

Inform

News from your
Industry Super Fund

March 2011



Inside

Changes to HIP insurance

Super co-contributions

HIP Pensions

Message from the Chairman

More good news for members

In the last edition of Inform, members were advised of the offer to increase their level of insurance cover without the need to provide supporting medical documentation. Due to strong support by HIP members I am happy to advise that this offer has been extended until 31 March 2011 to ensure that all members who wish to take advantage of this offer can do so. A form is attached to this newsletter for your use.

Full details are inside this edition of Inform and I encourage members to review their insurance cover to ensure that they have an adequate level of cover to protect themselves.

On another note I am pleased to advise that the estimate of return for the Growth Option, HIP's default strategy, is just on 10.0%* for the financial year to date (mid February 2011).

Be assured, the HIP Board of Trustees work continuously to ensure that the investment focus of the Fund is well placed to take advantage of opportunities and to mitigate challenges that will undoubtedly arise in the future.

Also, on a bright note, I am pleased to announce the appointment of Anna Claude as a new Trustee Director who has replaced the position vacated by Tony O'Grady. Anna is the Industrial Manager at the New South Wales Nurses Association. Anna brings to the Board a high level of complementary skills and a strong understanding of the needs of members. HIP recognises the important contribution to leadership and strength that female representation can make in managing and meeting the expectation of our members, which we believe to be especially important as Trustees of your industry super fund for the health and associated industries. HIP is committed to the recognition of gender representation in the management of the Fund.

Anthony Wallace
Chairman, HIP



Super under Review

Many of you would have read about the Federal Government-sponsored superannuation review headed by Jeremy Cooper. The Cooper Review was charged with the responsibility of ensuring productivity in the accumulation of retirement nest eggs. It has certainly attracted a good deal of media attention until Australians recently received a strong dose of perspective and reality with the devastation of our landscape and people by the absolute forces of nature – flood, wind and fire.

The Cooper Review, in short, proposed a simplification and strengthening of the Australian super system.

Mind you, it should never be ignored that the Australian 'three pillar' system is well-regarded around the world. Those three pillars are: compulsory employer contributions (Superannuation Guarantee) of 9%; interest and personal contributions; and the social security system.

The Cooper Review proposes the establishment of 'My Super' accounts and 'Super Stream,' which will have restrictions on the cost of investment, the standardisation and mechanisation of data transfer from employers and funds, and greater use and access to member tax file numbers.

These proposed measures are intended to reduce costs to fund members and the occurrence of lost super and excessive duplicate accounts.

Overly prescriptive

It cannot be forgotten that industry funds, like HIP, already provide low-cost superannuation products and that the introduction of overly prescriptive rules around investments for 'My Super' accounts may have the effect of reducing the return of members' investments by lowering access to the full range of investment opportunities and diversification that HIP has always been committed to.

'Super Stream' also has good intent, and will further strengthen HIP's commitment to strong administration by underpinning key deliverables to our membership.

But again, it should be remembered that HIP has always worked in a collaborative manner to ensure that the administration of the Fund is effective, and not a burden on the focus on the core objectives of health care employers, which in most cases is the provision of quality health outcomes to the Australian public.

HIP as your representative will be actively participating in the superannuation industry's consultation on the implementation of 'Stronger Super' and the recommendations from the Cooper Review to ensure that the best interests of all working Australians are accommodated.

* Please note that investments can go up and down and that past performance is not a reliable indicator of future performance.

Offer extends until 31 March 2011

Changes to HIP Insurance

This is your opportunity to increase your level of Death and/or Income Protection cover without providing additional medical evidence.



Death cover

Every member of HIP automatically receives one unit of Death cover upon joining the Fund.

As of 1 November 2010, the benefit per unit has increased by 20% (see table) with no increase in unit cost, based on your age next birthday. The unit of Death cover costs \$1 per week and remains unchanged.

For all existing members, you now have the option to apply for up to a total of 4 units (including existing cover) of Death cover without providing supporting medical evidence, subject to you being 'At Work' on 1 December 2010.

If you are not 'At Work' but meet the other conditions, then you will be eligible for limited Death cover. This means you will only be covered for claims arising from an injury that first occurred or an illness that first became apparent on or after the day you first became eligible for cover. You will receive full cover once you have been 'At Work' for 60 consecutive days.

'At Work' means you were at work for the normal daily hours of work and were actively performing the full, unrestricted or unmodified duties of your normal occupation for which you are employed or would have been had the day not been a day of leave (other than due to illness or injury), public holiday or weekend day.

This offer is valid until 31 March 2011.

New members who join the Fund automatically receive 1 unit of Death cover and can also apply for an additional 3 units of cover (4 units in total) within 60 days of joining without the need to provide medical evidence.

What do I need to do to accept this offer?

Simply complete the form at the back of this newsletter and return it to HIP no later than 31 March 2011. After this date, you will have to complete a full application including the *Request for*

Death Benefit Table

| Age Next Birthday | Insurance Benefit for 1 Unit | Age Next Birthday | Insurance Benefit for 1 Unit |
|-------------------|------------------------------|-------------------|------------------------------|
| 16 to 36 | \$154,560 | 51 | \$60,120 |
| 37 | \$146,880 | 52 | \$55,560 |
| 38 | \$139,080 | 53 | \$49,440 |
| 39 | \$132,840 | 54 | \$44,760 |
| 40 | \$126,720 | 55 | \$38,640 |
| 41 | \$118,920 | 56 | \$33,960 |
| 42 | \$112,800 | 57 | \$30,960 |
| 43 | \$106,560 | 58 | \$27,720 |
| 44 | \$ 98,760 | 59 | \$23,160 |
| 45 | \$ 93,480 | 60 | \$20,040 |
| 46 | \$ 86,520 | 61 | \$16,920 |
| 47 | \$ 80,280 | 62 | \$13,800 |
| 48 | \$ 75,600 | 63 | \$9,240 |
| 49 | \$ 71,040 | 64 | \$6,120 |
| 50 | \$ 64,920 | 65 | \$3,000 |

You should carefully consider your own financial situation and needs and read the relevant Product Disclosure Statements before making a decision regarding the products discussed in this newsletter. In assessing your needs in regard to insurance cover you should take into account your own personal circumstances and you may wish to seek the advice of a qualified independent financial planner.

Additional Insurance Form. If you would like to increase your level of cover above 4 units, then you will need to complete a *Request for Additional Insurance Form.*

Terminal Illness benefit

HIP members will now have a terminal illness benefit available as part of their Death cover. In the event that you suffer a terminal illness, an advance payment of the Death benefit may be paid. This benefit allows members to make adequate financial arrangements for themselves and their family during a very difficult period.

It is important to understand how these changes affect you, and to ensure that you have adequate levels of cover and understand what you need to do should you wish to change your level of cover.

Members should refer to the Product Disclosure Statement (PDS), namely the *HIP Insurance Booklet* dated 1 November 2010 and available online at www.hipsuper.com.au or by calling **1300 654 099**.

Income Protection

Income Protection or 'salary continuance' cover can assist you to meet your financial obligations if you are unable to work due to illness or injury.

From 1 November 2010, the amount of monthly benefit that members receive for each unit of Income Protection cover increased from \$770 to \$1,500 per unit. There has been no increase to the unit cost for members. The table shows the improvement in benefits to members.

For all existing members you now have the option to apply for up to 4 units of cover total (including any existing units of cover) without providing supporting medical evidence, subject to you meeting the eligibility conditions outlined below. **This offer is valid until 31 March 2011.**

How do I know what my current level of cover is?

Your annual statement shows the number of units and the Income Protection amount per month that you have as at 30 June 2010. You now need

to refer to the table below to see what the new improved amount of monthly benefit is.

For example if your statement shows a monthly benefit of \$3,080 then you have 4 units (\$3,080/4 units = \$770 per unit) of cover. The amount of cover you now have has increased to \$6,000 (\$6,000/4 units = \$1,500 per unit) per month up to a maximum 75% of your salary plus 9% superannuation contributions.

I don't have Income Protection cover but I would like to add this benefit to my HIP membership.

Read the eligibility conditions below and if you satisfy these conditions simply complete the form included in this newsletter and return to HIP by 31 March 2011.

If you wish to apply for more than 4 units of Income Protection cover, you will need a copy of the HIP insurance Booklet and application form.

Eligibility conditions

You may apply for Income Protection cover at any time provided you are:

- a HIP member
- in active employment with a HIP employer
- having your on-time employer superannuation contributions paid into your HIP account
- a permanent employee with an annual income of more than \$10,000
- not over age 65
- 'At Work' on the day you commence employment with a HIP participating employer.

If you are not 'At Work' but meet the other conditions then you will be eligible for limited Income Protection cover.

This means you will only be covered for claims arising from an injury that first occurred or an illness that first became apparent on or after the day you first became eligible for cover. You will receive full cover once you have been 'At Work' for 60 consecutive days.

Each unit of Income Protection costs 91 cents per week, and you can nominate the required number of units up to 84% of your salary (which includes 9% SG contributions). HIP will send you an insurance booklet with an application form to complete. The insurance booklet contains a table to help you determine the maximum number of units to cover your salary. Your cover commences from the date that the insurer accepts your application.

I have Income Protection cover and would like to increase/decrease my level of cover

You can increase your level of Income Protection cover above 4 units by completing a *Request for Additional Insurance Form*. Complete the form beside and send to HIP and you will receive an application form to change the level of cover contained within the HIP insurance booklet.

To decrease your level of cover, you will need to advise us in writing, stating the number of units that you wish to be covered for and remember to include your membership number and to sign and date your letter.

Income Protection

| Default cover Up to 4 units | Current Monthly Benefit | New Monthly Benefit | Increase in benefit | Weekly Premium |
|--------------------------------|----------------------------|------------------------|------------------------|-------------------|
| 1 unit | \$ 770 | \$1,500 | \$730 | \$0.91 |
| 2 units | \$1,540 | \$3,000 | \$1,460 | \$1.82 |
| 3 units | \$2,310 | \$4,500 | \$2,190 | \$2.73 |
| 4 units | \$3,080 | \$6,000 | \$2,920 | \$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).

You should carefully consider your own financial situation and needs and read the relevant Product Disclosure Statements before making a decision regarding the products discussed in this newsletter. In assessing your needs in regard to insurance cover you should take into account your own personal circumstances and you may wish to seek the advice of a qualified independent financial planner.

Total and Permanent Disability cover

HIP offers Total and Permanent Disability (also known as TPD) cover to members. This extra cover provides a lump sum benefit of up to \$250,000 in the event of a member becoming totally and permanently disabled. You should refer to the HIP insurance

booklet regarding the cost of monthly premiums and benefit payable according to your age next birthday. If you wish to apply for TPD cover, please complete the form overleaf or contact HIP on **1300 654 099**.

Questions?

Go to our website www.hipsuper.com.au to download a copy of the insurance booklet or call on **1300 654 099**.

Government super co-contributions

Simply make a voluntary after-tax payment into your super, and you could receive up to \$1,000 tax-free.

What is the co-contribution?

The co-contribution scheme was introduced by the Australian Government to help boost the retirement savings of people earning lower incomes. If you are earning less than \$61,920 per year and you put money into your HIP account by making personal contributions, the Government will match your contribution.

Who is eligible for the co-contribution?

You may be able to receive the co-contribution if you:

- make personal contributions to your HIP account (this is on top of your employer contributions, and does not include salary sacrifice contributions)
- are employed full-time, part-time or casually
- earn less than \$61,920 a year
- are less than 71 years of age at the end of the financial year
- do not hold an eligible temporary visa during the year of contributions.

How the co-contribution works

- If you earn less than \$31,920 a year, the Government will match personal super contributions, up to a maximum of \$1,000 a year.
- If you earn more than \$31,920 but less than \$61,920 a year, your co-contribution will reduce, based on your income and how much you contribute.
- If you earn more than \$61,920, you are not able to receive the co-contribution.

How do I get the co-contribution?

If you are eligible to receive the co-contribution and have been making personal contributions to HIP, you will receive the co-contribution after the end of each financial year. Once you lodge your tax return, the Australian Tax Office (ATO) will calculate how much co-contribution you will receive. HIP is required to report all personal contribution details to the ATO.

How do I make personal contributions to HIP?

To take advantage of the co-contribution scheme, you need to make personal contributions to your HIP account before the end of the financial year. Remember to allow sufficient time for monies to be received and processed by HIP before 30 June.

To make personal contributions you can:

1. Send your regular or once-off contribution via cheque, direct to HIP Super. Phone HIP Super on **1300 654 099** to order a deposit book.
2. Ask your employer to automatically deduct some of your after-tax pay into your HIP Super account.

Go to www.hipsuper.com.au and download a fact sheet about the Government co-contribution for more information.

HIP Super Pension & Transition to Retirement Pension

HIP's pension allows members to continue to keep their retirement savings in the superannuation environment and ensure that their savings maximise long-term investment returns.

Key features of the HIP Super Pension

- Flexible income stream – frequency and amount*
- Tax-effectiveness
- Investment earnings are tax-free**
- Flexible payment options
- Investment choice
- Ability to draw down additional lump sums
- Low management fees
- Transition to Retirement option available

* legislative minimum amounts apply

**past performance should not be taken as an indication of future performance
Refer to the HIP Super Pension Product Disclosure Statement for full information

Discounted insurance products for HIP members



Car insurance discounts



Home and contents insurance discounts



Travel insurance discounts

For more information call **1300 133 024** or go to www.hipsuper.com.au

Insurance issued by QBE Insurance (Australia) Ltd (ABN 78 003 191 035 AFSL 239545). To decide if a policy is right for you, please read the Product Disclosure Statement available from QBE.



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Death cover

Applications for increased cover must be received by HIP by **31 March 2011.**

Income Protection

Applications for increased cover must be received by HIP by **31 March 2011.**



Send completed forms to:

Health Industry Plan
Reply Paid 1038
Haymarket NSW 1236

REQUEST FOR ADDITIONAL INSURANCE

Name

HIP Membership Number

Date of Birth

Address

Email

DEATH COVER

All HIP members automatically have at least 1 unit of death cover. Indicate below the number of units that you would like to be covered for in addition to your existing 1 unit of cover:

- 1 extra unit 2 extra units 3 extra units
 more than 3 extra units – HIP will send you an insurance booklet and application form.

INCOME PROTECTION COVER

All current HIP members can apply for up to 4 units of income protection cover (including any existing cover) provided they have met the eligibility conditions outlined in this newsletter by completing this application. (You may also like to refer to the HIP insurance booklet.)

Please indicate the number of extra units (in addition to any current units of cover) you would like to apply for below:

- 1 extra unit 2 extra units
 3 extra units 4 extra units
 I would like to apply to increase my level of income protection cover in excess of 4 units of cover. Please send me an insurance booklet and application form.

TOTAL AND PERMANENT DISABILITY (TPD) COVER

- I would like to apply for TPD cover. Please send me an insurance booklet and application form.
 I would like to receive a copy of the HIP insurance booklet.

DECLARATION

I confirm that I am not applying for more than the 4 units of Death cover (in total) available to me within the 60-day offer period ceasing 31 March 2011.

I confirm that I am not applying for more than 4 units in total of Income Protection available to eligible members within the 120-day offer period ceasing 31 March 2011.

I understand that should I wish to apply for more than 4 units of either Death or Income Protection cover I will need to complete the relevant application form available from HIP.

I understand that for TPD cover I need to contact HIP for the relevant application form.

The information outlined in this newsletter does not replace the policy terms outlined in the PDS and/or policy available at www.hipsuper.com.au.

Signed

Date: