

More Healthy Returns For HIP Members

15.4%

as the **2006** calendar year return for Growth (default) Option*

THE 2006 CALENDAR YEAR HAS AGAIN BEEN A HEALTHY ONE FOR HEALTH INDUSTRY PLAN (HIP) MEMBERS, WITH OUTSTANDING INVESTMENT PERFORMANCE CLEARLY UNDERLINING HIP'S POSITION AS A QUIET ACHIEVER.

The Growth Option has delivered 15.4% to members for the year, after an excellent return of 15.9% for the 2005/2006 financial-year. This option has also returned an impressive 8.9% for the first six months (July – December) of the 2006/2007 financial-year.

These outstanding results are well supported by Australia's current relatively low inflationary environment, with the real return for 2006 being 12.0% after accounting for inflation.

HIP in achieving 15.4% for 2006, compares favourably with the average superannuation performance and the performance of other health industry funds. According to respected industry analysts SuperRatings, the average default option return was just 13.6% for the 2006 calendar year. This again confirms HIP's outstanding performance.

HIP's Capital Stable Option returned 7.7% for the 12 months ended 31 December 2006, and the Cash Option returned 5.0% for the same period. Over 90% of our members are invested in the Growth Option, however, it should be remembered that members have the choice of moving all or part of their balance into either the Capital Stable or Cash Options – if they believe that such a selection would best suit their individual circumstances or the prevailing economic climate.

HIP's outstanding performance was predicated on a commitment to Australian and overseas equities, with both the Australian and US markets hitting record highs during the year. This equity position was complemented by HIP's policy of diversification, which includes allocations to unlisted property, diversified hedge funds, private equity and infrastructure. Most recently, HIP has invested in an Asian property trust and an infrastructure fund to add further portfolio diversification. These investments aim to take advantage of economic growth and socio-economic changes in that part of the world, with a particular focus on China.

Your Trustee Directors, with the assistance of our asset consultant JANA Investment Advisers, continuously monitor the performance of HIP's individual managers, together with the weighting of the portfolio to particular asset classes and types of investment.

As you read on in this edition of Inform, you will see that there is much more to HIP than just strong investment performance. The inside pages contain plenty of information about the additional benefits of HIP membership including information about HIP's Partners who provide access to products and services at special rates, as well as a handy 'how to' column that outlines easy answers to some commonly asked super questions.

The back page features an article written by well-respected financial commentator, Peter Switzer. This will certainly provide some 'food for thought' on how to go about securing your future financially.

Be assured that your Trustee Directors are committed to continuing HIP's strong investment performance as well as the ongoing development of a dynamic financial product.

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important announcement...

The Federal Government has confirmed that it is proceeding with most of the changes announced in the May 2006 Budget.

One of the key changes relates to Tax File Numbers (TFNs). Previously, super fund members were not legally obliged to provide a TFN, however changes mean tax will apply at 46.5% of total contributions in excess of \$1,000 where a TFN has *not* been recorded.

Members' half-yearly statements that are included with this edition of Inform will indicate if their TFN has not been recorded.

If your TFN is not recorded with us, please telephone **1300 654 099** to provide it over the phone or log into your account at hipsuper.com.au.

HIP Growth Option Returns vs Average Super Fund

	Financial YTD	2006	2005/2006	2005	2004	2003
HIP Growth (default) Option*	8.9%	15.4%	15.9%	14.1%	14.6%	8.7%
Average Super Fund**	8.2%	13.6%	14.6%	13.9%	14.8%	8.2%

*Past performance is no guarantee of future performance and if you are unsure what investment option best suits your own personal financial situation, objectives or needs, then you may need to seek advice from a qualified financial planner.

**SuperRatings Default Fund Survey

HIP IS MORE THAN SUPER



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 HIP PARTNERS.

Switzer FINANCIAL SERVICES Accountants, Business & Financial Advisers

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. Refer to the back page of this issue of Inform for his latest newsletter to members.

Contact Switzer Financial Services on 1300 794 893 or visit switzer.com.au.

ManchesterUnity caring for life

Manchester Unity Health Insurance

As a member of HIP, you have access to membership of one of Australia's longest operating health insurers, Manchester Unity. Manchester Unity has been providing assistance since 1840 and exists today to provide and secure the care members need for themselves and their families – throughout their lives.

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, that uses a host of online tools and information that can help you set goals, produce tailored instant meal and activity plans as well as receiving regular e-newsletters.

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

It should be noted that HIP members who have previously taken advantage of membership with MBF, that their options and benefits will continue.

PremierOne Mortgage Advice

Premier One Mortgage Advice

HIP has established a partnership with Premier One Mortgage Advice to provide the most competitive home loan rates available to our members. Premier One will manage the entire loan and settlement process after a detailed needs analysis is completed to ensure that the product offered is the best available.

Contact HIP on 1300 654 099 to be referred to a Premier One Mortgage Advice consultant.

CarNet IT'S YOUR CHOICE

CarNet

Carnet offers Australia's largest range of ex-Government and Corporate Fleet vehicles and competitive pricing and finance on new Mitsubishi, Honda, Kia and passenger vehicles. If you're looking for a budget vehicle, visit our Auto Group auction network with outlets in Sydney, Brisbane, Melbourne, Adelaide, Perth and Gosford.

Just follow the links from carnet.com.au.

virtual COMMUNITIES

Virtual communities

At any stage of your life, it is almost essential these days to have a PC and be connected to the internet. Whether you have children studying, want to access information, shop, or bank, the internet opens up a whole new world. However, for most of us, buying a PC is still a major commitment. So we can help, HIP has teamed with Virtual Communities, to let you buy a computer and internet package at discounted prices. Virtual Communities will even deliver and install your PC.

You can contact Virtual Communities on 1300 131 789.

Disclaimer: These products and services are offered to HIP members through external service providers and are separate to HIP. Any contractual arrangements or obligations are directly between you and the service provider.



IT'S YOUR SUPER – review to benefit

THERE ARE SOME SURPRISINGLY SIMPLE STEPS YOU CAN TAKE TO REVIEW YOUR SUPERANNUATION AND RETIREMENT BENEFIT, AND THE RESULTS COULD IMPROVE YOUR LIFESTYLE.

Review your contribution amount – benefit by compounding interest

Your employer contributes 9% of your salary to your super account, which is a really good start, however, making your own contributions, even small amounts, can make a real difference to your savings over time. Especially when you factor in the benefits of compound interest!

Understand your fee structure – benefit by paying less in fees

Other funds may charge higher fees, which can have a significant impact on the amount that you will have to retire on. Where fees are charged as a percentage basis, 1% or 2% may not sound very much, but over the course of your working life as your super grows, it can literally mean thousands of dollars of forgone retirement income.

HIP Super is an industry fund that charges a flat administration fee of just \$1.40 per week and does not return a profit to shareholders and/or pay any commissions.

Extra accounts – means extra fees

Checking if you have more than one super account and rolling it over into one account should form part of your super review to ensure your super is working as smoothly and as efficiently as possible.

HIP Super does not charge any entry fees, regardless of the number of accounts you roll in. Consolidating also reduces paperwork, and just one statement outlining your benefits and investment performance which will make it easier to manage and understand your super.

TRY NOT TO JUST SET AND FORGET YOUR SUPER – REVIEW AND BENEFIT.

Just be careful when rolling over your accounts that there are no excessive penalties or loss of benefits. You may wish to consider getting advice that takes into account your personal circumstances.

Check your insurance levels – benefit by peace of mind

Many of you would hold insurance policies for your home and/or its contents as well as your car. However, it is possible to forget about yourself and the emotional and financial impact of being suddenly being unable to work due to illness or injury.

HIP Super offers death, income protection and disability insurance cover at low costs achieved through large membership volumes. Cover is provided 24 hours a day, seven days a week – not just when you're at work – so you can rest easy knowing you are covered.

It is important to regularly review your insurance to ensure you have enough to cover your current lifestyle (cover is usually limited to 75% of your pre-disability salary).

Contact HIP Super on **1300 654 009** or visit hipsuper.com.au for more information about additional contributions, rolling over extra accounts and your insurance cover.

SUPER – how to?

How do I get an extra payment from the Government?

If your taxable income is less than \$58,000 you can simply make an after tax contribution into your HIP Super account after checking that you are eligible to receive a co-contribution payment. You can make payments online via BPay, or ask your employer to deduct some from your pay, post a cheque or money order or pay in person at one of our 7 Customer Service Centres around Australia.

How can I pay less tax?

Salary sacrifice can halve the amount of tax that you pay, plus it adds to your retirement benefit. This is because salary sacrifice contributions are taxed at 15%, which can be less than your normal marginal tax rate. Simply ask

your employer to contribute part of your salary into your HIP account. You can either complete one of your employer's forms or we can post one to you to complete.

How do I roll my accounts into one?

Easy! All you need to do is complete a HIP Super rollover form. There is one contained with your half-yearly statement and this edition of Inform. Once the form has been completed, just send it to us and we will take care of the rest. If you have more than one account to rollover, either copy the form, or download one from hipsuper.com.au or contact us on **1300 654 099** and we will post one or more to you.

How do I make an investment choice?

There are several ways you can make an investment choice. You can either log

on to your account at hipsuper.com.au, or download an investment choice application from our website or contact us on **1300 654 099** and we will post one to you. Complete the form and provided we received your form by five working days before the end of the month, your investment choice will be effective from the start of the next month.

How do I increase my insurance?

Making sure that you have the correct level of insurance can provide peace of mind for you and your family. If you wish to increase your levels of insurance you will need to complete an application form. Contact us on **1300 654 099** and we will post one to you. Once we have received it we will forward it onto our insurer for assessment.

Look out for our new look website coming soon...

BE A SUPER PLAYER

By Peter Switzer

In all of my years trying to make money sexy to encourage my radio listeners, television viewers and newspaper/website readers to get in the fast lane to a richer life, I have actually turned myself into a money shrink. Sorry, I should say psychologist. In doing so, I have identified two psychological states. The first is a fear of what we don't know and the second is that we are all procrastinators!

UK MAGAZINE *PSYCHOLOGIES* LOOKED AT PROCRASTINATION, ARGUING THAT 95% OF US PUT SOME PART OF OUR LIFE ON HOLD.

Just like medicine

This is a classic medical dilemma. Both fear and procrastination explain why some people end up with medical conditions that turn out to be a lot worse than they should be. But don't worry if you suffer one or both of these problems, you are not alone.

In June last year, the UK magazine *Psychologies* looked at procrastination, arguing that 95% of us put some part of our life on hold. Many people procrastinate – continually putting something off until tomorrow. Meanwhile, because money decisions, especially superannuation, appear so complex and money experts speak in mumbo jumbo jargon, fear is a logical response. But there is a cost. Fear of not wanting to face the truth and/or procrastination stops us from seeing what we're doing wrong and what we need to do to remedy the situation.

A super decision

Love him or loathe him, Paul Keating understood us when he introduced compulsory superannuation in 1996. It was this decision that explains why 9% of your pay now goes to super.

However, when Mr Keating planned this he intended to take the amount to 15%. Personal investment experts agree that a

great life in retirement would come out of 15% saved in super for 40 years of work!

Better late than never

Now I know for many of us this good information is delivered a tad late. That's why salary sacrificing into super can be a great way for many 40-year olds and over to catch up on their super savings.

With salary sacrifice, you can ask your employer to put some of your pay into super before its taxed at your normal tax rate. Your salary sacrifice contribution will be taxed at 15%, which maybe less than your normal amount, saving you tax and turbo charging your super!

Changes to the rules

In addition, the recent change of rules for super – which, among other things allows you to put a lump sum into super, up to \$1m, before 1 July this year – adds to the appeal of super.

Because of these generous changes favouring super, lots of people have asked me whether they should sell their investment property and invest it into their super. Many financial planners who are currently saying yes to this question, often to pick up the trailing commissions from the non-industry super funds, which pay financial planners commissions for recommending them.

FEAR OF NOT WANTING TO FACE THE TRUTH AND/OR PROCRASTINATION STOPS US FROM SEEING WHAT WE'RE DOING WRONG AND WHAT WE NEED DO TO REMEDY THE SITUATION.

The winning combination

The best mix going into retirement should be super and property, but if you don't want to sell your property in retirement, then your super must fund your desired potential lifestyle.



Peter Switzer has been a leading media finance commentator for over 18 years and currently contributes to *The Australian* newspaper, *The Daily Telegraph*, 2GB and ABC radio. Peter was a former lecturer of economics at the University of New South Wales and has authored numerous books on business, finance and money.

How to be a super player

- First, visualise your life in retirement.
- Second, cost it.
- Third, find out if your super, property and other investments will fund that dream.
- Four, if it doesn't, do something about it by better financial planning. This might mean more into your super, given recent rule changes, or some other strategy.

If fear or procrastination afflicts you and has stopped you from objectively examining your future finances, its not too late to be a super player and achieve your retirement dreams.

Switzer Financial Services can be contacted on 1300 SWITZER (13007948934) or visit switzer.com.au for more information about commission free financial planning.

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