

Quality super for the health industry



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HIP's mission is to provide members with the opportunity to achieve a financially secure retirement.

Contact HIP

General enquiries

Phone 1300 654 099
Fax 02 9375 7884
Email hipsuper@superpartners.com.au
Web hipsuper.com.au
Visit Level 5, Sydney Central
477 Pitt Street
Sydney

Or write to HIP Administration
Locked Bag 23
Haymarket NSW 1236

Trustee office

Phone 02 9375 7710
Fax 02 9375 7758
Or write to Health Industry Plan
PO Box K1038
Haymarket NSW 1236

Product Disclosure Statement

This Product Disclosure Statement (PDS) contains important information about investing your superannuation with Health Industry Plan (HIP). It describes the main features and benefits of the Fund and can help you compare HIP with other funds. Please read this document carefully.

The information in this booklet is correct at the date of issue, 16 March 2010. However, there may be from time to time, changes to the information which is not materially adverse and will not require the re-issuing of a new or supplementary PDS.

Updated information can be found on the HIP website, hipsuper.com.au. If you would prefer a paper copy, at no cost, please contact HIP on 1300 654 099.

A copy of this PDS has been lodged with the Australian Securities and Investment Commission (ASIC), although ASIC takes no responsibility for the content of this booklet.

General advice warning

This information contained in this PDS is of a general nature only. It has been prepared without taking into account your particular investment objectives, personal circumstances, financial situation or needs. When making decisions in relation to your own personal circumstances and objectives, you may wish to seek the advice of an independent licensed financial planner. This publication is also not intended to be, and should not be construed in any way as, investment, legal or financial advice.

The Trustee

This booklet is issued by the Trustee of Health Industry Plan (HIP), Private Hospitals Superannuation Pty Ltd, ABN 59 006 792 749. Australian Financial Service Licence (AFSL): 247 063, RSE Licence Number L0001533 and RSE Registration Number R1056617.

Welcome to HIP

Health Industry Plan (HIP) is a national superannuation fund established in 1987 for employees working in the health and associated industries. For more than 21 years HIP has continued to build a complete superannuation service for its members.

Features and benefits for you

- Low administration fee of just \$1.40 per week
- History of strong investment performance*
- 24 hour, 7 days a week insurance cover
- Investment choice for members with an account balance of \$1,000 or more
- Portability of taking your HIP account with you if you change jobs
- Access to your account details by phone or internet
- Extra member benefits including HIP Credit Union, health insurance, financial planning services, plus much more

Most importantly, HIP does not pay any agent commissions and profits are directed to members. This means HIP operates solely in the interest of members.

* Past investment performance should not be taken as an indication of future returns.

Managing the Fund in the interest of members

The Trustee, Private Hospitals Superannuation Pty Ltd, manages HIP superannuation fund solely in the interest of members. All earnings after the deduction of tax and investment administration costs are held in trust for members.

The Trustee Company has a Board of Directors with an equal number of member and employer representatives. The Trustee Company has two shareholders, a nominee of the NSW Nurses' Association representing members' interests and a nominee of the NSW Private Hospitals Association representing employers' interests. It is the responsibility of the Board of Directors to ensure the Fund is administered properly, that the assets are invested wisely and that members receive their benefit when it is due.

For more information on the current Directors phone HIP on 1300 654 099 or download a copy of the latest HIP Annual Report from hipsuper.com.au.

A complying fund

HIP complies with the Superannuation Industry (Supervision) Act 1993 (SIS) and is collectively regulated by the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC) and the Australian Taxation Office (ATO).

The Trust Deed

HIP operates under a legal document called the Trust Deed. This document governs how the Fund operates and what benefits can be paid to members.

Risk management

HIP has developed a Risk Management Strategy and Risk Management Plan. These operational documents are monitored and reported on to the Trustee Board as an integral part of the overall risk management and corporate governance of the Fund. These documents and policies form an integral part of the day-to-day operation of the Fund.

Our professional service providers

To run the Fund, the Board of Directors call on the expertise of independent specialised service providers, which include investment advisers, insurers, administrators and auditors. For more information about HIP's current service providers phone 1300 654 099 or download a copy of the latest HIP Annual Report from hipsuper.com.au.

HIP has no entry or exit fees and pays no agent commissions, meaning profits are for members.

Your HIP account

Who can join HIP?

If your employer has joined HIP, you too can join. Simply complete the Membership Application included at the back of this booklet. Send the completed application to the address shown on the form.

If your employer is not a registered HIP employer, simply ask them to register by phoning 1300 654 099 or downloading an employer information booklet from hipsuper.com.au. Employers are registered in accordance with our trust deed. There is no cost to your employer for this.

How your HIP account works

When you become a member of HIP you will have your own individual account. We set this account up for you using the information you provide us on the Member Application. HIP is an accumulation fund, which means contributions from your employer and from you (if you choose) are added to your account, together with investment earnings and any money you would like to rollover from other funds. Insurance, administration fees and government taxes are deducted from your balance. Should HIP deliver a negative return, this will also reduce your account balance.

When you join HIP you are automatically entitled to all the benefits and services offered by HIP (subject to the Fund rules). You automatically receive one unit of Death insurance cover (read more about your insurance cover on page 15).

Contributions

Employer contributions

Contributions from your employer (compulsory and salary sacrifice) are known as concessional contributions.

The Superannuation Guarantee (SG) legislation requires your employer to contribute a minimum amount of superannuation into your account. From 2002/2003 onwards the minimum level, as a percentage of your ordinary time earnings, has been 9%.

If you work under an Industrial Agreement or Award and a level higher than the SG amount is specified, your employer must contribute this higher amount.

For employees over 65 certain restrictions apply.

Please note that certain contribution limits apply.

You can always check how much your employer contributes on your member statement or by logging onto hipsuper.com.au.

Your personal contributions

Superannuation is acknowledged as a good way to save more for your retirement. Any personal contributions you make to your HIP account can significantly increase the amount you receive in retirement.

There are two ways you can contribute to your super – before or after tax.

Salary sacrifice (before tax or concessional contributions)

You and your employer may agree to reduce your salary by a nominated amount, which your employer uses to increase before tax contributions to your account. This can reduce your taxable income, as well as increasing your super balance. If you work under an industrial award or agreement, make sure this agreement meets its requirements.

You should consider getting financial advice about whether salary sacrifice is right for you. Also check whether your employer will continue to calculate their SG contribution and your other entitlements on your pre-sacrifice salary.

For tax purposes, salary sacrifice contributions are treated as employer contributions and attract 15% tax. Read more about superannuation tax on page 14.

Personal (after tax or non-concessional) contributions

With HIP it is easy to make contributions to your super from any after-tax income you have. After tax contributions can be deducted directly from your salary (you will need to specify that you wish to make after-tax contributions when you ask your employer to deduct your nominated amount) or you can make after tax contributions by cheque, or by BPay. You will need to contact us on 1300 654 099 to be provided with your unique reference code for BPay payments.

All cheques should be made payable to Health Industry Plan.

HIP does not charge you if you want to contribute to your HIP account regularly or on a one-off basis. However, your personal contribution cannot be less than \$5 per week and any additional amounts must be a multiple of \$1.

If you are under age 65, are no longer employed and choose to leave your benefit with HIP, you can continue to make personal contributions to your account.

If you are aged between 65 and 74 you can continue to make personal contributions to HIP if you work a minimum of 40 hours in a consecutive period of 30 days during the financial year in which the contribution is made.

Personal contributions cannot be accepted if you are aged 75 and over.

Please note that certain contribution limits apply and if you don't supply your Tax File Number (TFN) HIP cannot accept your after tax contributions.

Co-contribution: a real savings incentive

The Federal Government will contribute an amount equal to 100% of the personal after-tax contributions made in a year by eligible people earning up to \$31,920 (in assessable income plus fringe benefits) to a maximum of \$1,000.

The co-contribution rate is reduced by 5 cents for every dollar you earn over \$31,920, and cuts out all together if you earn more than \$61,920.

To take advantage of the co-contribution scheme you need to make after tax contributions to HIP.

For more information phone HIP's Customer Service Centre on 1300 654 099, download a fact sheet from hipsuper.com.au or use the calculator on the Australian Tax Office website ato.gov.au/super.

Note: from 1 July 2007, HIP has not accepted after-tax contributions from members who have not provided their TFN. Use the Membership Application at the back of this book to supply your TFN or phone HIP on 1300 654 099.

Make personal contributions to HIP and boost your super savings.

Limits on contributions from 1 July 2007

Concessional contributions

A limit of \$25,000 per year (indexed) generally applies to concessional contributions (usually those made by your employer). A transitional period applies for people aged 50 and over between 1 July 2007 and 30 June 2012, who can make concessional contributions of up to \$50,000 per year without exceeding the cap per member and not per fund. Contributions to other funds and superannuation guarantee contributions are included in this limit. Contributions in excess of the cap will be taxed at the top marginal rate (plus Medicare levy).

Non-concessional contributions

Personal contributions that are not tax-deductible (known as non-concessional) are limited to \$150,000 per year. From 1 July 2010, the non-concessional contribution cap will be six times the relevant concessional contribution limit (indexed) discussed above. Effectively this means that the non-concessional contributions cap after 1 July 2010 will be \$150,000 per annum for those below age 50, or \$300,000 per annum for those above age 50, up to 30 June 2012. HIP can't accept contributions over the cap because you contribute to more than one fund, any excess contributions will be taxed at the top marginal rate (plus Medicare levy).

You can find further information at ato.gov.au.

What happens if I exceed the concessional contributions limit?

If the total of your concessional contributions exceeds the contribution cap in a financial year, the excess will be taxed at 31.5% (plus Medicare levy) - that's on top of the 15% tax already paid on receipt of the concessional contributions by HIP. This applies if you exceed the \$25,000 limit (or \$50,000 if aged 50 or over). The excess concessional contributions will then be counted towards your non-concessional contributions cap of \$150,000.

HIP will report all concessional contributions to the Australian Taxation Office (ATO). The ATO will notify you if you exceed the contributions caps.

Rollover your other super into HIP and save

By rolling your other superannuation accounts into HIP you will save on fees. Consolidating your super means you pay only one low administration fee and it makes it easier for you to keep track of your retirement savings.

HIP will transfer your superannuation into your HIP account free of charge. Simply complete the Rollover Application at the back of this booklet. You will need one form for each superannuation account you want to transfer into HIP. For extra forms phone 1300 654 099, download from hipsuper.com.au or simply photocopy the form at the back of this booklet.

HIP does not charge an entry fee to join the Fund or an exit fee when you leave, but some other super funds do. Check with your other super fund(s) before rolling over to HIP as they may charge you an exit fee.

Leaving jobs doesn't have to mean leaving HIP

You can keep your super with HIP when you change jobs and continue to enjoy the benefits of HIP membership. If you change jobs your new employer can continue to pay super into HIP provided they are a registered participating employer. Simply give your new employer your membership number, which remains the same regardless of where you work.

If you leave the workforce and have not yet reached retirement age you can retain your HIP membership.

Keep HIP informed and you won't lose your super.

Transfers to Eligible Rollover Funds (ERFs)

If your HIP account does not receive a contribution for two consecutive years and your account balance is less than \$500, your benefit may be transferred out of HIP into an Eligible Rollover Fund (ERF). HIP uses the Australia's Unclaimed Super Fund (AUSfund) as its ERF.

All amounts transferred to AUSfund are member protected, which means administration fees will generally not exceed interest earned. If your account is transferred to AUSfund you will no longer be a member of, or have any rights under HIP.

No insurance cover is provided in AUSfund.

You can transfer your benefit from AUSfund to the fund of your choice at any time. Phone AUSfund on 1300 361 798.

HIP has established a program of cross-matching data to recover money for existing members previously forwarded to AUSfund. There is no charge for this service and if money is recovered you will receive notification from HIP.

The Lost Members Register

HIP wants to stay in touch with you and makes every effort to do so, but we need your help to keep our records up to date. If you change your address please contact HIP's Customer Service Centre on 1300 654 099, or logon to hipsuper.com.au.

If we do not have your correct contact details you will be declared a 'lost member' and your account details will be reported to the Lost Members Register (LMR), maintained by the ATO.

To find lost superannuation you can phone the ATO on 13 10 20 or phone the 'Super Seeker' self help phone service on 13 28 65 (available 24 hours, 7 days a week).

Unclaimed money

Most importantly, if you reach retirement age (preservation age) and are eligible to claim your benefit but we cannot find you, then your benefit becomes unclaimed money and must be paid to the ATO.

Your benefit will also become unclaimed money if after reasonable effort the Fund's Trustee is unable to find a beneficiary in the event of your death.

Australian Taxation Office
Superannuation Business Line
PO Box 277
WTC VIC 8005

Phone: 13 10 20 (between 8am-6pm Monday to Friday)
Website: ato.gov.au/super

Rollover your other
super into HIP and
you could save.

Extra benefits for HIP members

Your HIP membership enables you to not only save on your super! HIP members are able to access a variety of products and services at special rates through our Affinity Programs.

HIP Credit Union

The latest extension to the privileges provided to HIP members is the HIP Credit Union. Members of HIP Credit Union have access to a comprehensive range of loans, savings and investments, easy to use transaction accounts and 24 hour, 7 day a week access to free telephone and internet banking. Call 02 8843 0023 or visit hipcu.com.au

Manchester Unity Health Insurance

HIP is excited to offer members the very best in private health insurance. We have selected an Australian owned health insurer, Manchester Unity as our preferred provider private health insurance provider.

As a mutual, Manchester Unity is owned by their members and so we are confident that you will receive more value for your money. Their extensive range of Hospital and Extras covers will ensure that you will have the right health cover at every stage of your life.

Manchester Unity rewards members for their loyalty with Health Dollars, which can be used to top up extras benefits or reduce any hospital excess payments. Manchester Unity also offers a free online health management program for members, which will allow you to receive a full health assessment. It will also assist in the planning of tailored diets, weight loss and fitness programs.

Contact Manchester Unity on 1800 622 559 or email hip@manchesterunity.com.au.

Switzer Financial Services

Switzer Financial Services provide high quality financial planning and are a true fee for service provider. They do not receive any commissions or charge percentage fees, with their first consultation being free. Switzer Financial Services provide special rates for limited advice, as well as seminars and newsletter articles from Peter Switzer himself.

Contact Switzer Financial Services on 1300 SWITZER (794 8937) or visit financial.switzer.com.au.

Your HIP membership
enables you to not only
save on your super!

Fees and other costs

HIP fees at a glance

Our commitment, at HIP, is to deliver quality service, communication and education, and strong investment returns to members at the lowest possible cost. HIP only charges sufficient fees to cover its costs and HIP aims to present you with an easy-to-understand fee structure with no hidden extras.

Unlike many other funds, HIP does not charge entry, exit or contribution fees and does not pay commissions to agents.

All profits (after fees shown below and government taxes) are directed to HIP members, which means more of your money is working for you.

This document shows you the fees and other costs you may be charged. These fees may be deducted from your account balance, the returns on your investment or from the fund assets as a whole. Taxes and insurance costs are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Consumer Advisory Warning

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management fees where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of fees based on your circumstances, the **Australian Securities and Investments Commission (ASIC)** website (**fido.asic.gov.au**) has a superannuation fee calculator to help you check out different fee options.

Fee table

This fee table has been prepared in accordance with the guidelines issued by the Australian Securities and Investments Commission to show the fees or costs that may be charged to your account or deducted from the Fund's investment earnings.

Type of fee or cost	Amount	How and when paid
Fees when your money moves into or out of the fund		
Establishment fee The fee to open your investment.	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment – either by you or your employer.	Nil	Not applicable
Withdrawal fee The fee on each amount to take out of your investment.	Nil	Not applicable
Termination fee The fee to close your investment.	Nil	Not applicable
Management costs		
Administration fee The fee to cover the general operating and administration costs of the Fund.	\$1.40 per week	Deducted from your account at the end of each financial year or at the time you exit HIP.
Investment management costs The fee for managing the Fund's investments. These are calculated annually in arrears and may change from year to year. The costs here are for each investment option for the year ended 30 June 2008.	Growth Option: 1.08% Capital Stable Option: 0.76% Cash Option: 0.27% Therefore, on a \$10,000 balance, the annual cost would be: Growth Option: \$108.00, Capital Stable Option: \$76.00, Cash Option: \$27.00	Deducted from gross investment earnings on 30 June or earlier if you leave HIP, before interest is credited to your account.
Service fees		
Investment switching fee The fee charged for changing investment options.	The first investment switch in any financial year is free. Second and subsequent switches cost \$20 each.	If applicable, deducted from your account the month the switch occurs.

Additional explanation of fees and costs

Family law fees

Family law fees apply when splitting a benefit account, when a member is going through the process of a property settlement due to marriage breakdown. There are two types of fees – one for seeking information, and the other to facilitate a payment split. The fee of \$100 to obtain information is not deducted from the member's account: it is payable by the person making the request. The payment split fee of \$72 is deducted from the member's account.

Performance fees

HIP pays performance fees to some investment managers when the manager's returns exceed agreed targets. Any performance fees paid by the Fund to investment managers are included in the investment management cost and deducted from the earnings of the Fund before investment earnings are credited to members.

Insurance costs

All members will be automatically allocated one unit of 'Death only' cover once the Fund receives a contribution. The fee charged for this insurance \$1.00 per unit per week. Please refer to pages 15-19 for more information.

The benefit of a tax deduction

When the Fund receives a tax deduction, the benefit of that deduction is passed onto members as part of Fund earnings.

Changes to HIP fees

Under the Trust Deed, the Trustee is authorised to change fees that may be charged. You will be given at least 30 days notice before any increase takes effect.

Member protection

If your account balance is less than \$1,000 at the end of the financial year (the review period), it is protected by law to ensure that administration costs do not exceed the investment earnings credited to your account. This is known as 'member protection'. The purpose of member protection is to prevent small balances from being eroded by administration costs. However, there is an exception to the member protection requirements.

In any review period when total investment earnings to be distributed to members are insufficient to cover the total administration costs to be deducted from member's benefits, member protection will not apply in the way described above.

In such a period (typically investment earnings may be negative) superannuation funds are able to charge members with small account balances an amount equal to the investment return credited, plus up to \$10.

Example of annual fees and costs for HIP's Growth Option

This table gives an example of how the fees and costs in the HIP Growth Option can affect your superannuation investment over a one-year period. You should use this table to compare this product with other superannuation products.

Example

HIP Growth Option		Balance of \$50,000 with total contributions of \$5,000 during the year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
Plus management costs	1.08% + \$72.80 (\$1.40 per week)	And, for every \$50,000 you have in the fund you will be charged \$540 each year plus \$72.80 in administration fees regardless of your account balance.
Equals cost of fund		If you put in \$5,000 during a year and your balance was \$50,000, for that year you will be charged fees of: \$612.80 What it costs you will depend on the investment option you choose.

Other examples of annual fees and costs for HIP Growth Option

Our administration fee is based on a fixed dollar amount of just \$1.40 per week, regardless of your account balance. If your account balance is less than \$50,000 refer to the table below for examples of the fees and costs that you will pay over a one year period.

Account balance	Investment fee (1.08%)	Administration fee (\$72.80 pa)	Total
\$1,000	\$10.80	\$72.80	\$83.60
\$5,000	\$54.00	\$72.80	\$126.80
\$10,000	\$108.00	\$72.80	\$180.00
\$25,000	\$270.00	\$72.80	\$342.80

Member investment choice

Your investment options

When you join HIP, your initial contributions are automatically invested in the Growth Option, our default investment option. When your account balance reaches \$1000 you can choose how your super is invested from three investment options, the Growth, Capital Stable and Cash Options. You are able to choose one of the three investment options or create your own strategy by selecting a combination of the options.

When you make your investment choice, you can decide whether this applies to your:

- existing account balance; and/or
- future contributions

If you do not want to make a selection, your money will remain in the Growth Option.

Before you make an investment choice

Choosing your investment option can directly impact the value of your retirement benefit. In other words, how you invest today can make a big difference to the final amount you have at retirement. Therefore, you should carefully consider the options and their expected performance over time.

Before you make your choice you should also think about:

- how long you have before you retire (your time horizon)
- how comfortable you are with investment risk
- the investment return you need or want
- how long you need your superannuation benefit to last in retirement
- other investments and savings you may have
- how important it is for you to receive consistent returns

It is important to remember that all investment strategies involve risk. In general, the greater the investment's potential return, the greater the risk associated with the investment. Similarly, lower risk investments usually provide lower returns.

Each investment option has a different degree of investment risk and a different expected level of investment earnings. This is because each option is made up of a different mix of growth and defensive assets.

What are growth assets?

Shares, property and some infrastructure investments are known as growth assets because they offer the greatest potential to increase in value and provide the highest return over the long-term. When you invest in assets that aim to provide higher returns however, you are generally exposed to a higher level of risk. This is because such assets are more volatile, rising and falling in value from year to year, and there is a higher probability of negative returns in some years.

What are defensive assets?

Fixed interest, cash and some alternative investments are known as defensive assets because compared with shares and property, they generally provide lower, yet more stable returns over the long-term. When you invest in defensive assets you are generally exposed to a lower risk of a negative return in any year because of a lower level of volatility in the returns.

What is the difference between risk and return?

Investment risk and return go hand-in-hand. Generally, the greater an investment's potential return, the greater the risk. Similarly, lower risk investments usually provide lower returns.

When making an investment choice it is important to balance the risk of short-term ups and downs in the value of your account against the higher benefits that an investment in growth assets

may deliver over the long term. It is important to note that high risk investments may produce a negative return.

Each investment option has different investment risk. You may wish to talk with a licensed financial adviser before deciding which investment option best suits you.

Understanding investment risks

All investments are subject to varying risks and can change in value. There are risks in choosing to invest in superannuation and each investment option has different risk characteristics and volatility. The following investment risks should be taken into account:

- **Inflation risk.**
Inflation is measured by the Consumer Price Index (CPI). Where the CPI increases, a certain dollar amount has less purchasing power. When an investment provides a lower return than the increase in inflation, it actually loses value in terms of purchasing power. Therefore, if the after-tax return is less than the rate of inflation, there is the risk that the real value of your money will decline.
- **Market risk.**
Economic, technological, political and legal conditions, and even market sentiment, can (and do) change. This can mean that changes in the value of investment markets can affect the value of investments in the Fund.
- **Interest rate risk.**
Changes in interest rates can have a positive or negative effect directly or indirectly on investment value or returns.
- **Investment styles.**
When choosing individual fund managers, varying investment styles will perform differently depending on the markets and other factors.
- **Legislation and taxation risk.**
The Government may make changes to superannuation law in the future. Such changes may impact some or all aspects of your superannuation savings such as when you can access your super and the tax you would pay on receiving your benefit.

Understanding asset classes

Each of HIP's investment options has a different investment objective. HIP reduces risk by spreading investments across a range of different investment types, or asset classes. The main asset classes HIP invests in are:

- **Cash.**
Invested in short term deposits or bank bills, with interest earned on the cash invested. This is a very stable investment as the returns are most predictable, however it generally earns the lowest rate of return.
- **Fixed interest.**
Common forms include loans to government bodies and companies, either within Australia or internationally. The rate of interest is fixed for a specific time period although returns may fluctuate if market interest rates vary. This asset class has a moderate level of risk and is expected to produce a moderate rate of return.
- **Property.**
Can include investments in office buildings, factories and shopping centres. Property not only generates rental income, but can also increase (or decrease) over time. It normally generates better returns than cash or fixed interest, but it can be a more volatile investment and is usually considered a moderate to high-risk investment.

• **Australian and international equities.**

Equities (shares) represent ownership, or a share in the company and can be diversified across industries and markets. They provide returns as dividends (income), and offer the potential for profit (or loss) through changes in their price on the share markets. Over the long-term equities are expected to provide higher returns than cash, fixed interest or property, but there is an associated higher risk, which can result in negative returns from time to time.

• **Alternatives.**

Can include a number of growth or defensive style investments such as hedge funds, private equity and infrastructure. Hedge funds aim to deliver positive returns and preserve capital in a variety of markets without following traditional benchmarks. Private equity mainly involves investment in companies that are not listed on the stock exchange (unlisted companies). Infrastructure includes roads, airports, ports, power stations, and other important community projects and assets. Alternatives are a moderate to high-risk investment that can produce strong returns, however, there is the corresponding higher level of risk.

Investment advice

HIP Trustee Directors approach all decisions about investments with careful analysis, research and professional independent advice. They always aim to act in members' best interests. The Directors closely monitors investment performance throughout the year and engages JANA Investment Advisers to advise the Trustee Directors on the management of funds invested in all options.

JANA Investment Advisers Pty Ltd is licensed by ASIC (AFSL 230 693).

Socially responsible investments

Socially responsible investments are investments that take into account labour standards or environmental, social and ethical considerations.

HIP appoints professional fund managers to manage its investments and does not specifically take into account these issues in selecting the managers. HIP does not require its fund managers to consider these matters when making investment decisions (including decisions about selecting, retaining or realising an investment). Underlying fund managers may or may not take into account these considerations.

You may need to consult an independent licensed financial adviser if you are unsure of which investment option or combination to choose.

How to make an investment choice

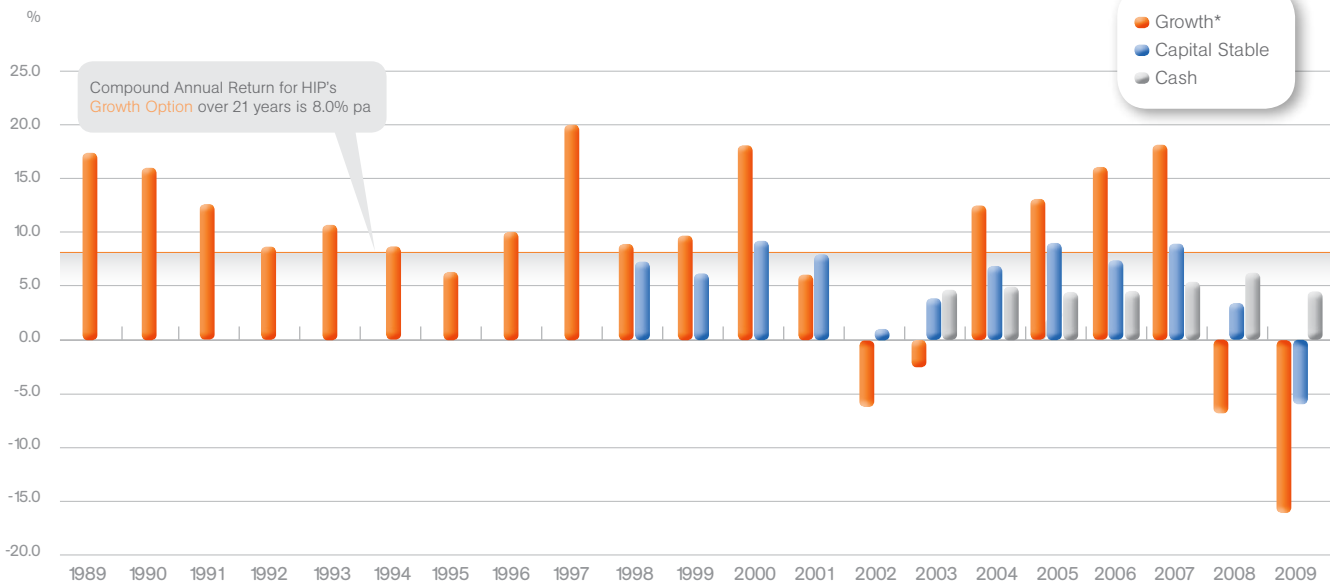
Once you have \$1,000 in your account you can make an investment choice. Complete the form in the HIP Investment Choice Booklet or access your online account via at hipsUPER.com.au. To get a copy of the booklet, contact us on 1300 654 099 or download a copy from the HIP website.

Changing your investment choice

You can change your investment choice at any time during the year. Provided your request is received five working days before the end of any month, your change will be effective from the first day of the new month (or at the start of the following month if you miss the deadline). The first change in any financial year is free, with each additional change costing \$20.

The main difference between HIP investment options is their specific objective.

Crediting Rate of HIP Investment Options*



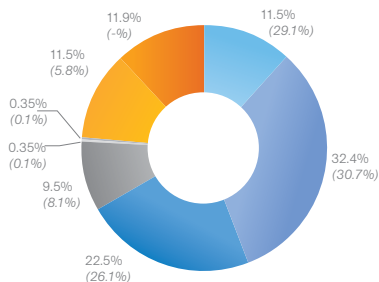
*Note that prior to 1997, the default Growth option was called the Balanced Option.

* Past investment performance should not be taken as an indication of future performance

Your investment options

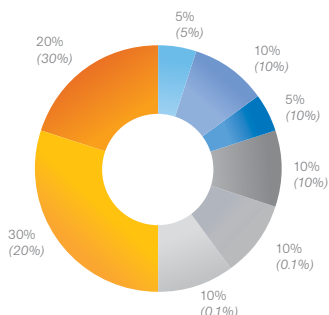
Growth Option (default)

Asset allocation as at 30 June 2009²



Capital Stable Option

Asset allocation as at 30 June 2009²



Asset allocations as at 30 June 2009 (30 June 2008)

- Alternatives
- Australian equities
- International equities
- Direct property
- International bonds
- Australian bonds
- Cash
- Defensive alternatives

Cash Option

Amount invested at 30 June 2009²



Objective

To provide members with good prospects for long-term growth of their superannuation and to achieve investment returns that exceed inflation¹ by at least 3.5% per year over most rolling five-year periods.

Strategy²

The portfolio invests mostly in growth assets, with a small amount in defensive assets (85% growth assets/15% defensive). It is designed for members who are seeking a high level of growth over the long-term and are willing to accept a higher risk of negative returns in some years.

Risk

The likelihood of a negative return is no more than 9 years in 35 years.

Objective

To provide members with consistent returns, reduced volatility and some capital growth, and to achieve investment returns that exceed inflation¹ by at least 1% per year over most rolling three-year periods.

Strategy²

The portfolio has a higher allocation to defensive assets with a smaller investment in growth assets (30% growth/ 70% defensive). It is designed for members who are wanting a stable investment with some growth assets and a small chance of a negative return.

Risk

The likelihood of a negative return is no more than 3 years in 35 years.

Objective

To achieve a return that is at least as good as bank deposit rates (after adjustment for fees and taxes) and to achieve investment returns that exceeds inflation¹ by at least 1% over most one-year periods.

Strategy²

This investment option is totally invested in cash (100% defensive). It is designed for members who have a short investment timeframe or low tolerance to investment risk or volatility.

Risk

This option is not expected to produce a negative return (please note that this is not guaranteed).

Investment performance³

Financial year ⁴	Crediting rate (%)		
	Growth Option	Capital Stable Option	Cash Option
2009	-15.5	-3.5	4.4
2008	-6.5	2.9	6.1
2007	17.8	9.0	5.4
2006	15.9	7.2	4.8
2005	12.6	9.1	4.7
3-year compound average	-2.5	2.7	5.2
5-year compound average	4.0	4.8	5.0
10-year compound average	4.2	5.3	N/A ⁵

Important notes:

1. As measured by the movement of the CPI.
2. The actual mix may vary from time to time within the percentage ranges set by the Trustee.
3. Past performance should not be taken as future performance and that the performance of these investments is not guaranteed and that the value of the investment may rise and fall.
4. Future financial year crediting rates will be published on the HIP website as soon as they become available.
5. Cash Option commenced in 2003.

Accessing your benefit

When can you access your super?

The Federal Government has placed restrictions on when you can access your superannuation benefits. Generally, your superannuation benefits must be held in a superannuation or rollover fund until your retirement from the workforce or after reaching your preservation age. Your preservation age will vary between 55 and 60 years, depending on your birth date.

When you reach retirement age

Generally, you can only access your superannuation benefit when you have permanently retired from the workforce and reached your minimum retirement age (your 'preservation age' as set by the Federal Government).

Transition to retirement rules apply from 1 July 2005 and permit a person who has reached their preservation age to convert all or part of their accumulated benefits to a non-commutable income stream.

Preservation age is linked to your date of birth and is shown in the table below.

Date of birth	Preservation age
Before 1 July 1960	55 years
1 July 1960 to 30 June 1961	56 years
1 July 1961 to 30 June 1962	57 years
1 July 1962 to 30 June 1963	58 years
1 July 1963 to 30 June 1964	59 years
After 30 June 1964	60 years

Compulsory cashing (forced payment) for members over the age of 65 has been abolished, other than for death benefits. This means you can leave your super in your account after age 65.

The preservation rules for account balances, which have received contributions before 1 July 1999 are complex and apply differently to different types of contributions. For example, employer and member contributions have different preservation treatment.

Any 'non-preserved' benefits accumulated before 30 June 1999 can be accessed before retirement under certain circumstances. Phone HIP's Customer Service Centre on 1300 654 099 for more information.

However, all employer and member contributions made on or after 1 July 1999, and all interest credited to a member's account from that date must be 'preserved' until the member reaches their 'preservation age' or satisfied another condition of release.

This means the preserved amount of your benefit must remain in a super fund until you:

- reach preservation age and permanently retire from the workforce
- reach age 65, when you can access your benefits regardless of whether you have retired
- become totally and permanently disabled
- experience severe financial hardship (as determined against criteria set out by the industry regulator)
- meet specified compassionate grounds (as determined against criteria set out by the industry regulator)

Accessing your benefit before retirement

You may also be able to access your benefit before retirement under special circumstances, such as severe financial hardship or compassionate grounds, provided you meet the conditions for release of benefits established by the Federal Government. Phone HIP on 1300 654 099 for more information about financial hardship and compassionate grounds.

Non-residents holding a temporary work visa and leaving Australia permanently (except residents of New Zealand) may access their benefit after they have left Australia.

Transferring to another fund

If you choose to transfer your superannuation benefit to another complying super fund, you will need to provide HIP with the member number and contact details of your new fund and we will process your request once this information has been received. HIP has a waiting period of up to 30 days before a rollover can be processed to ensure that all of your employer contributions have been received and allocated to your account.

Investment Earnings

HIP applies investment earnings to your account at 30 June each year. Although investment earnings are applied to your account annually, it is calculated from the day contributions are received.

If you switch investment options, roll money out of the Fund or receive a benefit payment during the year, an interim crediting rate is used. Interim rates may vary during the year.

Claiming your benefit

Contact the HIP is Customer Service Centre on 1300 654 099 to claim a benefit or to discuss your eligibility.

If you are eligible, HIP will send you the appropriate forms to complete.

Lump sum payments will be made by cheque.

Partial payments are required to leave a balance of at least \$1,500 in the Fund.

Taxation

Tax on your super

You don't pay tax on the contributions you make into HIP from income on which you have already paid tax (after-tax income). However, if you exceed the cap on non-concessional contributions (see page 5) you'll pay the top marginal rate plus the Medicare Levy on those contributions.

A tax is paid from your account on:

- the contributions your employer makes for you
- any contributions paid from income on which tax has not been paid (for example, through salary sacrifice arrangements with your employer)
- any contributions you paid for which you received a tax deduction (these are called concessional or deductible contributions)
- if you exceed the cap on concessional contributions make by your employer (see page 5), you'll have to pay an additional 31.5% tax (including the Medicare Levy) on the excess contributions

Tax on money transferred into, or out of, HIP.

There is no tax if you transfer money from one Australian super fund to another, unless:

- the amount transferred contains an untaxed component (e.g. a termination payment direct from an employer, or a payment from certain super funds for government employees).
- an untaxed component attracts 15% tax.
- a higher tax rate also applies to transfers over \$1million from an untaxed scheme to a taxed scheme.

Payments from an overseas fund to an Australian fund are treated as a personal, non-concessional contribution. No tax is payable on the contribution, but the cap still applies.

Note that tax may apply to investment earnings accrued in the overseas fund when your benefit is paid from that fund more than six months after you become an Australian resident.

You should consider seeking professional tax advice before you transfer super from an overseas fund.

Tax on investment earnings of the Fund

Investment earnings of the Fund are taxed at a maximum rate of 15%. Most Australian capital gains are taxed at a discounted rate of 10%. Imputation tax credits on any share dividends may reduce the actual tax rate further. HIP allows for investment tax before declaring interest rates.

Tax on payments from a superannuation fund

You may have to pay tax when you withdraw money from HIP. The amount you pay will depend on your circumstances, including your age, how long you have been in a super fund and how your super benefit is paid:

- you pay no tax on super benefits received if you're aged 60 or over, where they have already been subject to tax on contributions and investment earnings (this applies to HIP).
- you pay no tax on the part of your super benefit that consists of the contributions you made from your after-tax income after 30 June 1983, or on the portion of your benefit that accrued before 1 July 1983. HIP is required to calculate the latter amount as a fixed dollar figure by 1 July 2008. These two amounts form part of the tax-free component of your super.
- you pay no tax on the first \$145,000 of your total benefit less the tax free component if you withdraw it from your super after you reach preservation age, but before age 60. You may pay 15% tax plus Medicare Levy on any amount over \$145,000.
- if you're under preservation age you pay 20% tax plus Medicare Levy on your entire benefit less the tax free component.
- if you use your super benefit to receive a regular income from a super fund (a pension or annuity), special tax concessions apply. Visit ato.gov.au or simplersuper.gov.au for details.
- if your benefit is paid out to you as an eligible temporary resident who is leaving Australia permanently, higher tax rates may apply. Contact the Australian Taxation Office for details.
- no tax is paid on death benefits paid to a dependant (as defined in the tax legislation). The taxable component of a lump sum paid to a non-dependent is taxed at 15%.

Tax treatment of lump sum withdrawals

1. Tax free component – <ul style="list-style-type: none">• pre-July 1983 component,• CGT exempt component;• post-June 1994 invalidity component;• concessional component,• undeducted contributions; and• non-concessional (after-tax) contributions	<ul style="list-style-type: none">• Paid tax-free.
2. Taxable component – <ul style="list-style-type: none">• Comprising the following pre 1 July 2007 components:• post-June 83 component; and• non-qualifying component.	<ul style="list-style-type: none">• Under your preservation age – applicable tax is 20% (plus Medicare levy).• Your preservation age to age 60 – it will be paid tax-free up to the low-rate threshold of \$145,000 and amounts above the threshold will be taxed at 15% (plus Medicare levy).• Aged 60 plus - Tax free

Providing your Tax File Number (TFN)

Why HIP asks for your TFN

HIP is authorised to seek your TFN under the Superannuation Industry (Supervision) Act 1993 (SIS). Advising HIP of your TFN is voluntary and it not an offence if you choose not provide your TFN.

HIP is required by law to take the necessary steps to properly safeguard your TFN. HIP's intention is to use your TFN only for approved legislative superannuation purposes. These purposes include:

- to assist in searching for, and amalgamating, superannuation benefits in HIP
- to advise the Australian Taxation Office (ATO) for taxation and co-contribution purposes
- to pass your TFN to another regulated fund or Retirement Savings Account if your benefit is transferred or rolled over, unless HIP receives written notification stating otherwise
- to advise the ATO if no contributions are received for you for a period, or if HIP is unable to confirm your address. Under these conditions you are presumed to be 'lost' to HIP
- to advise the relevant authority if we are paying unclaimed money to them.

If you chose not provide your TFN to HIP

If you choose not to provide your TFN to HIP the following may occur:

- HIP may not be able to locate and amalgamate benefits if you have more than one in the Fund
- benefits paid to you will be subject to PAYG tax at the highest marginal rate plus the Medicare Levy (46.5% from 1 July 2007). The additional tax may be recovered after lodgement of your tax return.
- the ATO may have difficulty determining your entitlement to government co-contributions on any personal contributions
- HIP will not be able to accept any personal after-tax contributions on your behalf
- if you opened your HIP account before 1 July 2007, HIP will be required to deduct tax at the highest marginal rate from any employer's contributions (including salary sacrifice amounts) once a threshold of \$1000 for the year is reached
- if you open/ed your HIP account after 30 June 2007, HIP will be required to deduct tax from ALL your employer's contributions (including salary sacrifice amounts) at the highest marginal rate

Note: A member who has had tax deducted on their concessional contributions at a rate of 31.5% (plus Medicare levy) instead of the concessional rate of 15% as a result of not quoting their TFN to HIP can quote their TFN within the following 3 financial years and HIP can claim an offset for the additional tax paid to the ATO. The offset will be credited to your account. If you rollover your membership from HIP and have not provided your TFN the additional tax will be deducted and an offset for this may not be available. For further information contact HIP directly.

If you don't provide
your TFN to HIP, you
pay more in tax.

Your insurance cover

HIP Super has you covered

Superannuation is the asset you are building today to achieve a financially secure retirement. However, at the moment two of your most valuable assets are your financial health and income earning potential. Protecting them against the unexpected should be part of your strategy.

HIP offers three specially created insurance covers:

- Death
- Income Protection
- Total and Permanent Disablement (TPD)

In fact, all HIP members under the age of 65 automatically receive one unit of Death insurance at the standard scale when joining HIP. You will be eligible for this cover from the date your employer starts to make contributions to HIP on your behalf. If you are an employee member and don't wish to keep the one unit of Death insurance simply write to us at: HIP, Locked Bag 23, Haymarket NSW 1236.

Death insurance

All HIP members under age 65 automatically receive one unit of Death insurance. You are eligible for this cover from the date your employer starts to make on-time contributions to HIP on your behalf.

You can apply to increase your Death insurance at any time to a maximum of \$1,000,000. The benefit table below shows the amount of cover one unit of Death insurance provides, based on your age next birthday.

Each unit costs \$1 per week and is deducted from your account.

Increasing your Death insurance

You can apply to increase your Death insurance cover at any time provided you are 'at work' and a HIP participating employer is paying superannuation contributions on your behalf.

To increase your cover, simply tick the relevant box on the Membership Application to receive the Insurance information booklet including the application to increase your insurance. This form will include a Personal Health Statement. You can also download a copy of this booklet from hipsuper.com.au or by ringing 1300 654 099.

Your additional Death insurance cover will commence from the date the Insurer accepts your application.

Death Benefit Table

Age Next Birthday	Insurance Benefit for 1 Unit	Age Next Birthday	Insurance Benefit for 1 Unit
16 to 36	\$128,800	51	\$50,100
37	\$122,400	52	\$46,300
38	\$115,900	53	\$41,200
39	\$110,700	54	\$37,300
40	\$105,600	55	\$32,200
41	\$99,100	56	\$28,300
42	\$94,000	57	\$25,800
43	\$88,800	58	\$23,100
44	\$82,300	59	\$19,300
45	\$77,900	60	\$16,700
46	\$72,100	61	\$14,100
47	\$66,900	62	\$11,500
48	\$63,000	63	\$7,700
49	\$59,200	64	\$5,100
50	\$54,100	65	\$2,500

Extended Cover

If employer contributions cease to be paid for you into your HIP account, insurance deductions will continue to be made from your account and Death cover provided until:

- you write to us stating you wish deductions to stop;
- there are insufficient funds in your account to pay for premiums;
- you reach age 65;
- you die; or
- you cease to be a member of HIP.

You may cancel this extended cover at any time by advising HIP in writing. However, cover will not resume again until on-time employer contributions for you have recommenced.

If you have not had an employer contribution payment for at least 12 consecutive months, and have continued to have premiums deducted from your account, HIP will remind you that these deductions are still occurring.

Continuation option

If your cover ends because you no longer satisfy the eligibility criteria for reasons other than injury or illness, you have a 'continuation option'. This means that you may apply for an individual policy with ING Life Limited for the amount of death benefit equal to, or less than, the death benefit provided under your policy with HIP.

For more information about this option phone 1300 654 099.

Your Death benefit

Your Death benefit is made up of the balance in your HIP account and any insured benefit payable. Death benefits are payable to a deceased member's dependants, estate or legal personal representative.

The Trustee has a legal responsibility to identify the deceased member's dependants before paying a Death benefit. If a Death benefit becomes payable, the Trustee considers the member's beneficiary nomination, their Will (if any) and information provided by the claimant(s).

The Membership Application includes the opportunity for you to nominate the person or persons to whom you would like the benefit paid. You may change your nomination at any time by writing to HIP or online at hipsuper.com.au.

If your circumstances change it is important to update your preferred beneficiary nomination. It is also important to make a Will and keep it up to date.

Your preferred beneficiary nomination is shown on your Annual Statement and Record of Contributions statement.

Definition of Dependent

Under superannuation law a 'dependant' includes a spouse, a child of the person or an interdependent who is any person wholly or partly financially dependent at the time of death. An 'interdependent' is a person that the member has an 'interdependent relationship', and will apply to a member who dies after 1 July 2004. 'Spouse' also includes same sex couples and 'child' also includes children of same sex couples.

An 'interdependent relationship' is defined by two people who satisfy all of the following conditions: have a close personal relationship, live together, and one, or each of them, provides the other with financial and domestic support and personal care.

An interdependent relationship also exists if two people have a close personal relationship but the other requirements are not satisfied because either or both of them suffer from a physical, intellectual or psychiatric disability.

When your Death cover ends

Cover for all death benefits will cease on the earliest of the following:

- your death
- the date you commence active duty with the armed forces of any country except the Australian Armed Forces Reserve in Australia
- the date you reach the benefit expiry age – 65
- the end of the month in which your account balance has insufficient funds to pay the premium
- the date the insurance policy ends

Income Protection insurance

HIP's Income Protection insurance provides you and your family with an income if you are unable to return to work through injury or illness.

Because for many people illness or injury also means a loss of salary, Income Protection insurance can assist you to meet your financial obligations in the event of a temporary disability (that lasts longer than 60 days).

Income Protection insurance can cover you for up to 75% of your pre-disablement salary, for a period of up to two years (24 months).

Provided you meet the eligibility conditions, you will be automatically provided with Income Protection cover from the day you start work with your HIP employer or the date on which your employer commences to make on-time contributions for you, whichever is the later.

Cost of income protection insurance

The cost of each unit is \$0.91 per week and is deducted from your account. Each unit of Income Protection insurance provides a benefit of \$770 per calendar month.

The benefit amount of \$770 per unit, per month, will be split as a base of \$700 to you and \$70 payable to HIP to cover compulsory 9% Superannuation Guarantee payments

Income Protection calculator

Use the calculator below to work out how many units of Income Protection insurance you need to receive the maximum benefit (75% of your income) and how much it will cost you per week.

	Example	Your calculation
How much do you earn each month, before tax?	\$3,800	
Multiply by 75% (x 0.75).	\$2,850	
Divide by \$770 (This is the benefit provided per month for one unit of cover).	3.7	
Round this number up to the next whole number (This is the maximum number of units of Income Protection cover you may apply for).	3.7 rounds up to 4	
To calculate the cost of this level of insurance cover per week, multiply the number of units by \$0.91.	4 units x \$0.91 = \$3.64	

It's important to note that these costs come out of your super account, not your pay, and you can change your insurance levels at any time.

Eligibility conditions

You will be automatically allocated Income Protection units if:

- you are a permanent (full-time or part-time) employee; and
- you have an income of more than \$10,000 per year; and
- you are not over 65 years of age; and
- you are 'at work' on the day you complete your Membership Application; and
- your Membership Application is received within three months of commencing employment with your HIP employer.

Casual and permanent employees earning less than \$10,000 per year are not eligible for Income Protection insurance. If you do not indicate on your Membership Application whether or not you are employed on a casual basis, it will be assumed that you are employed on permanent basis.

You must answer all of the insurance questions on the Membership Application if you wish to apply for Income Protection insurance. This will enable HIP to determine your eligibility and, if you are eligible, allocate the correct number of units to your account.

If your completed Member Application is not received by HIP within three months of commencing employment with your HIP employer, you will not be eligible for an automatic allocation of Income Protection units.

Income Protection benefits are paid only for illnesses or injuries that prevent you from working for a continuous period of more than 60 days.

Limited Income Protection cover

If you are not 'at work' on the day you complete your Membership Application, but meet the other conditions, you will still be eligible for Income Protection cover, however you will be provided with limited cover.

This means that you will only be covered for Income Protection claims arising from an injury or illness which was not related to the cause of your absence from work on the day the form was completed. You will receive full Income Protection coverage once you are again 'at work'.

Definition of 'at work'

'At work' is defined as the member being at work with a participating employer of HIP and performing identifiable duties. A member will still be considered to meet the requirements of this definition if not at work on the respective date, but is still employed by a participating employer of HIP and the absence is not due to illness or injury.

Automatic allocation of Income Protection insurance

Provided you have an income of at least \$10,000 per year and you are eligible for Income Protection under the conditions outlined, you will be allocated sufficient units of Income Protection to provide a benefit of up to 75% of your income, as indicated by you on your Membership Application. The maximum number of units that you will be allocated is 4 units without needing to provide evidence of health.

If you require more than 4 units, you will be allocated the 4 unit maximum and we will send you an application to increase your insurance, including a Full Personal Health Statement.

You may request a reduction or increase in the number of units at any time as your income alters. If you do not indicate your level of income on your Membership Application, you will automatically be given four units of cover.

Regardless of the number of Income Protection units you hold, the maximum benefit payable if you become 'totally disabled' will be 75% of your pre-disablement income, at the time of injury or illness, or the benefit provided by the number of units you hold, whichever is the lesser.

Definition of 'pre-disablement income'

Under the terms of the insurance policy, your pre-disablement income includes:

- the regular remuneration being paid to you on the day prior to the commencement of your disablement, as confirmed by your HIP Super employer
- the monetary value of any fringe benefit which are costed items of annual remuneration taken in direct substitution of salary, and
- performance related annual payments which are related to your normal duties. Such payments are averaged over the prior period of three years from the first day of the waiting period or such lesser period as you have been engaged by your employer.

If you are not employed by a participating HIP Super employer on the day that disablement commences, your pre-disablement income will be the same level of income as would have been applied to you had your total disablement commenced on the day prior to you having ceased employment with your participating HIP Super employer.

Income Protection benefit

An Income Protection benefit comprises of the lesser of:

- the total benefit provided by the number of units of Income Protection cover you purchase; or
- 75% of your income immediately before you suffer injury or illness.

An Income Protection benefit is only available to members who have current Income Protection cover when the event occurs that results in them becoming 'totally disabled'.

Waiting period

If you cease work due to an injury or illness, a waiting period of 60 days must first elapse before you become eligible to receive a benefit. You should notify HIP Super as soon as there is any indication that you will be disabled for longer than the 60 days.

In any event, your notification of the potential claim should reach HIP no later than 60 days after you cease work.

After the expiry of the waiting period and assessment of your application by the Insurer, you may be entitled to a gross benefit of up to \$770 per month for each unit of Income Protection cover that you have purchased, whilst you remain 'totally disabled'.

Income Protection insurance under HIP will provide a monthly income benefit (payable in arrears) for up to 24 months whilst you are totally disabled.

Definition of 'totally disabled'

'Total disablement' as defined in the policy, requires that due to an injury or illness:

- you are not able to perform one or more of the duties of your regular occupation, necessary to produce income; and
- the injury or illness is confirmed by a medical practitioner; and
- you are not engaged in any occupation.

What could reduce my Income Protection benefit?

The benefit you may be entitled to will be reduced by other payments, including settlement or commutation amounts from:

- workers' compensation
- in respect of loss of income under any statutory accident compensation scheme
- as benefits under any other disability, injury or sickness insurance policy (except for lump sum benefits received for total and permanent disablement)

Sick leave and long service leave entitlements and investment income are not taken into account.

Are there any situations where I will not be covered?

Income Protection benefit payments will not be made if the event is caused either directly or indirectly:

- by war, or act of war
- your intentional self-inflicted act
- a pregnancy, childbirth or miscarriage, unless you are disabled for more than three months from the latter of the date your pregnancy finishes or the date your disability commences. If you are disabled as a result of an accident which has no relationship to your pregnancy, the pregnancy exclusion will not apply.

When will cover cease?

Benefit entitlements cease on the earliest of:

- the day you resume gainful employment;
- the day the Insurer determines that you are able to resume gainful employment in your usual occupation;
- on your 65th birthday;
- the day you cease to be under the regular care of a medical practitioner;
- 24 months after Income Protection benefits commenced.

Varying your cover

You may wish to apply for or vary your level of Income Protection units after having joined HIP if:

- you are not eligible for an automatic allocation of units at the time you join HIP; or
- you require more than the maximum four units of cover that may be allocated to you at the time you joined HIP to cover 75% of your income; or
- you need to review your level of Income Protection units because of a change in your level of income; or
- your employment status has changed (e.g. you were employed as a casual at the time you joined HIP, but are now permanent).

You may vary your level of Income Protection at any time provided:

- you complete a Personal Health Statement; and
- you are at work; and
- you are having contributions paid for you into HIP by a participating employer; and
- you are under age 65; and
- you are employed on a permanent basis; and
- you are earning more than \$10,000 per year.

If you wish to increase your number of Income Protection units please phone 1300 654 099 or visit hipsuper.com.au for an Insurance information booklet.

Further information may be required depending on your responses on your Personal Health Statement and the number of units requested. Your increased cover will not take effect until you have provided all of the information required by the Insurer and they have accepted your application.

You should review your level of cover regularly to ensure that you always have sufficient units to protect your income. Alternatively, if your salary decreases, it is important to reduce your units to a level equal to 75% of your reduced income, as the Insurer will not pay a claim greater than 75% of your income.

To reduce your cover

To reduce your level of Income Protection simply advise HIP in writing that your cover be reduced. Your signed and dated letter should include your HIP membership number and income. If you reduce your cover and subsequently wish to increase it again, you will need to reapply for the increase in cover and meet the health requirements of the Insurer.

Total and Permanent Disablement (TPD)

HIP also has optional TPD cover. This extra cover will provide you with the option to receive a lump sum of \$50,000, up to a maximum of \$250,000, in the event that you become totally and permanently disabled.

TPD benefit features

HIP will pay the total and permanent disability benefit (if it applies) if you become totally and permanently disabled, but only if you first suffered total and permanent as a result of the injury or illness while the policy is in force, and before the first to occur of:

- your cover ending;
- you becoming terminally ill;
- (where the policy has ended) the date you return to work, whether on a full time or part time basis;
- the date you turn 65

For the avoidance of doubt, the insurer will determine if you are totally and permanently disabled:

- upon receipt of all the evidence we require to determine if an insured member is totally and permanently disabled
- upon receipt of confirmation that the insured member was gainfully employed
- if not earlier, at the expiration of the 24 months (plus the applicable waiting period that applies to your income protection cover) from the date that you ceased work

Benefit Limitations

In the event of a war involving Australia, New Zealand or your country of residence, increased premium rates may be applied.

Premium Schedule

It should be noted there is a linear reduction of 20% per year in the amount of benefit paid (and premium charged) commencing at age 60, reducing to zero at age 65. The premium will be based in the number of units of cover, up to a maximum of five and your gender. Please refer to the Premium Schedule on the following page.

Total and permanent disablement means that you are/have one of the following:

1. Unlikely to return to work

If you are engaged (or were engaged in the 6 month period immediately prior to the date that the 24 consecutive month period (plus the applicable waiting period) referred to in the second bullet point below commences), in gainful occupation, business or profession or employment when suffering an injury or illness, you are:

- totally unable to engage in any occupation, business or profession or employment for a period of 24 months (plus the applicable waiting period that applies in respect of that member) and
- is determined by the insurer at the end of that 24 month period (plus the applicable waiting period) to be permanently incapacitated to such an extent as to render you unlikely ever to engage in any gainful occupation, business, profession or employment, for which you are reasonably suited by education training or experience.

2. Suffered permanent impairment

If you are engaged in gainful occupation, business profession or employment when suffering an injury or illness and, as a result of that injury or illness, you:

a) suffers a permanent impairment of at least 25% of whole person function as defined in the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', 4th Edition, or an equivalent guide to impairment approved by us and

b) is disabled to such an extent, as a result of the impairment, that you are unlikely to even again to be able to engage in any gainful occupation, business, profession or employment for which they are reasonably suited by their education, training or experience.

3. Suffered specific loss

As a result of the illness or injury, you suffer total and permanent loss of the use of:

- two limbs
- the sight in both eyes
- one limb and the sight in one eye

4. Suffered loss of independent existence

As a result of illness or injury, you suffer loss of independent existence. 'Loss of independent existence' means the insurer has determined that you are totally and irreversibly unable to perform at least two of the following five 'activities of daily living' without the assistance of another adult person:

- bathing and/or showering
- dressing and eating
- eating and drinking
- using a toilet to maintain personal hygiene
- getting in and out of bed, a chair or wheelchair, or moving from place to place by walking, wheelchair or with assistance of a walking aid

5. Suffered cognitive loss

As a result of illness or injury, you have suffered cognitive loss. 'Cognitive loss' means the insurer has determined a total and permanent deterioration or loss of intellectual capacity, which has required you to be under continuous care and supervision by another adult person for at least 6 consecutive months and, at the end of that six month period, you are likely to require permanent ongoing continuous care and supervision by another adult person.

Making a claim

If you believe you are eligible for a Death, Income Protection or TPD benefit, contact our Customer Service Centre on 1300 654 099 for the relevant forms.

The Insurer

ING Life Limited (ABN 33 009 657 176) provides HIP Death, Income Protection and TPD insurance.

HIP offers great value insurance for members.

TPD Premium Schedule

Age next birthday	Monthly (\$) Premium per Unit Females	Monthly (\$) Premium per Unit Males	Sum Insured	Age next birthday	Monthly (\$) Premium per Unit Females	Monthly (\$) Premium per Unit Males	Sum Insured
Up to 20	0.29	0.64	50,000	43	4.24	4.18	50,000
21	0.33	0.71	50,000	44	4.75	4.83	50,000
22	0.36	0.78	50,000	45	5.28	5.58	50,000
23	0.38	0.83	50,000	46	5.84	6.36	50,000
24	0.39	0.86	50,000	47	6.53	7.24	50,000
25	0.41	0.89	50,000	48	7.40	8.25	50,000
26	0.42	0.92	50,000	49	8.48	9.39	50,000
27	0.44	0.96	50,000	50	9.75	10.68	50,000
28	0.49	1.01	50,000	51	11.18	12.13	50,000
29	0.56	1.08	50,000	52	12.69	13.75	50,000
30	0.62	1.15	50,000	53	14.27	15.55	50,000
31	0.71	1.22	50,000	54	15.94	17.57	50,000
32	0.81	1.31	50,000	55	17.53	19.57	50,000
33	0.95	1.42	50,000	56	19.06	21.56	50,000
34	1.10	1.56	50,000	57	20.67	23.85	50,000
35	1.28	1.70	50,000	58	22.31	26.55	50,000
36	1.49	1.84	50,000	59	24.03	29.67	50,000
37	1.73	2.00	50,000	60	25.86	33.18	50,000
38	2.02	2.21	50,000	61	27.90	37.09	50,000
39	2.36	2.47	50,000	62	24.29	33.11	40,000
40	2.73	2.77	50,000	63	20.07	27.62	30,000
41	3.21	3.17	50,000	64	14.86	20.42	20,000
42	3.73	3.63	50,000	65	8.27	11.32	10,000

Communicating with you

Regular communication

HIP will send you a 'welcome letter' and the latest Annual Report immediately after your employer makes the first contribution on your behalf.

The 'welcome letter' will show your personal details and membership number. Please check that your personal details are correct and advise HIP if they are not. You will need to quote your membership number whenever you contact HIP.

Information about your account will be mailed to you every six months. You will receive a Record of Contributions Statement which lists all the contributions received and allocated to your account for the six months ending 31 December. You will also receive a detailed Annual Benefit Statement showing all the transactions on your account during the year and the balance of your account as at 30 June and a copy of the Fund's Annual Report to members. The Annual Report provides the latest information on the performance of the Fund's investments, insurance benefits, investment choice and the overall operation of the Fund.

Access your account online at hipsuper.com.au

You can also check your account details at any time on the HIP website. Simply contact the HIP Customer Service Centre on 1300 654 099 to register and receive your personal identification number (PIN). This is a free service.

Enquiries or complaints

If you wish to make an enquiry about your account or HIP in general, or if you have any concerns about the operation or management of the Fund, please contact HIP in writing, by phone, fax or email. HIP will respond to your enquiry promptly.

If you wish to make a written complaint, it should be sent to the Complaints Officer, Health Industry Plan, Locked Bag 23, Haymarket NSW 1236. Our Complaints Officer will respond within 28 days. If you are dissatisfied with the response you receive, you may write to the Fund Secretary and your complaint will be brought to the attention of the Trustee Board, who will review the decision impartially and respond to you within 90 days.

If you are not satisfied with the Trustee's decision you can contact the Superannuation Complaints Tribunal (SCT). The Tribunal is an independent body established by the Federal Government to assist members and beneficiaries to resolve certain complaints. You can contact the SCT on 1300 780 808 or visit sct.gov.au.

Anti-Money Laundering & Counter Terrorism Financing (AML/CTF) Laws

We are required to comply with AML/CTF laws which impose on us the specific requirements to confirm the identity of beneficiaries and other associated persons. Thus, we may from time to time require the supply of information to assist us. If the information is not supplied this may delay a transaction or result in refusal to process a transaction until the required information is supplied to us.

HIP respects your privacy

Protecting your personal information has always been important to us and is now required by law. Changes to the Commonwealth Privacy Act mean that we must now handle your personal information in accordance with a set of guidelines, known as the National Privacy Principles.

HIP only collects information that is necessary to administer your fund membership. By this, we mean managing your account and keeping you up to date with opportunities and value-adding services and benefits available to you as a HIP member.

HIP has appointed an Administrator, Insurer and other specialist organisations to provide services to HIP on your behalf. They are authorised to use your personal information only to administer your fund membership, under the strictest confidence.

Your personal information will not be used or disclosed for any other purpose without your consent, except where required by law. For example, the HIP Administrator is required to report certain information to the Australian Taxation Office for tax related purposes. The personal information collected by HIP from you, or through your employer, includes your contact details, date of birth and Tax File Number (if you have chosen to quote it). Over time, this will be supplemented with financial and other information necessary to administer your fund membership.

Additional information may be collected from you, your medical practitioner(s) or from your employer for the purpose of assessing your eligibility for insurance cover or for the assessment of a claim. We would only seek to collect such information with your consent. We have stringent security measures in place and the staff who handle your personal information have the knowledge, skills and commitment to protect it from unauthorised access or misuse.

As a member of HIP, you may ask to see the information we hold about you and to have it corrected if required. To find out more about the personal information we hold and how it is handled, please call 1300 654 099.

If you would like more information about the Privacy Act or the National Privacy Principles, you can contact the Federal Privacy Commissioner's hotline service on 1300 363 992.



Income Protection cover

a) Are you actively at work with a HIP employer?

Yes Go to question b.

No You will have limited or no Income Protection cover. Go to page 18 of this booklet for full details.

b) Are you employed on a casual basis?

Yes Income Protection cover is not available. Go to Step 6.

No Go to question c.

c) Indicate the number of units of Income Protection insurance you would like to apply for (use your income as a guide). Remember cover is limited to 75% of your income

Number of units	Your income (per year)	Maximum cover (per year)
<input type="checkbox"/> 0	less than \$10,000	Cover not available
<input type="checkbox"/> 2	\$10,000 to \$24,640	\$18,480
<input type="checkbox"/> 3	\$24,641 to \$36,960	\$27,720
<input type="checkbox"/> 4	\$36,961 to \$49,280	\$36,960
<input type="checkbox"/> more than 4	Over \$49,281	You will need to complete an application to increase your insurance. HIP will send you this application.

Total and Permanent Disablement (TPD) Insurance

I would like an application form for TPD cover. (HIP will send you an application to complete).

Step 6 Being involved in your super (optional)

Please send me information on:

Personal contributions (before tax or salary sacrifice)

Personal contributions (after tax or co-contribution)

Investment choice

Please issue me with a **PIN** so that I can access my account online

Step 7 Keeping you up to date

Please keep me up to date with services, products and benefits offered to HIP members by other companies. **Yes** **No**

If you tick **No**, then you will not be advised of such services and products. If you do not tick either option, HIP will assume you agree. Each year HIP will send you a copy of the latest Annual Report as legally required.

Step 8 Authorisation and signature

I hereby;

- apply to the Trustee for admission as a member of Health Industry Plan (HIP) under the terms and conditions of the Trust Deed, by which the Fund was established
- acknowledge receiving the Member Information Booklet attached to this application
- acknowledge that I have read the privacy statement and consent to my personal information being collected and being used in accordance with these
- declare that all answers in this application are true and correct and acknowledge that incorrect answers in the insurance section may affect my insurance benefit in the event of any claim

Signature

Date

 - -

Please return completed form to: **HIP Administration, Locked Bag 23, Haymarket NSW 1236**
Private Hospitals Superannuation Pty Ltd ABN 59 006 792 749 AFSL 247 063 RSEL L0001533 RSER R1056617

Level 5, Sydney Central
477 Pitt Street
Sydney NSW 2000

PO Box K1038
Haymarket NSW 1236

Phone: 1300 654 099

Fax: 02 9375 7758

hipsuper.com.au

Trustee: Private Hospitals
Superannuation Pty. Ltd.
ABN 59 006 792 749

AFSL 247063

RSEL L0001533

RSER R1056617

To whom it may concern

Letter of compliance – Health Industry Plan (HIP)

Private Hospitals Superannuation Pty Ltd (ABN 59 006 792 749), as Trustee, certifies that HIP (ABN 50 030 598 247):

- is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993;
- has been allocated Superannuation Fund Number 2683 449 46;
- has a Superannuation Product Identification Number HIP0100AU;
- has been allocated an Australian Financial Services Licence number 247 063; and
- the Trust Deed of HIP complies with the standards currently imposed on complying superannuation funds under the Superannuation Industry (Supervision) Act 1993 and Regulations.

Yours faithfully



Ross Bernays
Chief Executive Officer

Written notification to employer of chosen fund

If you want your superannuation to be paid into HIP please provide this completed form to your employer. It will contain all the information your employer needs to administer your choice, and you can use it instead of the 'standard choice' form given to you by your employer.

Please complete this form using block letters. Mark appropriate boxes with a cross (x).

I request that all my future superannuation guarantee contributions be made to HIP.

Employee name

Employee no.

Date - -

Signature

Information Required

HIP Fund is an eligible choice fund.

Fund Name Health Industry Plan (HIP)
Fund ABN 50 030 598 247
Superannuation product identification number HIP0100AU
Telephone 1300 654 099
Email hipsuper@superpartners.com.au
Website www.hipsuper.com.au
My HIP membership number is: (applicable if you are already a member)

HIP provides flexible payment options for employers

Electronic funds transfer	You can transfer contributions electronically from your nominated business bank account directly into HIP's account for all of the contribution options.
BPAY	You can use BPAY for all of the contribution options if your financial institution has this facility.
Cheque	You can make direct payments for all the contribution options by posting a cheque to HIP. A contribution return or remittance must be received with the payment. Note that all cheques should be made payable to 'Health Industry Plan'.
Direct debit on demand	Direct debit is available for the online SuperSite contribution option. This payment method means you authorise the exact amount to be deducted from your account each month.

Telephone: 1300 654 099 Fax: (02) 9375 7884 Email: hip@superpartners.com.au
Web: hipsuper.com.au Postal address: PO Box 23, Haymarket NSW 1236

Trustee: Private Hospitals Superannuation Pty Ltd ABN 59 006 792 749 AFSL 247 063 RSEL L0001533 RSER R1056617

Level 5, Sydney Central
477 Pitt Street
Sydney NSW 2000

PO Box K1038
Haymarket NSW 1236

Phone: 1300 654 099

Fax: 02 9375 7758

hipsuper.com.au

Trustee: Private Hospitals
Superannuation Pty. Ltd.
ABN 59 006 792 749
AFSL 247063
RSEL L0001533
RSER R1056617

To whom it may concern

Letter of compliance – Health Industry Plan (HIP)

Australian Business Number (ABN): 50 030 598 247
Superannuation Product Identification Number (SPIN): HIP0100AU
Telephone: 1300 654 099
Website: hipsuper.com.au

On behalf of Private Hospital Superannuation Pty Ltd, the Trustee of Health Industry Plan, I confirm that:

- **HIP is complying fund.** HIP is a resident regulated superannuation fund within the meaning of the Superannuation Industry (Supervision) Act 1993 and is not, and has never been subject to direction under Section 63 of the act, directing the Trustee not to accept any contributions made to HIP by an employer-sponsor. HIP also meets the death cover requirement for choice of fund.
- **HIP will accept contributions.** HIP is able to accept contributions from employers who complete our Employer Application form (available from hipsuper.com.au), including contact details required for administering your account.
- **Contribution payment method.** To remit payment, please send cheque and details of the contribution to HIP, Locked Bag 23, Haymarket NSW 1236. HIP also provides a range of e-commerce options.

HIP's Product Disclosure Statement should be considered when making decisions about HIP.

Further details are available from hipsuper.com.au or by contacting us on 1300 654 099.

Yours faithfully



Ross Bernays
Chief Executive Officer

HIP contact details

Phone: 1300 654 099
Monday to Friday 8am to 7pm (EST)
Fax: (02) 9375 7884
Email: hipsuper@superpartners.com.au

Write to us at

Health Industry Plan (HIP)
Locked Bag 23
Haymarket NSW 1236

Or visit

Level 5, Sydney Central
477 Pitt Street
Sydney NSW

Visit our website hipsuper.com.au