take us with you!

Sam started a new job last week. He arrived on his first day and his employer gave him a stack of papers. He took them home and filled in the important ones – the bank details form and the tax file number declaration. There was one in there about superannuation but he didn't really pay any attention to it – he didn't want to rock the boat and was happy to have his super paid to his employer's default super fund.

If this was Sam's first job he'd have nothing to worry about. But it's not. It's his fourth and assuming he did exactly the same thing for his previous jobs, it's likely he now has four different super fund accounts.

If this scenario sounds familiar to you you're not alone. The majority of working Australians have more than one super account. In fact a CHOICE study on super found that in 2008 there were almost 32 million super accounts and only 10.7 million workers. When you do the maths it works out to around 3 super accounts per person. What most people forget (or don't know) is that: a) it's better in the long run to have just one super account, and b) that just because you change jobs doesn't mean you have to change super funds.

Starting a new job – your rights and entitlements

Most Australian workers are entitled to choose where they would like their super contributions to be paid. When you start your new job, if you do want your super to be paid into a particular fund, all you have to do is give your employer the details of your chosen super fund, together with a copy of your fund's letter of compliance. This letter is usually available from your fund's website or by calling them. Most employees are also allowed to change their choice of super fund once every 12 months, so it's never too late to consolidate your super into one easy to manage account.

Q. Can my employer force me to use their default fund?

No. If you are able to choose your own super fund and you have given your employer all the details they need, they cannot force you to use



their default fund. If you do start a new job and your employer does not accept your choice of super fund, or feel you are being pressured to use your employer's default fund, you can contact the ATO or your super fund for help.

Q. What are the benefits of having just one super account?

If you have more than one super account, you're paying more than one set of fees. Over time, this could be thousands of dollars wasted on fees. Plus, when you have multiple super accounts, it's much harder to keep track of and properly manage your retirement savings. By having just one super account you'll stop paying unnecessary additional fees and have more money in your account. More money means a higher earnings base and more for you to enjoy when you retire.

Q. How much could I save by having just one super account?

What you save will obviously depend on your personal circumstances but let's say you have money invested in four different super funds. For the three funds you no longer contribute to, you're being charged a total of \$300 a year in account fees. In five years you'll have paid \$1,500 and, after 30 years, a whopping \$9,000 in additional fees. And that doesn't even include the interest you will have foregone on this amount. By consolidating all of your accounts into one, you'll pay one fee and the money you save will provide a higher base for you to enjoy in retirement.

Q. Are there any things I need to consider before I consolidate?

Insurance benefits – Before you consolidate, you should review your insurance arrangements. Most people generally have some form of default insurance cover with their super. If you have three super funds and three lots of default cover, if you become entitled to a payout,

you'll generally get a paid from each of your three insurance policies. But when you consolidate your super, your insurance cover in the funds you consolidate will lapse and you'll be left with only one lot of insurance cover.

When you consolidate, you may need to increase your level of cover to ensure you'll have enough if and when you need it. You should also be aware that you may be required to undergo medical tests if you apply for additional cover.

Exit Fees – Some funds charge a hefty exit fee if you try to move your money into another fund. If this is the case, you might not benefit from the transfer. You should ask your fund about exit fees or speak to a financial planner before you consolidate your super.

Selecting the right super fund – When people do consolidate, they generally roll their super into the fund that they are currently contributing to. While this is the easiest option, you might like to compare all the funds before deciding. Which one has the lowest fees? Which one has the best insurance cover? Which one has the best member benefits? And even though past performance is no guarantee of future performance, which one has the best returns over the medium-longer term?

Q. What do I need to do to consolidate my super?

Once your employer is contributing to your chosen super fund the next step is to consolidate any other super you have in other funds. There are generally three steps to consolidate your super.

1. Track down all your different super accounts.
2. Fill in a separate consolidation form for each account.
3. Send us your completed forms with certified copies of your identification (your driver's licence or passport is usually the easiest) and we'll do the rest.



Super Masterclass

Investing... *the basics*

The world of investing can be quite complex and difficult to understand. Whilst there are professionals you can talk to about the best investment strategy for your personal circumstances it's worthwhile knowing some of the basics.

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

What is an investment portfolio?

Your investment portfolio refers to the types of investments your total financial assets are invested in. For many people, their largest lifestyle asset is their family home, and their largest investment asset is their superannuation or investment property. They may also have other savings in shares, term deposits and bank accounts.

What are asset classes?

The four main asset classes are:

- Cash (e.g. bank accounts)
- Fixed interest (e.g. government bonds, corporate bonds)
- Property (e.g. residential, commercial, industrial)
- Shares (e.g. Australian & International shares)

Asset classes can broadly be separated into 'defensive' and 'growth' investments:

Defensive investments (cash and fixed interest)

- Provide regular income and do not usually grow in capital value.
- Investment returns and values fluctuate only slightly over short periods.
- Over the medium to long-term, returns are generally lower than those of growth investments.

Growth investments (property and shares)

- Can provide growth in the value of your capital in addition to income.
- Investment returns can fluctuate significantly over short periods although over the medium to long-term, returns are potentially higher than those of defensive investments. However it's

important to note that returns may be negative over a short period.

Risk and Return

Both 'Defensive' and 'Growth' investments have a different expected rate of return, and normally, the higher the expected return, the higher the associated risk.

All investments carry some risk. There are broadly three types of risk to consider:

- The likelihood of not getting the expected return on the investment you are considering – including the possibility of losing some or all of your investment
- The risk of volatility – where the value of some investments and their potential return may rise or fall from time to time due to market fluctuations
- The risk of being too cautious – if your money earns less than inflation then it loses its real purchasing power

These risks can generally be managed by assessing the investment you are considering and your own long-term financial situation and objectives.

We would normally expect that the more aggressively you invest, the more likely it is that you will achieve higher long term returns, but you also run the risk of short-term setbacks, as occurred in 2008-2009.

Diversification

By not investing all your funds into the one investment, or even the one asset class, you can significantly reduce the level of fluctuations in your investment value; that is, 'not putting all of your eggs in the one basket'. This type of investment approach is known as diversification.

Diversification is not simply throwing your money around haphazardly into as many different investments as you can. It is about selecting investments that complement each other, and perform well at different times of the economic cycle.

Knowing how much to invest in each asset class will depend on your personal circumstances, objectives, investment time frame and risk profile.

Prime Super financial planners are representatives of Industry Fund Financial Planning which is a division of Industry Fund Services Pty Ltd, ABN 54 007 016 195, AFSL No 232514.

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.

Are you Money Smart?

Are you more of a Debt Dunce than a King or Queen of Saving?

Do you think a budget is something only a Government needs?

Are you the kind of person who'd willing hand over your bank details for the promise of free money?

If so, you should check out the Government's new MoneySmart website. Run by the Australian Securities and Investments Commission (ASIC), it was designed specifically to help people make smart choices about their personal finances. There's information on savings, debt, superannuation, insurance, investing and scams. There are also a heap of tools and calculators you can use to better understand your finances.

So if you want to take control of your financial future, visit MoneySmart today.

www.moneysmart.gov.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

Investment returns

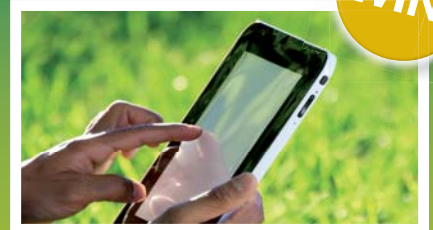
We're pleased to report our final returns for the year to 30 June 2011. In our Default option (which 98% of our super fund members are invested in) we returned 10.30%. This is an excellent result that places us in the top 25% of super funds within Australia.

Investment performance for the year to 30 June 2011	
	Superannuation Fund
Pre-mixed options	
Default	10.30%
Managed Growth	10.49%
Conservative	7.04%
Target Return	10.51%
Sector options	
Australian Equities	11.45%
International Equities	10.64%
Property	6.10%
Fixed Interest	4.87%
Cash	4.14%

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

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.