

Inform

News from your
Industry Super Fund

May 2010



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Market Review

At HIP we are committed to keeping you up to date with investment markets and the follow-on effect on your superannuation, but it is far easier to tell you what has happened than to make predictions about future outcomes.

Over the last twelve months, market activity has been really strong, and HIP has reaped the benefits of this positive movement (which has also included some expected volatility). Markets around the world are currently in a state of flux and we are closely monitoring the outcomes.

You can see from the performance returns discussed in this issue that there has been a consistent, positive upswing in HIP returns to members from March 2009 running through to April 2010, when financial markets around the world generally flattened out. Notwithstanding, the performance of HIP during this period has been quite impressive. This is also reflected in HIP's longer-term results, which are returning to more normal expectations.

There has been a wide divergence of views from analysts, commentators and governments about the Global Financial Crisis (GFC) and whether the pricing of assets is lower than true value. However, there is general agreement that there will be ongoing effects following the credit crunch and the obligation of repayment of government stimulus packages employed to restart economic growth across the world; and that market volatility will continue.

Towards the end of April and stretching into May 2010, we saw a litany of negative economic factors impact on global markets. These include:

- Sovereign debt in Greece and other minor European countries
- A coalition government being installed after the general election in the United Kingdom
- USA government investigation into the merchant bank, Goldman Sachs
- Oil spill yet to be resolved in the Gulf of Mexico
- Volcanic eruptions in Iceland halting air traffic in Europe
- The announcement of a Super Profit Tax on the mining industry in Australia
- Increase in Australian interest rates
- Some questions around the continued economic growth of China and its currency policy.

All these issues are challenges that are currently being addressed by individual governments and international collectives such as the European Union and the World Bank. It is envisaged that clear and decisive resolutions of these issues will add a positive influence to the economic environment and provide a stabilising influence.

We are starting to identify improved forecasts for economic growth, and some of the data coming out from the USA is quite encouraging. However, the world post-GFC is not quite resilient enough to completely ward off an accumulation of negative influences such as those listed above. The key will be the resolution of these issues, which are critical to

continuing the recovery from the GFC and to stop a tumble back into a new crisis.

At HIP we continue to work hard, focusing on the long-term aims of super as an investment, applying the principle of diversification in our commitment to build the retirement savings of our members.

Super remains a tax-effective vehicle for building a retirement nest egg but, like all investments, it is not immune to global economic influences. It is important to keep building your super, and in particular, I recommend applying the '6 Super Tips' discussed in this issue of *Inform*.

Anthony Wallace
Chairman, HIP



Message from the CEO

HIP on the move

HIP members will soon have an exciting new addition to the many benefits they currently enjoy.

Members will soon be able to enjoy discounted travel, home and contents, and motor vehicle insurance through HIP, their industry super fund.

Members should ensure their email address is registered via our website to ensure they receive details of this exciting new offering.

New appointments to Trustee Board of Directors

HIP is pleased to announce the appointment of two new female Directors – Julie Scotti, Chief Nurse, Hurstville Private Hospital, and Lynette Dine, Director of Nursing, Campbelltown Private Hospital. Currently only 11 per cent of senior executive roles in Australia are held by women*, and these appointments reflect HIP's ongoing recognition of the important contribution that female representation and strength of leadership can make to managing your superannuation fund.

Ross Bernays, CEO

* Source: EOWA Census of women in leadership 2008

Performance Update

To 30 April 2010, HIP's Growth Option has continued to perform well with returns of 14.8% (FYTD), 16.8% (1 year) and, importantly, 5.6% p.a. (5 years average) which is above the Super Ratings median result of other funds, and in line with the long-term objectives of the Fund.

DID YOU KNOW

You can register your email via our website to receive automatic updates on investment returns.

www.hipsuper.com.au

6 SUPER TIPS

Super is often placed in the 'too hard basket' for many people, but there are some simple, easy steps you can take to look after your account.

HIP provides members with easy tools to help you better understand and manage your super savings.

1. Get informed

How much do you know about your super? Do you know:

- How much your account is worth?
- How your super is invested, and why?
- How much your employer contributions are?
- How much would be paid out if you were to die? Who are your nominated beneficiaries?

Some of this information is in your annual statement and your record of contribution, but you can also access information online via our website. HIP members can use their login and password to see their account, make changes to their investment strategy, change beneficiaries, and access the latest available information about investment returns.

The HIP website also has simple calculators to help you plan your retirement savings, assist you in working out a tax-effective strategy for additional contributions, information about investment choices and performance, as well as fact sheets you can download and print to learn more about your super.

Super savvy members can register their email address with HIP. Receive updates on your investment performances and get *Inform* online to learn about any important changes to super – all direct to your email inbox.

Register at www.hipsuper.com.au or call **1300 654 099**.

2. Consolidate your super

Keeping your super in one place means less costs and makes it easier to manage your super savings. A report by CHOICE, the leading consumer group, found that Australians are wasting as much as \$1.1 billion annually by paying multiple fees to multiple super funds, which is eroding their retirement incomes. HIP charges no entry fees and will assist in the rollover process. Simply complete a rollover form and bring your super together.

- An estimated one-in-three working Australians have lost super accounts. If you changed your job, address or name and forgot to tell your funds, you could be one of them. You can search for lost super at www.ato.gov.au and www.unclaimedsuper.com.au.

(Source: choice.com.au 'Superannuation accounts' 22 April 2008)

3. Check your investment strategy

When you join HIP your super is automatically invested into the default option – Growth. The majority of HIP members have several years to go before they retire. Many will also continue to keep their super invested upon retirement and draw down their account as needed, rather than

cashing it out. You should take this into account when determining your investment strategy. You can learn about your investment choices and how to mix and match to suit your needs by visiting our website, where you can also make any investment changes. Your statement will show if you have made an investment choice. HIP's latest returns are also available online, so you can see the current and long-term performance of your super.

4. Stay with HIP for life

Even if you change jobs, you can still remain a member with HIP and continue to grow your super savings. You can keep your super investment, enjoy the same low fees and strong long-term performance offered by HIP. You can also stay with HIP when you retire. More and more members are using HIP's pension to live on after they retire by drawing down their super in regular instalments. There are no fees to set up (or later exit) HIP's pension. If you would like a booklet, please call us or go to the HIP website for more information.

5. Grow your super

How much super you have at retirement will depend on how much money goes into your account, how long that money is invested for and where it is invested, and the relative performance of those investments. Salary sacrifice and co-contributions are tax-effective ways to grow your super. HIP has fact sheets and online calculators to help you to decide what options are suitable for your situation.

If you earn less than \$61,920 p.a. and you make personal contributions to your super, the Government will top up your super as well. Refer to the fact sheet on our website for full information.

Salary sacrifice allows you to invest in your super from your before-tax pay, which means that you will not pay any income tax on the money invested. Depending on your level of income and the amount sacrificed, you may end up paying less tax overall whilst also boosting your super. HIP's website has online calculators and fact sheets to help you learn more.

6. Protect you and your family

What would you do if you were unable to work? Could you manage without your regular income? Income protection insurance provides monthly income benefits for up to 2 years while you are unable to return to your usual employment. Upon joining HIP, members who are permanently employed and have their employer contributions paid into their HIP account **can be automatically covered** for up to four units of income protection. Your annual statement lists your insurances with HIP.

As a member of HIP you automatically receive one unit of death insurance, and can increase this at any time by completing an application to increase your cover.

HIP also has optional total and permanent disability cover.

Remember, if you change employer, your insurance cover will continue provided your employer contributions are going into your HIP account.

Call HIP or download an insurance booklet if you would like more information or to apply to increase your level of cover.

HIP SUPPORTS breast cancer research

HIP is a proud sponsor of the Mother's Day Classic, which raises awareness and funds for breast cancer research.

A record number of 100,000 Australians chose to dedicate their Mother's Day morning to raising funds for breast cancer research by walking or running in Mother's Day Classic 2010 events across the nation recently.

Adelaide, Brisbane, Canberra, Geelong, Gold Coast, Hobart, Melbourne, Perth, Parramatta, Sydney's Domain plus 23 regional centres hosted events which attracted a record 100,000 participants. A total of \$5.7 million has been raised for the National Breast Cancer Foundation's research programs into the prevention and cure of breast cancer.

Mother's Day Classic Sydney 2010 – Ross Bernays, CEO, HIP presenting awards.



HIP Super Pension

HIP can keep on looking after you into your retirement years

Taking your super as an income stream (pension) upon retirement, rather than as a lump sum, can be an effective way of managing your retirement money. You can keep your super invested with HIP, so that when you aren't using the funds in your account, it has the ability to generate investment returns over the period of your retirement. The returns that your investment generates are also tax-free.

Starting an income stream

When you start a HIP Super Pension, it is similar to receiving a wage – because you receive money out of your super at regular intervals. HIP's Super pension is highly flexible; it allows you to select the frequency of your payments, as well as the amount that you are paid (above the required minimum amount set by law).

Can I still take a portion of my

super as a lump sum?

Yes, of course. You can withdraw a lump sum and continue to receive the balance of your super as an income stream pension.

Alternatively, you can end your HIP Super Pension at any time and take the remaining money as a lump sum. (This is known as commuting your super pension.)

Can I still make an investment choice?

Yes, you would still be able to choose from the same flexible HIP investment choice options that are available to you now. You can combine these to select a strategy for your pension that suits your retirement needs.

Transition to Retirement pension

This option is available for people aged over 55, who are still working and would like to start accessing their super. HIP members can employ a transition to retirement (TTR) strategy by opening a HIP Super Pension and also continuing to make contributions into their HIP Super account.

A detailed fact sheet is available online at www.hipsuper.com.au regarding the rules around the amount of super which you can access each year under this strategy. You can also request a seminar run by HIP on our pension and transition to retirement strategies, at your workplace.

Call us on **1300 654 099** or email hipsuper@superpartners.copn.au to request an application booklet or book a staff seminar.

Want to receive the latest super news and investment performance?

Register your email at www.hipsuper.com.au

Call **1300 654 099** anywhere in Australia

Email hipsuper@superpartners.com.au

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