

Employer update 2010

*we make it
easy for you*



From the Chairman & CEO

Left: Michael O'Sullivan, Chairman

Right: Julie Lander, Chief Executive Officer

It's been another volatile year for investments, and having experienced two years of falling markets, we're happy to report a solid performance across CareSuper's investment options this year.

Our Balanced option (the default option) returned 8.9%* for the year ended 30 June 2010. Again, we emphasise that with super, it's more relevant to look at long-term performance and it is even more pleasing to record the average return over 10 years for the Balanced option of 6.54% per annum. This makes our Balanced option number one over 10 years among its peers for the second year running. Take a look at the graph opposite for our results over all time periods.

You've probably aware of the Henry, Cooper and Ripoll reviews from media coverage – three major federal government reviews looking at tax, super and financial services. With the changing landscape of the super industry, there's a lot of speculation about what will change. While we're yet to see the impact of these reviews, the Cooper review panel has identified scope for further efficiency within super, to deliver better outcomes for members over time. While many of the proposals are already embraced by industry funds, initiatives to achieve widespread straight-through contribution processing and to enhance employer and member communications via online channels will ultimately lower the cost of administration and achieve greater environmental sustainability. As an industry fund that does not pay commissions to financial planners and charges fees only to cover costs, CareSuper already provides 'value for money' to its members, and welcomes many of the proposals.

At CareSuper, we continually focus on maximising members' returns while minimising risk and cost. I'm pleased to report that the investment management

costs, which apply to all of CareSuper's investment options, have decreased this year. These costs are deducted from the investment earnings, before returns are declared and applied to members' accounts. For more information please refer to the 2010 CareSuper Annual Report, available online at caresuper.com.au.

In this edition of Employer Update, we give you some practical tips to help get your employees more involved in their super. We also introduce Money Mentor, our new web-based modules designed to help members learn more about money management in a quick and easy online format. This is part of our commitment to giving CareSuper members the right tools to manage their super throughout life. Take a look at page 6 to find out more.

As always, we give you some of the latest news from the industry that may affect your business and your employees. We also profile a CareSuper employer, Turner & Townsend, whose corporate insurance arrangement is a tool for attracting top talent.

CareSuper is committed to making super easy, so we welcome your questions and feedback. Contact details for your CPM are on the back cover of this Employer Update, or feel free to call the CareSuperLine on **1300 360 149**.

Michael O'Sullivan

Julie Lander

* Source: SuperRatings Fund Crediting Rate Survey
– SR50 Balanced (60–76) Index, June 2010.

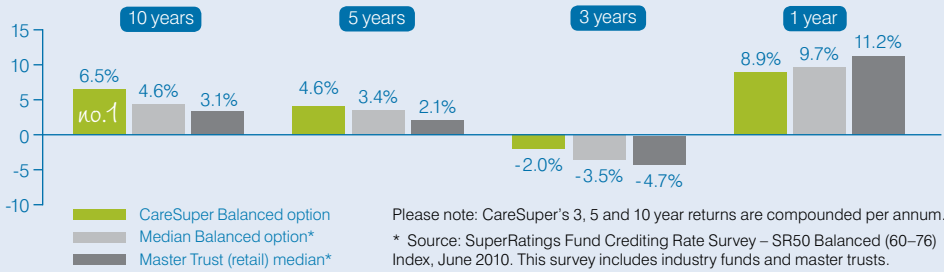
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2009/10 at a glance

Superior long-term returns

Compare CareSuper's Balanced option with the median Balanced option over a range of timeframes. You'll see that our returns come out on top over the long term.



Statement information – now at your fingertips

As part of CareSuper's undertaking to reduce our carbon footprint, employers will no longer receive annual paper statements.

Full access to all your contribution and reporting details is available 24/7 through EmployerOnline. To get started online, visit caresuper.com.au or contact your CareSuper Client Partnership Manager.

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.



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top ratings for peace of mind

The bottom line

Greg Nolan,
CareSuper's General
Manager – Investments



Market overview

After two years of negative returns, share markets recovered in 2009/10 allowing the Balanced option to declare a positive crediting rate. The S&P/ASX 200 Index finished the financial year up 8.8%, however share markets struggled towards the end of the year, demonstrating the fragility of the global economic recovery and the uncertainty surrounding its sustainability.

It is expected that volatility in financial markets will continue in the short to medium term and markets need time to recover from the shock of what many consider the worst economic downturn since the Great Depression. The future direction of share markets depends on the evidence of global economic growth returning to sustainable levels and an assuredness that programs are in place to address the current excessive levels of debt in most of the major global economies.

What is CareSuper doing to protect your super?

Diversification is considered a key tool in the management of investment risk. Consequently, the asset mix adopted by the managed investment you select is a critical factor in determining the desired outcome. Within the Balanced option, CareSuper has adjusted the allocation to Australian and overseas shares by lowering the amount allocated to these sectors and switching this allocation to income focused investments such as direct property and asset-backed loans. In addition, the allocation to fixed interest will be reduced and invested in bank bills and term deposits.

These moves are consistent with CareSuper's key objective of managing risk prudently, protecting capital and achieving a return over inflation of at least 3% over rolling 5-year periods.

It should also be noted that volatile markets often present opportunities, and CareSuper is well placed to take advantage of mispriced securities that often appear in periods of such volatility.

For more information on the changes to Managed option asset allocations, see pages 8 to 10.

How does CareSuper compare?

One of CareSuper's key objectives is to protect members' capital in negative markets. We believe this contributes to our long-term outperformance. The table below demonstrates how CareSuper has performed compared to the median balanced fund in periods of low returns over the past decade.

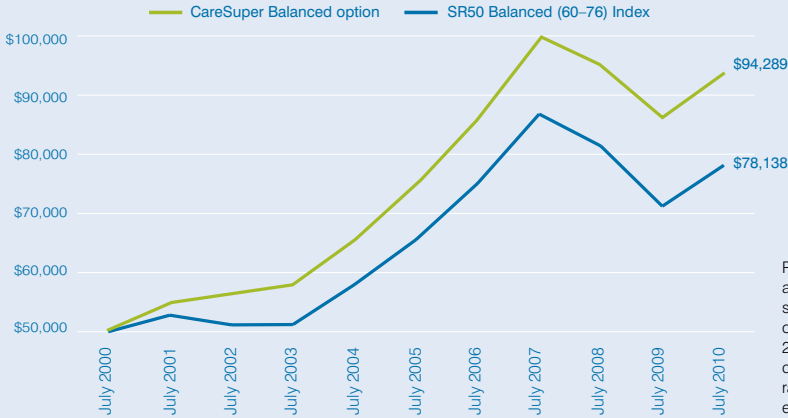
Year	CareSuper Balanced option	SuperRatings SR50 Balanced (60–76) median	CareSuper outperformance
2001/02	2.0%	-3.1%	+5.1%
2002/03	4.0%	0.1%	+3.9%
2007/08	-4.5%	-6.2%	+1.7%
2008/09	-9.5%	-12.5%	+3.0%

Source: SuperRatings June 2008 and 2009 SMART Fund Crediting Rate Survey; and SuperRatings SR Fund Crediting Rate Surveys, June 2002 and June 2003.

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

How much is your super worth in 10 years?

This chart shows the benefits of investing for the long term. Consider \$50,000 invested in the CareSuper Balanced option at 1 July 2000, compared to that of the median Balanced fund (SuperRating's SR50 60–76 Balanced Survey). Ten years later, the CareSuper account is over \$16,000 better off.



Please note: Net of fees and taxes. Assumes starting account balance of \$50,000 at 1 July 2000, with no additional contributions. Crediting rates are applied at the end of each financial year.

Investment returns (after fees and taxes) to 30 June 2010

Investment options	Annual returns					Compound returns		
	2009/10 (%)	2008/09 (%)	2007/08 (%)	2006/07 (%)	2005/06 (%)	10 years (% p.a.)	5 years (% p.a.)	3 years (% p.a.)
Managed options								
Capital Guaranteed	2.7	4.0	6.6	7.0	5.8	5.2	5.2	4.4
Capital Stable	9.1	-2.2	-0.7	9.1	9.0	–	4.7	1.9
Conservative Balanced	9.3	-4.3	-3.0	10.8	11.3	–	4.6	0.5
Balanced	8.9	-9.5	-4.5	15.7	14.8	6.5	4.6	-2.0
Sustainable Balanced	9.3	-10.1	-7.2	12.6	16.6	–	3.7	-3.0
Alternative Growth	9.6	-7.9	-5.4	14.0	14.3	–	4.5	-1.5
Growth	10.2	-10.2	-9.3	16.3	18.0	5.5	4.3	-3.5
Asset Class options								
Capital Secure	4.0	3.1	4.4	5.6	5.0	–	4.4	3.8
Fixed Interest	11.0	4.4	5.3	3.2	2.9	–	5.3	6.9
Direct Property	4.3	-11.8	8.9	12.6	16.2	–	5.6	0.1
Australian Shares	11.7	-14.2	-14.0	26.8	22.3	–	5.0	-6.2
Overseas Shares	9.5	-8.8	-16.3	9.0	18.5	–	1.5	-5.8

Where a 10-year average is not reported, it is because the option has existed for less than 10 years.

NOTE: Interest is applied to your account at the end of the financial year, when you make an investment switch or make a full or partial withdrawal. Interest will appear on your annual statement. Past performance is not indicative of future performance.



NEW to CareSuper

Keen to help your employees take control of their financial future?



Money Mentor is a series of NEW on-line modules, designed to educate CareSuper members about financial matters – whether they're planning for retirement, or just starting out. It covers a range of money management and super topics, providing basic financial principles to help our members get their finances in order.



here's how it works...

You can search modules by topic or life stage – to suit your interests and financial needs. The short Money Minute modules are an even faster way to learn about a particular financial topic.

Check out the available Money Mentor modules now at caresuper.com.au.

- 1 **A plan for life** > Helps members set goals, then plan and save to achieve them.
- 2 **Insurance** > Gets members thinking about their insurance needs and the importance of protecting their most important asset – themselves!
- 3 **Super tips** > Provides some short, sharp facts to help members make the most of their superannuation.
- 4 **10 Money tips** > Provides 10 top money-related tips that can benefit almost everyone.
- 5 **Retirement** > Covers some of the key issues to consider as members approach retirement, and the options available for securing peace of mind.
- 6 **Estate planning tips** > Gives members basic information to get started on the important business of estate planning.

keep an eye out for additional modules to be launched later this year!



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 22 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 8.9% for the year ended 30 June 2010 again positions us as one of the top-performing Balanced funds over the long term.
- 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, general insurance, financial planning,* pension products and access to health insurance, and banking products, to help members maximise their membership.

* Financial planning is offered through CareSuper's relationship with Industry Fund Financial Planning, a division of Industry Fund Services Pty Ltd (IFS), ABN 54 007 016 195, AFSL 232514. Advice is provided under the authority of the IFS licence.



did you know?

CareSuper CPMs conducted over 1770 workplace seminars and 210 super seminars in the last financial year.



Contact your CPM

Your Client Partnership Manager (CPM) can help with all your super needs. Refer to page 12 for contact details.



“Using CareSuper allows us as a business to present a better employee offering”

Making the difference

Turner & Townsend emphasises insurance and the potential of super

Turner & Townsend is a global professional services organisation, providing consultancy, delivery, operations and programme management services to clients that invest in, own and operate assets in Property, Infrastructure & Natural Resources.

Operating from a Head Office in Brisbane, Turner & Townsend in Australia employs 180+ staff in 8 offices around the country. As recruiting top talent is a high priority, they turned to CareSuper for a Corporate Insurance Arrangement. The package offers an increased 5 units of death & TPD cover by default, plus the option of income protection cover without medical evidence – both of valuable benefit to employees. Backed up by training and support from Client Partnership Manager Rob Wilson, super now forms a key part of Turner & Townsend’s offering to employees.

Welcoming new members

“Turner & Townsend Australia’s new employees join our Australian business from Turner & Townsend offices and externally from around the globe,” explains Human Resource Manager

David Rokesky. “Some of the staff that join us have never heard of super, let alone participated in a superannuation scheme.” Education in how super works is therefore very important, with Rob making site visits to talk to both new and existing members about their options. “Rob and the CareSuper team are helpful in explaining the concept and the Fund to our staff, and the best way to work with super for their individual situations,” says David. “Rob is proactive in delivering briefings for all our staff around the country.”

Employer of choice

In the market for high-performing talent, adding value for employees is a priority. By providing education in super and enhanced insurance terms, Turner & Townsend strengthen their position in attracting quality staff.



Rob Wilson, CareSuper's Client Partnership Manager (left) with Turner & Townsend's David Todd, Managing Director, and David Rokesky, Human Resource Manager

"The corporate insurance arrangement provided for our employees is received very well by staff, and compares well in the marketplace," David points out.

Easy to do business with

As well as offering more to its employees, Turner & Townsend has embraced online technology to simplify its super processing. "We use EmployerOnline to add new members, terminate leavers and process monthly returns," David continues. "The site is user friendly and straightforward. EmployerOnline also makes it easy to administer our reporting obligations."

After five years as a CareSuper employer, the relationship with the Fund continues to grow. "We have confidence that CareSuper is a strongly performing fund," says David.

"Through our CPM Rob, we have also arranged annual education/info seminars which have been eagerly attended by staff – not only CareSuper members, but members of other funds. Following these seminars, we have had a number of staff who have chosen to move to CareSuper. Using CareSuper allows us as a business to present a better employee offering."



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

2010 budget announcements affecting super

In May 2010, the Government announced the following proposals, some of which have not yet been passed by Parliament.

➔ Changes to the super guarantee (SG)

Currently employers are required to pay Superannuation Guarantee contributions at the rate of 9% of their employees' earnings, up to the age of 70. The SG rate is set to increase gradually from 9% to 12% between 1 July 2013 and 1 July 2019. The SG age limit would also be raised from 70 to 75 on 1 July 2013.

➔ Super tax rebate for low-income earners

The Government has proposed that it will provide a new super contribution tax rebate of up to \$500 per year for low-income earners, from 2012/13. This would apply to concessional contributions (employer contributions) made by or for individuals who earn up to \$37,000 (not indexed).

➔ Increasing the concessional contributions cap

From 1 July 2012, the Government has proposed that it will increase the concessional contribution cap to \$50,000 for individuals who are aged 50 or over for account balances below \$500,000.

The following changes have been passed by Parliament and are now law:

➔ Co-contribution rate to stay at 100%

From 1 July 2010, the Government will maintain the:

- super co-contribution matching rate at 100%
- maximum super co-contribution payable at \$1000

Also, the income thresholds for 2010/11 and 2011/12 will remain at \$31,920 for the lower and \$61,920 for the higher income thresholds.

On the radar

Three major federal government reviews – The Henry Review, Cooper Review, and Ripoll Inquiries have focused on the foundations of tax, super and financial services.

For updates on these reviews you can visit the following websites:

- www.taxreview.treasury.gov.au
- www.supersystemreview.gov.au
- www.aph.gov.au

Streamlining member statements

Following feedback, CareSuper will no longer be issuing 6-monthly contribution statements from 31 December 2010 (except for Pension members). Members will continue to receive an InTouch magazine early in each calendar year, with the usual investment update and returns for the 6 months to 31 December and can always check their transaction history and balance via MemberOnline. To register for access, visit caresuper.com.au.

Keeping super safe

CareSuper works hard to keep super safe from illegal access. We have anti-fraud measures in place and work with the Australian Taxation Office (ATO) to help identify attempted unlawful activity.

Both the ATO and ASIC have identified significant increases in super fraud and early release schemes, particularly in the self-manager super fund (SMSF) sector. Because of this, protocols have been developed around transferring to SMSFs and the SMSF registration process has been tightened.



At CareSuper we protect super by:

- Never seeking members' personal details by email or SMS
- Removing members' date of birth and TFN from documentation
- Correctly identifying members before giving information
- Sharing information, within the Privacy protocols, about suspicious activity with the ATO, ASIC and Police
- Sticking to proven security protocols
- Modifying our anti-fraud process, as new threats emerge.

Small Business Superannuation Clearing House

A free service to small businesses with less than 20 employees

The Australian Government is offering a free superannuation clearing house service to small businesses with less than 20 employees. This service is administered by Medicare Australia, and lets you pay your superannuation contributions to a single location.

As an employer, you can register your employees' super fund and contributions details online with the clearing house for processing. The clearing house will then distribute the super contributions to the relevant funds as registered.

To find out more, visit medicareaustralia.gov.au/super, or talk to your CareSuper CPM – contact details are on the back cover of this Employer Update.



Changes to CareSuper's investment benchmarks – effective 1 August 2010

In response to market conditions and advice from our Asset Consultant – JANA Investment Advisers, CareSuper has changed the allocation of asset classes invested across the Fund's Managed investment options:

Managed options	Capital Stable	Conservative Balanced	Balanced (default)		Sustainable Balanced		Alternative Growth	Growth
	Benchmark %	Benchmark %	Benchmark %	Range %	Benchmark %	Range %	Benchmark %	Benchmark %
Australian Shares	12	18	26	15–45	26	15–45	23	35
Overseas Shares	10	16	20	10–35	20	10–35	18	30
Property	6	7	11	0–25	11	0–25	12	12
Growth Alternatives	7	9	18	0–55	18	0–55	32	13
Defensive Alternatives	5	5	5	0–15	5	0–15	14	9
Fixed Interest	30	25	12	5–35	12	5–35	0	0
Cash	30	20	8	0–15	8	0–15	1	1

CareSuper's Capital Guaranteed and Asset Class options (with the exception of Capital Secure) will now hold 1% of assets in Cash. For more information visit caresuper.com.au. The target growth/defensive asset mix for each of these options has not changed.

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



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