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strong returns for HIP members

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The resurgence in investment markets since March 2003 has continued to bowl along through to the third quarter of the 2004–2005 financial year. As a result, HIP members look set for a good financial year return, well ahead of the inflation objective of CPI plus 3.5% for the Growth Option (HIP's default investment option).

The table below shows HIP's returns for each investment option to 31 March 2005, the last completed quarter, together with some historical data.

However, investment markets have started to come-off with significant declines in April, while to date, May has seen continued volatility, causing many analysts to rein in their optimistic predictions for super fund returns.

Yet markets being what they are: just when you think you have them 'pegged', they become contrary, have bounced back as we prepare this briefing note.

HIP CEO Ross Bernays, hesitant to make any predictions, offered as much as he could

in saying, "As we draw to the end of the financial year, members are always keen to know what the annual crediting rate will be. A flat final quarter result would see HIP produce an annual return for the Growth Option of about 9.0%**. However, this final quarter looks like being the most volatile for the financial year, so the result could swing quite dramatically either side of that number. Still, a double-digit return is not out of the realms of possibilities."

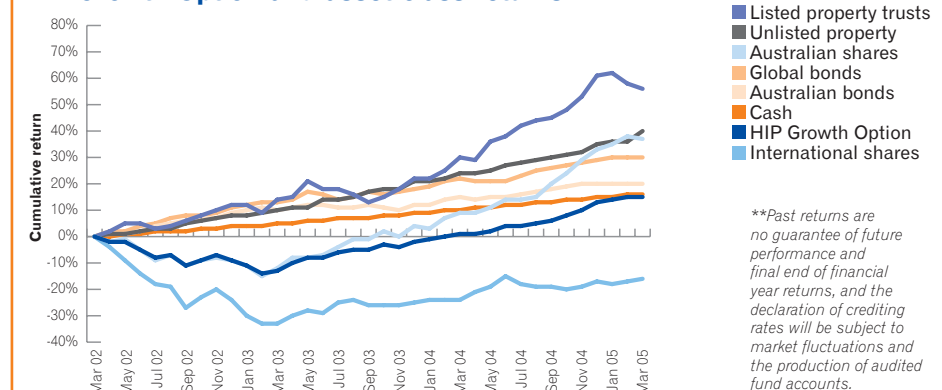
HIP's diversified approach aims to spread the investment risk across a number of investment markets and asset classes, and with investment choice, members can select an investment strategy that best suits their individual risk profile and personal circumstances.

The graph below shows the cumulative returns from individual asset classes and HIP's Growth Option for the last three years and demonstrates the benefit of HIP's diversified portfolio.

HIP returns to 31 March 2005				
HIP investment option	Financial YTD	1 year	2 years	3 years
Growth option	9.9%	13.4%	14.5%	4.6%
Average fund*	9.3%	13.1%	n/a	6.4%
Capital Stable option	6.4%	8.0%	8.2%	5.6%
Average fund*	6.3%	8.2%	n/a	5.7%
Cash option	3.4%	4.8%	4.8%	n/a
Average fund*	3.3%	4.5%	n/a	n/a

* Supplied by SuperRatings survey

HIP Growth Option and asset class returns



Source: JANA Investment Advisers



HIP's CEO, Ross Bernays

SUPER CHOICE. WHAT'S IT ALL ABOUT?

New choice of super fund laws, introduced by the Australian Government, come into effect on 1 July 2005. But not everyone is eligible to choose, and remember, you've already made a great choice with HIP.

Am I eligible to choose a fund?

Not everyone is eligible to choose a super fund under the new laws. It depends on your particular employment conditions (see the chart on page 3). For example, except for WA, if you work under a state award, industrial agreement, a certified agreement or Australian Workplace Agreement (AWA), or if you're a public sector employee, you will not have choice under the new legislation. To find out about your particular employment arrangements visit www.wagenet.com.au or phone the workplace relations department in your state or territory.

Unlike some industries, employees in the health industry have had some super choice in their state awards and industrial agreements for many years. This means that most HIP members won't be affected by the new choice legislation when it starts on 1 July 2005. For most HIP members your super will continue to be paid to your current fund, HIP.

You may have seen recent TV advertisements that outline the advantages of industry super funds. It is reassuring to know that, as a member of HIP, you are in a low-cost industry fund that returns all profits to members.

WA EMPLOYEES

You don't need to do anything. State award and state industrial agreement employees have choice already, so your employer is not required to offer choice again under the new federal rules.

If I'm eligible for choice and want to stay with HIP, what details do I need to give my employer?

If you're eligible to choose, your employer will give you a standard choice form before the end of July. It will list the name of your current fund (HIP) and the name of the fund all your future superannuation contributions will be paid to. If HIP is shown as your future fund – you don't need to do anything. Your super will continue to be paid to HIP.

If HIP is not shown as your future fund, you will need to complete the form with your current HIP membership details and other information about HIP including our ABN, Superannuation Product Identification Number (SPIN) and contact details. HIP's details are on the back page of this newsletter.

How do I choose between different funds?

As the super choice advertising campaign run by the Australian Tax Office suggests, thinking about your super is important. Even if you aren't eligible for super choice, HIP gives you many choices and now is a good time to 'take stock'.

- Are you in the right investment option for you?
- Should you be saving more?
- Do you need to increase your insurance cover?

- And if you have more than one super fund, you may save fees if you roll your accounts into one.

I have more than one super fund. How can I combine them?

It's easy to bring all your super into one fund and consolidate your super savings. Just complete HIP's rollover form, available on www.hipsuper.com.au, or contact our Customer Service Centre on **1300 654 099** to have one posted to you. HIP has no exit or entry fees and will complete your rollover free of charge.

Where can I get more information about choice?

HIP is happy to help you with any questions about choice. You can phone the Customer Service Centre on **1300 654 099** or visit www.hipsuper.com.au.

You can also visit the Government website www.superchoice.gov.au or phone 13 28 64, or talk to your employer.

Choice of fund for HIP members means that if you're happy where your super is you can leave it with HIP. Let HIP give you the opportunity to achieve a financially secure retirement.



Many HIP members already have choice of fund

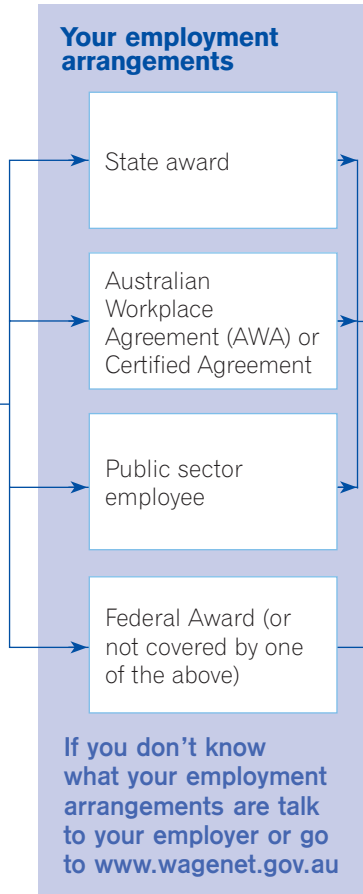


- o Great value insurance
- o Choice of investments
- o Extra benefits for members
- o Good investment returns
- o Profits go to members
- o Low fees

You are here

Am I eligible to make a choice?

What do I do about choice?



HIP is a super place to be

You don't have to do anything. You have already made a great choice

You are eligible to choose and you will receive a Standard Choice Form from your employer in July.

If HIP is listed in Part A of the form as your employer's fund for SG contributions, you don't need to do anything to stay with HIP.

If the fund of your choice is not listed on Part A (2) of the form, you need to complete Part B of the form.

Contact HIP on 1300 654 099 if you need help to complete the form.

YOU'VE ALREADY MADE A GREAT CHOICE

- o HIP is a low-cost 'profit-for-members' industry super fund. This means members own the Fund, not a large corporation, and therefore all profits are for members. We pay no commissions.
- o We understand the needs of members and employers. HIP has been servicing the health and associated industries for 18 years.
- o Low administration fee of \$1.40 per week.
- o Strong investment returns. Plus, you can choose to invest your super in the investment option that best suits you.
- o 24 hours a day, 7 days a week, death and income protection insurance.
- o Excellent member communication and education to help you better understand and make the most of your retirement savings.
- o Access to extra member benefits including low-cost home loans, health insurance, a car buying service and internet and PC packages.
- o Outstanding service with a professional customer service centre, an online account facility via the HIP website, and dedicated staff.

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GET IN BEFORE 30 JUNE

and boost your super with up to \$1,500 this year

If you earn up to \$58,000 in this financial year, you have until 30 June to make any personal after-tax contributions to be eligible for a Government co-contribution of up to \$1,500 paid to your HIP account.

In 2003–2004, 429 HIP members had their super accounts boosted by a total of \$296,374 in co-contributions – that’s an average of \$691 for each of these members. So don’t miss out on your super boost this year.

Have you become eligible this year?

The income thresholds to be eligible for this financial year (2004–2005) have increased compared to last year, so the good news is that you could earn more this financial year and still be eligible.

- If your income this financial year is less than \$28,000 and you make a \$1,000 contribution, you’ll receive the maximum \$1,500 co-contribution. That’s \$1.50 for every \$1 you contribute.
- If your income is more than \$28,000 but less than \$58,000, the co-contribution is reduced by 5c for every dollar of income over \$28,000.
- If your income is \$58,000 or more, there is no co-contribution.

You can make it happen now!

To take advantage of the co-contribution scheme this year, just follow these three easy steps:

Step 1

Check if you are eligible in 2004–2005. That means:

- your income* for the 2004–2005 financial year is less than \$58,000
- you earn at least 10% of your income from employment as an employee
- you are under age 71 at 30 June 2005, and
- you are not a temporary resident.

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

Step 2

Make an after-tax contribution to your HIP account before 30 June 2005. (It’s only your personal contributions that are eligible. Employer contributions or salary sacrifice contributions are not eligible).

To make personal contributions you can:

- ask your employer to automatically deduct some of your after-tax pay into your HIP account – your employer’s payroll staff will be able to arrange this for you, or

- send your regular or one-off contributions by cheque direct to HIP. Call the Customer Service Centre on **1300 654 099** for a deposit book.

Step 3

Make sure you lodge a 2004–2005 tax return so the Australian Tax Office can verify your entitlement. If a co-contribution is payable, the Australian Tax Office will send it to HIP for payment to your account. They will write to you to let you know a co-contribution is being paid, and we’ll let you know once it’s received.

Get in by 30 June
Remember to allow enough time for your contributions to get to HIP, either via your employer or by mail, by 30 June.

How much?

If your income is within the lower and upper thresholds, your co-contribution will depend on your income and how much you personally contribute. This table is a guide to co-contribution amounts at various incomes and amounts of personal contribution.

Income	You contribute (after-tax) in 2004–2005			
	\$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.

To estimate the co-contribution you may receive, there’s a calculator on the ATO website (www.ato.gov.au) or see HIP’s factsheet on www.hpsuper.com.au

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 or talk to a licensed financial adviser before making any super decisions.