



## 2005 – another year of **EXCELLENT RETURNS**

Health Industry Plan (HIP) is pleased to announce that its Growth Option has returned 14.1% for the 2005 calendar year. These investment earnings will provide members with strong growth on their retirement nest egg.

This result represents an above average return, as well as real growth compared to movement in the Consumer Price Index (CPI) of 3.0% for 2005. The return of 14.1% also outstrips HIP's long-term Growth Option objective of exceeding the CPI by at least 3.5% each year.

This strong return of 14.1% in 2005 follows calendar year returns of 14.6% in 2004 and 8.7% in 2003. (Financial year 2004 was 12.2% and in 2003 was -1.9%.)

As announced in conjunction with our annual report, HIP implemented a revision of its investment structure for the Growth Option, in October. This change has seen the

Fund increase the portfolio's asset allocation to growth type investments, with less reliance on fixed interest and cash. HIP has tempered this commitment to growth investments with high levels of diversification by manager, asset class and objectives.

Although it is a very short-term analysis, this positioning of the portfolio has seen the Fund achieve top quartile performance. HIP's return for the first six months of the 2005/2006 financial year, (July–December 2005), has been a quite impressive 9.4%.

As a HIP member you have access to investment choice options. See the article on page 3 for information about how to create your own strategy. You can elect to build your own portfolio weightings should you decide that the growth orientation of the default option does not suit your own personal circumstances or risk profile.

"14.1% for 2005 is a great result but, as they say in those TV ads, 'but wait there's more'. HIP's Super 14 is not just about our investment performance, but the many quality features of the Fund."

**HIP's CEO, Ross Bernays**

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## HIP'S SUPER 14

- |                                  |                        |                             |
|----------------------------------|------------------------|-----------------------------|
| 1 national scheme                | 5 easy internet access | 10 cost effective insurance |
| 2 efficient administration       | 6 personal service     | 11 e-commerce options       |
| 3 great communication            | 7 investment choice    | 12 employer support         |
| 4 commitment to member education | 8 low fees             | 13 extra benefits           |
|                                  | 9 no commissions       |                             |

### 14.1%\* 2005 return

Disclaimers: \*Past performance is no indication of future performance and if you are unsure what investment option best suits your own personal circumstances then you may need to seek advice from a qualified financial planner. Returns are based on unaudited figures.

## HEALTH CHECKS for your super

**It's easy to put other needs before our superannuation. However, it is important to remember to give your super regular check ups, as little changes now can mean a big difference in the amount that you receive when it comes time to retire.**

### Check your investment choice options

Answering these questions will give your super the check up that it needs for your investment choice options.

#### 1. What is your investment style?

If you are looking for high long-term returns and are willing to take investment risks to achieve them, you have an aggressive investment style. You are comfortable investing in the higher-risk assets of shares and property. If you prefer less risk, you are a cautious investor. You lean towards assets such as fixed interest and cash that tend to give more reliable, but lower, returns.

#### 2. When do you plan to retire?

If you have, say, 10 years or more before you retire, you have time to ride out the ups and downs of the market. You may want to include more aggressive investments (shares and property) in your portfolio – they tend to have higher growth potential over the long term. If retirement is just around the corner, fixed interest and cash may offer better short-term protection for your savings. Your returns are likely to be lower, but more stable, from year to year.

#### 3. Apart from your super, what other investments do you have?

Also, look for a good mix of assets across your super and any other investments you may have, such as your home, other share investments or term deposits. This mix will help protect your overall investment if a particular asset class does not do as well as the others.

### Check on your super being in the one place

If you have more than one super account, rolling it over into one account will make it easier to assess how your super is going.

Consolidating can also save you on fees – HIP charges a flat administration fee per annum, regardless of your investment total. Consolidating also reduces paperwork, as you will receive only one statement outlining your benefits and investment performance. It also reduces the chances of losing track of your super.

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

### Check on your insurance cover

Taking out death cover and income protection insurance through your super fund can help to make sure your family is financially provided for should anything unexpected happen.

#### Levels of death insurance

Your death benefit can provide your estate or your dependants with a lump sum payment for the amount of your cover, plus your account balance (less any tax that may apply), subject to eligibility and the conditions of the policy.

#### Nominated beneficiaries

It's important to keep your nomination of beneficiaries up to date. If your circumstances change, through marriage, divorce or the birth of a child, you may wish to review your nomination of beneficiaries.



### Income protection insurance levels

Income protection insurance provides you and your family with an income if you are unable to return to work through illness.

When deciding how much cover to take out, remember that insurance premiums are deducted from your super account and will have an impact on your final balance at retirement.

Your investment choice options, consolidation of accounts and insurance levels are all things that you should check up on a regular basis to ensure that you are on the way to achieving a financially secure retirement.

**Are your personal details with HIP up to date?**

**Ring 1300 654 099 to update them or log on to [www.hipsuper.com.au](http://www.hipsuper.com.au)**



# CREATE YOUR own strategy

## Your investment options

HIP has three ready-made investment options, Growth, Capital Stable and Cash. Each has a different set of objectives and consists of a different blend of asset classes. HIP gives members the opportunity to create their own investment strategy by selecting combinations from our investment options. All you need to do is nominate percentages of each, in whole numbers, that will total 100%.

## Create your own strategy

The table shows just some of the investment combinations and the corresponding percentages invested in growth and defensive assets.

If you have less than \$1,000 in your account, and have never made an investment choice, then your super is automatically invested in the Growth Option. Although the Growth Option will suit many HIP members, we encourage you to consider your investment options.

Growth	Capital Stable	Cash	% growth/defensive
100%	nil	nil	85/15
90%	10%	nil	80/20
75%	20%	5%	70/30
50%	25%	25%	50/50
nil	100%	nil	30/70
15%	25%	60%	20/80
nil	nil	100%	nil/100

When choosing how to invest your super, it is important to understand that each person is different and has different investment needs.

## How do I make a choice?

HIP members can change their investment choice options online. If you have a PIN for your HIP account you can log on to [www.hipsuper.com.au](http://www.hipsuper.com.au) and make your change. If you do not have a PIN, simply ring us on **1300 654 099** between 8am and 8pm and we will issue you one. For security reasons you will be asked a few questions before receiving a PIN.

Alternatively, fill out an Investment Choice Application form and post it to HIP for processing. You can also download the form from our website [www.hipsuper.com.au](http://www.hipsuper.com.au). Remember, before making a choice, it is important to work out your personal circumstances. If you are unsure about which option or combination to select, we encourage you to talk to an independent financial planner.

*The table at left gives an indicative breakdown only with percentages rounded to the closest whole number. The percentage selected for each option must be a whole number and the sum of percentages must total 100%.*

# PUT YOUR SUPER TO WORK!

## Are you maximising the benefits that your HIP super account can provide you in retirement?

### Will you have enough to retire?

One of the biggest questions that many of us face is, 'Will I have enough to maintain my current lifestyle in retirement?'

Your income needs in retirement will determine how much you need to save. Research has indicated that there is an increasingly stark gap between expectations and what is actually being saved. For most people, a savings target of at least 12–15% over the longer term is what should be aimed for, and the earlier you start the better the result.

### Additional contributions

It's amazing the effect that additional contributions can have on your final super amount. The trick is to start contributing early and enjoy the rewards of compounding interest on your additional contributions!

### After-tax contributions

After-tax contributions are also known as member contributions and have already been taxed at your marginal tax rate. So, when you retire and withdraw them, there's no more tax to pay on them.

After-tax contributions may qualify you for the Government's co contribution – an additional tax-free payment to your HIP super account! See over the page.

## Maximising the benefit from your HIP super account is easy!

### Salary sacrifice contributions

Salary sacrifice contributions are added to your super from your before-tax salary and are treated in the same way as your employer contributions. Salary sacrifice contributions can reduce the amount of tax that you pay while saving more towards your super. On entering your super account these contributions are taxed at 15%, which can be less than your marginal tax rate. On retirement, your contributions may also be taxed at 15% (plus Medicare levy) if they are over the tax-free threshold (\$129,751 for 2005/2006).

See over the page for ways that you can make additional contributions to your HIP super account.

**Health Industry Plan (HIP) Administrator**  
Superpartners Pty Ltd  
Locked Bag 23  
Haymarket NSW 1236

**Phone 1300 654 099**  
anywhere in Australia  
for the cost of a local call.

**Chief Executive Officer**  
Ross Bernays  
Level 5, Sydney Central  
477 Pitt Street  
Sydney NSW 2000

**Email** [hpsuper@superpartners.biz](mailto:hpsuper@superpartners.biz)  
**Visit** [www.hpsuper.com.au](http://www.hpsuper.com.au)

**ABN 59 006 792 749**  
**SPIN: HIP0100AU**

## WAYS TO CONTRIBUTE to HIP

**There are numerous ways that you can make additional contributions to your HIP super account.**

**After-tax or member contributions can be made by:**

- o **Payroll deduction:** ring our Customer Service Centre on **1300 654 099** and they will post you a form or you can download the form from our website at [www.hpsuper.com.au/pub\\_fact\\_sheets.html](http://www.hpsuper.com.au/pub_fact_sheets.html)
- o **Lump sum payments:** ring our Customer Service Centre on **1300 654 099** to have a deposit book posted to you to pay by cheque, or make contributions by cash at any one of our 7 Customer Service Centres
- o **Ask your employer** to automatically deduct some of your after-tax pay into your HIP super account.

Are you eligible for another tax-free payment from the Government? See the next article.

**Salary sacrifice, or before-tax contributions can be made by:**

- o **Payroll deduction:** ring our Customer Service Centre on **1300 654 099** and they will post you a form or you can download the form from our website at [www.hpsuper.com.au/pub\\_fact\\_sheets.html](http://www.hpsuper.com.au/pub_fact_sheets.html)
- o **Ask your employer** to automatically contribute some of your before-tax pay into your HIP super account.

## TAX FREE PAYMENTS from the Government

If you earn up to \$58,000 in the 2005/2006 financial year, you have until 30 June to make an after-tax contribution, by either payroll deduction or in a lump sum, to be eligible for a further tax-free payment from the Government into your HIP super account. Now that IS super!

### Three easy steps

#### Step 1

Check to see if you are eligible for 2005/2006. This means:

- o your income\* for the 2005/2006 financial year is less than \$58,000
- o you earn at least 10% of your income from employment as an employee
- o you are under age 71 at 30 June 2006 and
- o you are not a temporary resident.

*\* Your income is your assessable income plus any reportable fringe benefits.*

#### Step 2

Make an after-tax contribution to your HIP super account before 30 June 2006. See above to find out the ways that you can contribute.

#### Step 3

Lodge your 2005/2006 tax return with the Australian Taxation Office (ATO). If a co-contribution is payable, the ATO will send it to HIP and the ATO will write to you to let you know that a co-contribution is being paid.

Little additions now can really build your financially secure retirement.

**During the 2004/2005 financial year 433 members received \$307,545 in co-contributions from the Government. That is an average of over \$710 per member!**

### How much could you receive?

Use this table as a guide to the co-contribution amounts at various incomes and amounts of personal contribution. Use the calculator on the ATO website ([www.ato.gov.au](http://www.ato.gov.au)) to estimate the contribution you may receive.

Income	You contribute (after-tax) in 2005/2006			
	\$1,000	\$750	\$500	\$250
	The Government will give			
\$28,000 or less	\$1,500	\$1,125	\$750	\$375
\$30,000	\$1,400	\$1,125	\$750	\$375
\$35,000	\$1,150	\$1,125	\$750	\$375
\$40,000	\$900	\$900	\$750	\$375
\$45,000	\$650	\$650	\$650	\$375
\$50,000	\$400	\$400	\$400	\$375
\$55,000	\$150	\$150	\$150	\$150
\$58,000 or more	nil	nil	nil	nil

#### Example

If you are eligible and your income is \$40,000 and you make personal super contributions of \$750 during the year, you will be entitled to a co-contribution of \$900.

*Any advice contained in this newsletter is general in nature and has been prepared without taking into account your objectives, financial situation or needs. For this reason, you should, before acting on the advice, consider the appropriateness of the advice having regard to your objectives, financial situation and needs. This newsletter has been prepared by Private Hospitals Superannuation Pty Ltd (ABN 59 006 792 749, AFSL 247063) as Trustee of HIP. Get the facts from [www.hpsuper.com.au](http://www.hpsuper.com.au) or talk to a licensed financial adviser before making any super decisions.*