

Employer update 2009

*we make it
easy for you*



From the Chairman & CEO

Left: Barry Watchorn, Chairman
Right: Julie Lander, Chief Executive Officer

It's been a bittersweet year for CareSuper. Having experienced a global financial crisis which saw the greatest fall in a generation in the value of share markets, property and other assets and which has fed through to two consecutive years of negative returns for superannuation, it's pleasing to report we're among the top performers for the Balanced option for the financial year to 30 June 2009.

The Balanced option's return of -9.5%* for the year to 30 June 2009 must be viewed in the context of the current investment climate and overall industry performance. While no one likes to see a negative return, this is a favourable result in comparison to other balanced funds – where the median return was -12.5%** However, it's important to view super fund performance over longer time periods. Take a look opposite at our comparative performance for our 1, 3, 5 and 10 year returns. CareSuper's returns have been among the best of all Balanced options over all timeframes.

CareSuper has diligently stuck by its investment policy in these tough markets. Our risk averse investment strategy, coupled with our disciplined approach to reviewing investments has contributed to our performance. On page 4 our General Manager – Investments, Greg Nolan, gives you the bottom line on investments.

Over the past year we conducted satisfaction research to determine what is important to members and employers. Members were particularly satisfied with the range of investment options, the performance of the Fund, our competitive fee structure and member communications. Employers were most satisfied with the ease with which we manage your super administration and the quality of our communications. On page 6 we give you a range of options to help you manage super with ease.

In what's been another difficult year for super funds, we've managed to increase our membership base and improve in the area of service delivery. Over 25,000 new members and 8000 new employers joined CareSuper over the year and we received and responded to more enquiries, resulting in an overall enhanced level of customer care.

Once again CareSuper has been awarded top ratings by independent ratings agencies. We're also proud to be one of only seven funds to hold a SuperRatings Platinum rating for five years or more, and the only fund to have been awarded six stars as the 'Top Rated Product' in the Personal/Employed category by The Heron Partnership. See opposite all of our awards for 2008/09.

In the coming year we'll continue to look at improved ways of conducting and growing our Fund. As part of our commitment to the environment we'd like to communicate more via electronic means and less on paper, so we encourage you to provide us with your current email address. And as always we encourage your feedback and look forward to partnering with you during 2009/10.

Barry Watchorn

Julie Lander

* CareSuper's declared rate. Please note that past performance is not necessarily an indication of future performance.

**Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2009.

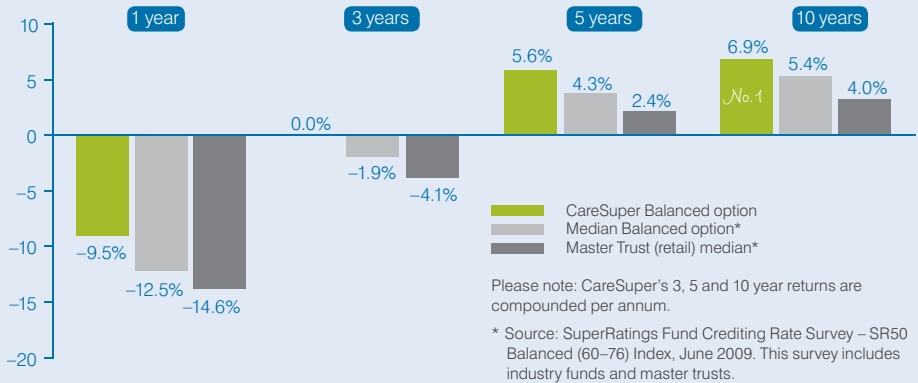
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2008/09 at a glance

Superior returns – we're ranked No.1 for our 10 year return

Compare CareSuper's Balanced option with the median Balanced option's 1, 3, 5 and 10 year returns.



Facts and figures

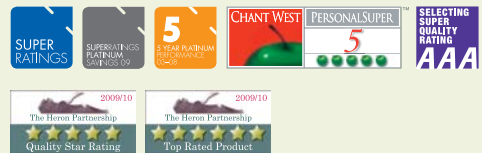
For 2008/09 CareSuper:

- welcomed over 25,000 new members and 8000 new employers
- recorded \$3.437 billion in funds under management
- conducted over 1700 workplace visits and 150 super seminars
- welcomed over 2300 new employers who joined online
- registered over 1500 existing employers for EmployerOnline access
- answered over 131,000 calls from members and employers.

Top ratings by the experts

The CareSuper Industry Fund has been awarded the highest ratings by independent organisations SuperRatings, Chant West, The Heron Partnership and SelectingSuper.

Visit caresuper.com.au for details of these awards.



A top rating for peace of mind

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Greg Nolan,
CareSuper's General
Manager – Investments



The bottom line

CareSuper has performed exceptionally well in the most testing of times.

CareSuper's Balanced option return of -9.5% for the financial year to 30 June 2009 positions us among the top performing Balanced funds – this year the median return was -12.5%.* While a negative return is disappointing, it is a result of the extremely turbulent investment environment of the past 18 months. CareSuper has been able to effectively limit the impact of negative markets.

For the 12 months to June 2009, the Australian equity market was down 20%, the worst financial year in 28 years. Over the last 2 financial years, the equity market has fallen 34%, the worst performance by the Australian equity market over two consecutive financial years in the past 73 years. Global equity markets experienced similar declines, while property and other asset classes have also seen lower valuations. These events led to all balanced superannuation funds delivering negative returns.

In these very difficult times the CareSuper Balanced option maintained its extremely strong relative performance ranking for its 3, 5 and 10 year returns, and achieved the top rating for the 10 year return according to the SuperRatings Survey.*

It must be remembered that superannuation is a long-term investment. For most members this means they should have a 5 to 10 year timeframe. For many more their investment in superannuation will span 20 or 30+ years.

The long-term objective of superannuation is to maintain the value of today's dollar. This is achieved by returns that exceed the rate of inflation. The Balanced option has a target of outperforming the rate of inflation by at least 3% over rolling 5-year periods. Despite the negative return in 2008/09, the Fund has averaged a return of 6.9% p.a. over 10 years, well in excess of this objective to exceed inflation, which over the same period was 3.2%.

Markets will always experience cycles such as we have recently experienced. History tells us that bouts of negative returns are to be expected, and as economies recover, so do the financial markets. Informed investors will be aware of this and maintain their long-term strategy and not be unduly influenced by short-term factors such as periodic weak investment markets.

* SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60–76) Index, June 2009.

It's the returns over the long term that really count...

Investment returns (after fees and taxes) to 30 June 2009

Investment options	Annual returns					Compound returns		
	2004/05 (%)	2005/06 (%)	2006/07 (%)	2007/08 (%)	2008/09 (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)
Managed options								
Capital Guaranteed	4.9	5.8	7.0	6.6	4.0	5.9	5.6	5.6
Capital Stable	11.3	9.0	9.1	-0.7	-2.2	1.9	5.2	–
Conservative Balanced*	–	11.3	10.8	-3.0	-4.3	0.9	–	–
Balanced	14.3	14.8	15.7	-4.5	-9.5	0.0	5.6	6.9
Sustainable Balanced	11.9	16.6	12.6	-7.2	-10.1	-2.0	4.2	–
Alternative Growth*	–	14.3	14.0	-5.4	-7.9	-0.2	–	–
Growth	15.0	18.0	16.3	-9.3	-10.2	-1.8	5.1	5.9
Asset Class options								
Capital Secure [^]	4.8	5.0	5.6	4.4	3.1	4.3	4.6	–
Fixed Interest	9.3	2.9	3.2	5.3	4.4	4.3	5.0	–
Direct Property	11.1	16.2	12.6	8.9	-11.8	2.6	6.9	–
Australian Shares	26.0	22.3	26.8	-14.0	-14.2	-2.2	7.6	–
Overseas Shares	3.8	18.5	9.0	-16.3	-8.8	-6.0	0.5	–

* Conservative Balanced and Alternative Growth were established on 1 July 2005, therefore 5-year returns are not available for these options.

[^] Previously known as Cash.

Past performance is not an indicator of future performance.

Why CareSuper performed well

- 1 CareSuper's Balanced option was defensively positioned leading into the recent crisis. The Fund had no exposure to markets that were assessed as being overpriced and in fact, before the crisis emerged, moved to reduce exposures to some markets that were considered expensive. (CareSuper had no exposure to leveraged investment vehicles and minimal exposure to listed property trusts and Global Small Cap stocks).
- 2 As a consequence of being defensively positioned, the Trustee was able to manage exposures to equity markets throughout 2009 and subsequently benefited from the recent strong equity market rally.
- 3 Our manager selection paid dividends in recent times as our active equity managers outperformed their respective benchmarks.
- 4 Appropriate management of the Fund's liquidity through the crisis ensured there were no forced asset sales.

CareSuper helps you manage super without the stress, with a range of tools and services designed to help you spend less time managing super and more time managing other areas of your work life.



Taking the stress out of super

Choose the way you pay

As a CareSuper participating employer, you can choose from our e-business options to send us contributions and member data:

- EmployerOnline
- SUPERClear™ (clearing house)
- Payroll file
- Excel spreadsheet

If you're not online, why not streamline your super administration obligations by first speaking with your Client Partnership Manager (CPM), who can advise you on the best solution for your business. See back page for details.

EmployerOnline is an efficient way to do business. It's a secure web-based administration system that allows you to change employee details, lodge contributions and keep track of your contribution payments to CareSuper at your convenience.

Phasing out faxes

To allocate contribution payments to your employees' accounts in an accurate and efficient manner, CareSuper will be phasing out the receipt of contribution data via fax.

From 1 February 2010, the alternative payment methods as listed above will be accepted. These methods will reduce the likelihood of incorrect data being applied to your employees' accounts as a result of illegible or unclear faxes.

Register online

Now employers can register for EmployerOnline directly via caresuper.com.au. No more written application forms or phone calls for your password. Now that's good news for employers.

Bringing super to the workplace

With investment markets hitting the headlines, members are likely to have more questions about their super. Your CPM can help by conducting a super session at your workplace. The contents of the seminars can be tailored in consultation with you. Speak to your CPM to arrange your next super session or simply to answer any super questions you or your employers may have.

Super guide

We make the super part of your job easy with our 'quick reference guide to super'. Developed especially for CareSuper employers, it's a 'Q&A' style guide to help you answer those tricky on-the-spot questions about super. It's a handy reference guide for every office, so remember to ask your CPM for a copy.

Choosing the right default fund

It's not easy managing contributions to many different funds. By choosing a competitive default fund, your staff may have less need to request their contributions be sent to another fund. Take a look opposite at some of the reasons why CareSuper employers choose us as their default fund.

Top 5 reasons to choose CareSuper as a default fund

- 1 Top-rated fund:** Yet again we've been awarded the highest ratings by independent organisations SuperRatings, Chant West, The Heron Partnership and SelectingSuper, who all assess super funds across a range of criteria including investment strategy and performance, administration, communications, insurance and governance. Visit caresuper.com.au for details of these awards.
- 2 Solid investment performance:** with over 21 years' experience, CareSuper knows super. Our investment philosophy has stood the test of time – minimising the impact of down markets leads to results that exceed those of comparable managers over the short and long term. Our Balanced option return of -9.5% for the year ended 30 June 2009 positions us as one of the top-performing Balanced funds.
- 3 Flexible insurance that's hard to beat:** CareSuper can help you become an employer of choice by offering a tailored insurance solution. If eligible, you may negotiate higher automatic levels of cover for your staff. This means they can be covered for death, total and permanent disablement and income protection at higher levels than our default cover – without having to provide medical evidence. Speak to your CPM about your eligibility.
- 4 Competitive fees and costs:** Fees can have a major impact on the end superannuation benefit, so when comparing fees, make sure you are comparing funds with similar benefits and investment strategies. CareSuper charges fees to cover costs, not to make a profit for shareholders. Fees include access to limited advice on super.
- 5 Extra services:** CareSuper offers education information, commission-free financial planning,* pension products and access to competitive health insurance and banking products, to help members maximise their membership.

Do the comparison

If you would like help comparing super funds, Chant West AppleCheck provides an independent comparison of over 100 super funds. You can compare CareSuper for free using Chant West AppleCheck on our website caresuper.com.au. Alternatively your CPM can help you with the comparison.

* Financial planning is offered through CareSuper's relationship with Industry Fund Financial Planning (IFFP). IFFP is a division of Industry Fund Services Pty Ltd (IFS), ABN 54 007 016 195, AFSL 232514, a wholly owned subsidiary of Industry Super Holdings Pty Ltd (ISH). ISH is owned by a number of leading industry funds including CareSuper. For a list of shareholders go to ifs.net.au.

CareSuper has again been awarded the highest ratings by independent organisations...



Contact your CPM

Your CPM can help with all your super needs. Refer to page 12 for contact details.



“It’s definitely a plus that CareSuper is tailored to professionals”

Tract Consultants

One employer’s experience...

Tract is a leading professional consulting firm providing services in landscape architecture, urban design and town planning. Tract employs over 100 professionals, with offices spanning Melbourne, Sydney, Brisbane and Darwin. The firm has grown through its commitment to design and technical excellence, and applies this same commitment to super.

Tract made the switch to CareSuper following concerns from staff who were paying high annual fees in their retail fund without being compensated by superior returns. After consultation with staff, Tract decided to change its default fund to an industry super fund.

‘We investigated the models of several funds and determined that CareSuper was the best fit for our employees,’ said Sue Owens, Financial Controller at Tract Consultants. ‘CareSuper offered the best product (overall) for Tract, and it’s definitely a plus that CareSuper is tailored to professionals.’

Tract transitioned from a manual to online payment method with ease. ‘CareSuper EmployerOnline enables us to set up new members, update member details and upload our monthly contribution payments in one step. It’s also helped us to reduce our operating costs, so it’s a win-win situation,’ said Sue.

Tract has also taken advantage of CareSuper’s special insurance arrangements, available to eligible CareSuper employers. An automatic acceptance level of 6 units of Death & TPD plus optional Income Protection cover without a medical check requirement was enough to entice non-members to move across to CareSuper.

Wayne Gates, CareSuper Client Partnership Manager (left), with Tract Consultants' Sue Owens, Financial Controller, and Deiter Lim, Director.



During the process Wayne Gates, their CareSuper Client Partnership Manager (CPM), held information sessions to explain the process and outline CareSuper's benefits, while helping individual members to complete their application forms and roll over their super.

Tract is committed to providing excellent service to its clients, so CareSuper's proactive approach to managing super has complemented their business. 'It's all about the servicing,' said Sue. 'We've noticed a big difference in the way our super is managed through CareSuper, and it's invaluable that Wayne visits our workplace to help staff with their varying super needs. He's a regular visitor to Tract, and looks after any super questions our employees have, which lets me get on with other parts of my job.'

And Wayne is more than happy to help. 'It's about face-to-face contact with members,' said Wayne. 'At the end of the day members feel more comfortable talking to a representative of the Fund about their super, rather than their employer. It helps them make an educated decision.'



Contact your CPM

Contact your CareSuper Client Partnership Manager to find out whether your workplace qualifies for special insurance arrangements.

CareSuper keeps you informed of the latest changes to super affecting you and your staff.



What you need to know

Salary sacrifice assessed as income

From 1 July 2009, salary sacrifice contributions to super will be considered as income for a range of tax and government programs. The programs include income support payments, family assistance, child support, eligibility for the superannuation co-contribution and a range of government assistance delivered through the tax system. Therefore employees can no longer use salary sacrifice to reduce their income for qualifying purposes.

Reduction in contribution caps

In the 2009 Federal Budget, the Government announced a reduction of the annual concessional superannuation contributions* cap from \$50,000 to \$25,000 (indexed). The annual transitional concessional contributions cap was also reduced from \$100,000 to \$50,000 (not indexed), for those aged 50 years or older for the 2009/10 to 2011/12 financial years.

The annual cap on non-concessional contributions remains at \$150,000 (indexed) for the 2009/10 financial year. In the future, the non-concessional contributions cap will be six times the level of the (indexed) concessional contributions cap.

The change in the transitional concessional contributions cap may affect members who utilise strategies that combine salary sacrifice and transition to retirement strategies.

* Concessional contributions are those made by employers, including any amounts you salary sacrifice (pre tax).

Temporary reduction of the super co-contribution

As announced in the 2009 Federal Budget, from 1 July 2009 the Government has temporarily reduced the:

- co-contribution matching rate
- maximum amount payable by the Government as a co-contribution on an individual's eligible personal non-concessional super contribution.

Under this measure, the new matching rates are now:

- 100% for the 2009/10, 2010/11 and 2011/12 financial years, with a maximum co-contribution of \$1,000.

Changes to where returns are reported

Super funds are now required to disclose each investment option's compound return for a five year period, in the 2008/09 annual member statements. This also applies to member exit statements from 1 July 2009.

2008/09 annual reports online

Super funds can now publish their annual reports online and are no longer required to mail out a printed copy to members. CareSuper will be trialling this initiative for 2008/09. Members can go to caresuper.com.au to view the Annual Report or can request a printed copy by calling the CareSuperLine on 1300 360 149.

Members can also elect to receive their annual statement via MemberOnline. Alternatively they will receive their statement in the mail, along with the Spring edition of InTouch.



Ordinary time earnings

The ATO has issued a new superannuation guarantee ruling and addendum which explains what 'ordinary time earnings' (OTE) means for the purpose of the Superannuation Guarantee (SG). The ruling states that overtime will not normally be included in ordinary time earnings. The addendum also clarifies that payments made to an employee while on parental leave or other ancillary types of leave and top-up payments made while on jury service, defence reserve service or the like are not OTE. The ATO also announced that payments in lieu of notice and Christmas bonuses are ordinary time earnings. The new ruling applies to payments made to employees in the quarter beginning on 1 July 2009 and all later quarters.

Changes to the Trust Deed

During 2008/09 minor amendments were made to the CareSuper Trust Deed to bring it in line with recent changes to legislation and regulations affecting super. This includes expanded definitions of 'child' and 'spouse' for superannuation purposes.



Remember, as an employer you are able to provide employees with factual information only, not personal advice. If you are uncertain about what is and isn't personal advice please refer your employees to your CPM or call 1300 360 149.

Award modernisation

The award modernisation process aims to consolidate and simplify the State and Federal awards that govern the conditions of employment across all industries and occupations. Modern awards are being developed through a four stage review process which will conclude at the end of 2009. The awards will then apply from 1 January 2010.

In relation to superannuation, employees can continue to choose their own super fund under the Super Choice regime. Employers are required to nominate a default fund to which SG contributions will be made in the absence of employee choice. The Australian Industrial Relations Commission (AIRC) has sought to minimise disruption for employers by ruling that funds to which an employer was making SG contributions prior to 12 September 2008 can be a default fund.

Employers wishing to change their default fund/s will need to refer to the relevant award or awards applicable to their workplace to determine the funds they can select.

In stages one and two, CareSuper has been named as an eligible default fund in the following awards:

- Private Sector Clerks Award 2010
- Health Professionals and Support Services Award 2010
- Banking Finance and Insurance Award 2010
- Business Equipment Award 2010
- Contract Call Centres Award 2010.

For more information, please contact your CareSuper Client Partnership Manager.

Your super team

Contact your CareSuper Client Partnership Manager for your super-related matters.

To contact your Client Partnership Manager, simply call the CareSuper office in your state



NSW & ACT

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australia
made



carbon
neutral



elemental
chlorine
free



mill
accredited



renewable
energy



sustainable
forest