

More good news for HIP members

Investment Performance

Dear HIP Member,

Enclosed is a copy of your annual statement as well as the 2010 HIP Annual Report. You will note the Growth Option (default strategy) achieved a return of 8.4% for the year and continues to provide an average return of 8.0% since inception (1987) to members. This continues to underpin super as a long term investment and reinforces HIP as being well placed to assist members to achieve a financially secure retirement.

While managing volatility continues to be a key focus for the HIP Trustee Board, I can confirm that the first quarter of the 2010/2011 financial year has seen further significant growth in HIP's investment performance.

Improved Insurance for Members

In addition, it is with great pleasure that I announce a significant increase in insurance benefits for HIP members. The insurance upgrade will be delivered with no unit cost increase to HIP members. These changes have been achieved with the appointment of MLC as group insurance provider.

These changes will take effect from 1 November 2010 for all existing members. A summary of the improvements is listed below:

- All HIP members will be able to increase their death cover up to a total of 4 units without the need to supply supporting health statements. A specific communication will be circulated to all members regarding this.
- The benefit for each unit of death cover has increased by around 20%.
- The level of income protection cover will increase from \$770 to \$1,500 per unit of cover.
- The option of electing to take out total and permanent disability (TPD) insurance will continue.

What better time to review your level of insurance to ensure that you have adequate cover to protect your income and your family. Remember, arranging your insurance through HIP is both cost-effective and simple, as your premium is deducted from your account.

Please note, your annual statement sets out your insurance cover as at 30 June 2010. You can see by the schedule over the page how much your cover will improve, or call the HIP Customer Service Centre on 1300 654 099 for more information.

Be assured that Trustee Directors will continue to look at ways to increase the benefits for members of HIP.

Yours sincerely,



Anthony Wallace
Chairman

Summary of changes to HIP life and income protection insurance

Income Protection				
Default cover Up to 4 units	Current Monthly Benefit	New Monthly Benefit	Increase in benefit	Weekly Premium
1 unit	\$ 770	\$1500	\$730	\$0.91
2 units	\$1540	\$3000	\$1460	\$1.82
3 units	\$2310	\$4500	\$2190	\$2.73
4 units	\$3080	\$6000	\$2920	\$3.64

Subject to a maximum monthly benefit of 75% of the member's monthly income. Default cover available to permanent employees at the time of joining the Fund. To increase cover above the default, members must complete application (and are subject to insurer's acceptance).

Life Insurance			
Age next birthday	Unit cost \$1.00 per unit per week		
	Current Benefit per unit	New Benefit per unit	Increase in benefit
16-20	\$128,800.00	\$154,560.00	\$25,760.00
21-25	\$128,800.00	\$154,560.00	\$25,760.00
26-36	\$128,800.00	\$154,560.00	\$25,760.00
37	\$122,400.00	\$146,880.00	\$24,480.00
38	\$115,900.00	\$139,080.00	\$23,180.00
39	\$110,700.00	\$132,840.00	\$22,140.00
40	\$105,600.00	\$126,720.00	\$21,120.00
41	\$99,100.00	\$118,920.00	\$19,820.00
42	\$94,000.00	\$112,800.00	\$18,800.00
43	\$88,800.00	\$106,560.00	\$17,760.00
44	\$82,300.00	\$98,760.00	\$16,460.00
45	\$77,900.00	\$93,480.00	\$15,580.00
46	\$72,100.00	\$86,520.00	\$14,420.00
47	\$66,900.00	\$80,280.00	\$13,380.00
48	\$63,000.00	\$75,600.00	\$12,600.00
49	\$59,200.00	\$71,040.00	\$11,840.00
50	\$54,100.00	\$64,920.00	\$10,820.00
51	\$50,100.00	\$60,120.00	\$10,020.00
52	\$46,300.00	\$55,560.00	\$9,260.00
53	\$41,200.00	\$49,440.00	\$8,240.00
54	\$37,300.00	\$44,760.00	\$7,460.00
55	\$32,200.00	\$38,640.00	\$6,440.00
56	\$28,300.00	\$33,960.00	\$5,660.00
57	\$25,800.00	\$30,960.00	\$5,160.00
58	\$23,100.00	\$27,720.00	\$4,620.00
59	\$19,300.00	\$23,160.00	\$3,860.00
60	\$16,700.00	\$20,040.00	\$3,340.00
61	\$14,100.00	\$16,920.00	\$2,820.00
62	\$11,500.00	\$13,800.00	\$2,300.00
63	\$7,700.00	\$9,240.00	\$1,540.00
64	\$5,100.00	\$6,120.00	\$1,020.00
65	\$2,500.00	\$3,000.00	\$500.00