

pension magazine  
**intouch**

spring 2011



*investing*

See the latest returns

*money*

Managing your  
Pension

*lifestyle*

Meet members  
John and Jean

# CEO's message

Welcome to the Spring 2011 edition of your pension magazine, InTouch.

CareSuper has continued to deliver competitive investment returns. Our Pension Balanced option returned 11.5% for the financial year to 30 June 2011, outperforming the SuperRatings median pension balanced fund.\*

It's also important to take a longer-term view when it comes to investing, and pleasingly CareSuper's 3-year return has outperformed the median benchmarks\* across all Pension investment options. Turn to page 5 to see our investment performance.

Did you know CareSuper Industry Fund Planners can provide advice on more than just super assets? In this edition, we share some of the other reasons why you may want to speak to a financial planner. During volatile times, it's natural to feel nervous and lose sight of the big picture. The financial planners can review your investment strategy during these times, to check that it's still consistent with your investment objectives. Call the CareSuper PensionLine on **1300 664 781** to be put in touch with a financial planner.^^

Want to be more in control of your Pension account, but not quite sure how? In this edition of InTouch, you'll discover how Pension MemberOnline can help you manage your CareSuper Pension. You can now withdraw your funds, up to a certain limit, easily and securely via MemberOnline. Turn to page 6 to find out more.



Over the past year, independent ratings agencies have recognised our efforts with a range of awards – across Pension and super. This includes the Heron Partnership, who ranked the CareSuper Pension in the top 10 out of 84 pension products rated. Take a look at our awards opposite.

I'm proud to introduce you to our new ambassador – CareSuper member and former Olympian, Giaan Rooney. Although she's young, she has retired once, and cares about her super. Giaan is working with CareSuper to help young people care about their super. She also believes in obtaining good advice when it comes to finances. You can see Giaan talking to one of our financial planners at [whysouldyoucare.com.au](http://whysouldyoucare.com.au).

We're always happy to hear from you, so please feel free to call the CareSuper PensionLine on **1300 664 781**, or email us at [pension@caresuper.com.au](mailto:pension@caresuper.com.au).

**Julie Lander**

Chief Executive Officer – CareSuper

\* Source: SuperRatings Pension Fund Crediting Rate Survey, June 2011.  
^ 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.

## inside your pack

Your annual statement pack contains useful information about your Pension account with CareSuper including:

- 2010/11 annual statement
- Quick reference guide to your statement
- InTouch member magazine



**2011 annual report – now online!**

Download it at [caresuper.com.au](http://caresuper.com.au), or call us on **1300 664 781** if you would like a copy sent to you.

# Award-winning pension product

The CareSuper pension product continues to be awarded the highest ratings by independent ratings agencies SuperRatings, the Heron Partnership and Chant West.

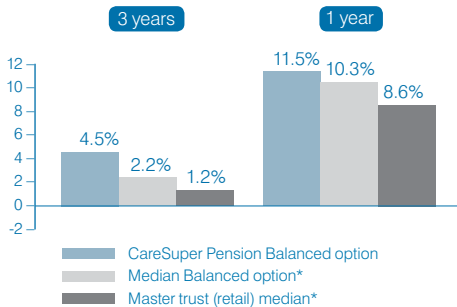


Visit [caresuper.com.au](http://caresuper.com.au) to find out more about our awards.

## compare our pension returns

The CareSuper Pension has been around for four years, so take a look at how the Balanced (default) option compares with the SuperRatings pension median Balanced option and the master trust (retail) median over 1 and 3 years.

To see how CareSuper's other Pension investment options compare to the SuperRatings median returns, turn to page 5.



Please note: CareSuper's 3 year return is a compound average annual return. Past performance is not necessarily an indicator of future performance.

\* Source: SuperRatings Pension Fund Crediting Rate Survey – SRP50 Balanced (60–76) Index, June 2011.

Returns have been rounded to one decimal place.

## Award-winning super product

We've also been awarded the highest ratings and awards for our super product.



**WINNER 2011**  
INVESTMENT STEWARDSHIP  
AWARD - SUPERANNUATION FUND  
MELBOURNE FINANCIAL SERVICES SYMPOSIUM

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# Investment update

In this section Greg Nolan, CareSuper's General Manager – Investments, discusses some common questions members may have about investments.



## How did CareSuper perform against other pension funds?

CareSuper's Pension Balanced option delivered a return of 11.5% for the financial year to 30 June 2011. This result places CareSuper in the top quartile of pension Balanced funds, according to independent ratings agency SuperRatings, and compares favourably with the median pension Balanced option return of 10.3%\* for the financial year to 30 June 2011. This is a strong result after a year in which economic concerns dominated Australian and overseas markets. More importantly, CareSuper continues to deliver against its objectives: to preserve members' capital in volatile markets, while capturing much of the upside when markets rise, and producing consistent returns that exceed inflation.



Take a look at our annual investment returns across all Pension investment options, in the table opposite.

## How did the returns measure up over longer periods?

When it comes to investing, it is important to take a longer-term view as your pension continues to be invested throughout retirement. The Pension Balanced option's 3-year average return of 4.5% p.a. positions CareSuper in the top 25% of balanced funds. All other Pension investment options also outperformed the SuperRatings median funds in their comparative surveys,\* over the same period.

The past decade has been unusual for investors, with the downturn in 2002/03, as well as the Global

Financial Crisis in 2008/09. The latter event delivered two consecutive years of negative returns, and still impacts returns over 3 and 5 years.

## How did the markets perform during the 2010/11 financial year?

The first 9 months of the financial year saw strong domestic and global share markets, which were the main drivers of returns for 2010/11. However the June quarter saw share markets falter on the back of ongoing concerns about a slowdown in China, as well as negative economic data out of the USA, igniting concerns about a slowdown in global economic activity. In addition, uncertainty around Government debt levels, particularly in Europe, and the ability of countries such as Greece, Spain, Portugal and Italy to balance their budgets, further exacerbated negative sentiment already present.

## What does this mean for pension investors?

With global concerns remaining unresolved, volatility in markets should be expected to continue as uncertainty prevails in the global economy.

Diversification of investments is always prudent but there are specific strategies you can adopt when invested in the CareSuper Pension. Speak to your financial planner to check that your investment strategy continues to meet your investment goals.

Members invested in options that are exposed to Australian and overseas shares are likely to experience volatility in their account balances over the short term.

## How has CareSuper responded to these market conditions?

CareSuper continues to hold a quality bias in our Australian and overseas share portfolios – that is, companies that have strong cash flows and earnings streams with the ability to maintain healthy dividends. Such companies are anticipated to provide more protection in weak market environments. It is expected that quality companies will outperform in a low-growth environment and keep up with market performance should economic growth surprise on the upside.

In the Managed options, CareSuper aims to reduce the negative impact of volatile markets by diversifying across asset classes such as cash, fixed interest, infrastructure and direct property.

CareSuper's recent annual strategic asset allocation review resulted in a number of changes to the

benchmarks of the Managed investment options, effective 1 August 2011. For the Balanced option, the exposure to Australian shares reduced by 4%, while the exposure to overseas shares increased by 3%. This decision is based on indications of more favourable global share market valuations and the high Australian dollar making global investing more attractive. In addition, allocations to direct property and growth alternatives increased by 1% each, as part of a strategy to reduce dependence on highly volatile listed markets. Exposure to cash reduced by 1%. These changes create a growth/defensive asset class mix of 76/24% and an expected positive return in at least 15 out of 20 financial years for the Balanced option. They are consistent with CareSuper's strategy of protecting capital and achieving a return over inflation over a rolling 5-year period.



Visit the investment section of [caresuper.com.au](http://caresuper.com.au) for the revised investment benchmarks and objectives – effective 1 August 2011.

## Investment returns (after fees and taxes) to 30 June 2011

Investment option	CareSuper Pension annual returns				SuperRatings median returns*	
	2010/11 (%)	2009/10 (%)	2008/09 (%)	3 years (% p.a.) <sup>^</sup>	3 years (%)	1 year (%)
<b>Managed options</b>						
Capital Guaranteed	3.3	2.8	4.0	3.4	N/A	N/A
Capital Stable	9.1	10.5	-2.4	5.6	4.4	8.0
Conservative Balanced	10.0	10.8	-4.7	5.1	2.9	9.1
<b>Balanced</b>	<b>11.5</b>	<b>11.6</b>	<b>-8.3</b>	<b>4.5</b>	<b>2.2</b>	<b>10.3</b>
Sustainable Balanced	10.9	10.8	-11.4	2.9	1.8	7.8
Alternative Growth	13.0	11.1	-8.8	4.6	N/A	N/A
Growth	12.0	11.7	-11.4	3.5	1.1	11.2
<b>Asset Class options</b>						
Capital Secure	5.7	4.7	3.7	4.7	N/A	N/A
Fixed Interest	8.1	12.8	4.9	8.6	8.2	6.6
Direct Property	9.7	5.1	-13.4	-0.1	-3.6	11.9
Australian Shares	13.2	13.4	-16.1	2.5	1.8	12.5
Overseas Shares	9.6	10.8	-9.9	3.1	-3.5	7.4

Past performance is not indicative of future performance. Returns have been rounded to one decimal place.

<sup>^</sup> CareSuper's 3-year return is a compound average annual return.

\* SuperRatings Pension Fund Crediting Rate Survey, June 2011.

# Managing your pension

## Pension MemberOnline – a secure way to manage your account

Pension MemberOnline lets you keep track of your pension account in one secure and convenient location.

You can:

- Change your pension payment details: frequency and amount
- Make lump sum withdrawals
- View membership and account details
- Update your key contact details so we can stay in touch with you
- Update your investment choices: consider financial advice before making any investment changes
- View your beneficiary details
- Contact us via email.



### Register for online access

You can register for Pension MemberOnline via our website [caresuper.com.au](https://caresuper.com.au). Go to the Pension login section located at the top right hand corner of our website and click on the **Pension register** link. For security purposes, you'll be asked to verify your member details.

### Making withdrawals online\*

You have the flexibility to withdraw a minimum of \$1000 and up to \$10,000 securely via Pension MemberOnline. One withdrawal is allowed per day, and it takes up to three working days to process your request. For security purposes, funds are transferred into your linked bank account (where your pension payments are deposited).

\*Not applicable to Transition to Retirement members.



To make your online withdrawal, log on to Pension MemberOnline via [caresuper.com.au](https://caresuper.com.au), and go to the Pension Details & Withdrawal section, under Account summary.

## did you know?

### Industry fund financial advice costs less

Rice Warner Actuaries conducted research on the value of advice and the impact of different fee structures. The research found that financial advice paid upfront rather than as an ongoing asset-based fee or commission structure, was between two and 17 times cheaper. The report also found that advice paid on a set or hourly fee was likely to deliver greater value to the client. That's good value for CareSuper members.

'Value of IFFP Advice' research report by Rice Warner Actuaries, commissioned by Industry Super Network, May 2011.

# Top reasons to seek financial advice

CareSuper members have access to financial planning through our relationship with Industry Fund Financial Planning. Take a look at some of the reasons why CareSuper members seek expert financial advice.

## 1 Review your investment strategy

When was the last time you reviewed your investment strategy? It may have been at the commencement of your CareSuper Pension or Transition to Retirement Pension. A financial planner can review how you're investing and allocating your assets, to ensure your strategy is consistent with your risk profile and current financial needs.

## 2 Check your pension payment plan

The financial planner will check that your pension payments are being drawn from the most appropriate investment option(s), and that these investments are adequately funded. It's common for your regular pension payments to be funded from less volatile investments. The financial planner can help you determine what's appropriate for you.

**i** Making changes to your pension might impact your overall retirement strategy, including your ability to maximise social security benefits. The financial planner can advise on the best way to manage your pension payments.

## 3 Annual review

An annual review of your financial plan can help you track your goals, risk profile and financial position. The financial planner will consider:

- Changes to your income, financial wealth or liabilities
- Major life events, such as a change in marital status
- Changes to your risk profile
- New government policy, tax rules or Centrelink eligibility.

## 4 Your circumstances change

Consult your financial planner as soon as possible if your circumstances change. This includes if you:

- Receive an inheritance
- Consider buying or selling property or other assets
- Downsize your family home
- Cease all employment
- Your relationship status changes.



*more than just super advice*

Industry Fund Planners for CareSuper can provide advice on non-super related assets too, such as estate planning and social security benefits. This means your financial needs can be looked after by the one financial expert.

**Interested in speaking to a financial planner?**

Call the CareSuper PensionLine on 1300 664 781 to be transferred to our financial planning service.



# Financial help

In this section Industry Fund Planners **Renae Anderson** and **Dan Robertson** answer some common questions asked by CareSuper pension members.

## What's the difference between CareSuper's Fixed Interest and Capital Secure investment options?

CareSuper's **Capital Secure** investment option invests in a mix of short-dated and floating rate securities, issued mainly by Australian and some overseas governments, banks and companies. The portfolio invests in term deposits and short term securities issued by banks, companies and governments. Securities generally have a maturity of less than 12 months and so provide a relatively stable return linked to the level of interest rates. As at 30 June 2011, this investment option had approximately 30% of the asset class invested in term deposits with major Australian banks.

CareSuper's **Fixed Interest** investment option invests in a diversified portfolio of debt securities – mainly fixed-rate bonds issued by Australian and overseas governments and companies, as well as mortgage-backed securities – with maturities of up to 30 years.

Fixed interest securities have two components of return – capital and income, and therefore are subject to interest rate and credit risk, which means the value of the Fixed Interest portfolio can change as underlying interest rate and credit conditions change.

## What does the CareSuper Balanced option invest in?

The Balanced option is a Managed option which invests across seven asset classes. 76% of this investment option is invested in growth assets – including Australian and overseas shares, property and infrastructure. The remaining 24% is invested in defensive assets consisting mainly of fixed interest and cash. It contains a moderate level of investment risk and aims to achieve returns that exceed inflation by at least 3% per year over rolling 5-year periods. Before investing in any option, you should check with your financial planner that it's suitable for your risk profile and investment objectives.

The information in this section is intended to provide information of a general nature only, and does not take into account your personal objectives, situations or needs. You should assess your own situation and seek professional financial advice before making any investment decisions based on this information.

## need financial help?

Call the CareSuper PensionLine on **1300 664 781**, to be transferred to CareSuper's financial planning service.




## Meet the professionals behind CareSuper

Meet some of the professionals who care about your CareSuper Pension, in our new online videos. Find out why they're passionate about super, as they share some of their thoughts on investing in super for life.

### Meet Michael O'Sullivan

In one of our videos we profile Michael O'Sullivan – Chairman of the Board of CareSuper. Michael describes how CareSuper is run and explains the benefits of being a member of an industry super fund.

 To watch Michael's story, and those of other CareSuper professionals, visit the 'About us' section of [caresuper.com.au](http://caresuper.com.au).

“we aim for consistent returns”



# Giaan Rooney

Retired once. See why she cares.

You may have seen her before on TV, outdoor sites or on the internet. Giaan Rooney – former Olympic swimmer and current Channel 9 TV personality – is working with CareSuper to encourage young people to care about their super. Giaan recognises the importance of getting good advice along the way, and has her dad to thank for starting out when she did.

➔ To see Giaan talking to one of our financial advisers, visit [whyshouldyoucare.com.au](http://whyshouldyoucare.com.au). Encourage younger members of your family to have a look too!

## Coming in 2012

New Direct Investment option, which will allow you to invest directly in companies listed in the Australian Stock Exchange (ASX).

In 2012, CareSuper Pension members will have access to our new Direct Investment option, which will allow you to:

- Invest a portion of your CareSuper account balance in your choice of companies included in the S&P/ASX 300 Index, using a cash account.
- Buy and sell shares daily.
- Access a full transaction history of trades to allow you to better manage your share portfolio.



Keep an eye out for more information available in the next edition of Pension InTouch.



## new to CareSuper Contribution splitting with your spouse

CareSuper now allows members with a superannuation account to split their concessional (before-tax) contributions – such as employer contributions and member contributions made via salary sacrifice – with their spouse. It's often used as a contribution strategy by couples to grow their super, under the advice of a financial expert.

It's important to speak to your financial planner to determine whether contribution splitting would be beneficial for you. Call us on **1300 664 781** to be put in touch with a financial planner.



For more information about contribution splitting, visit [caresuper.com.au](http://caresuper.com.au).

# Super corner



Here's a snapshot of the latest changes to legislation affecting Pension members.

## Changes to the pension minimums

The Government announced in its 2011 Federal Budget that it will continue to support self-funded retirees by extending the drawdown relief provided for account-based superannuation pensions into the 2011/12 financial year.

The drawdown relief is less than previous years and is now a 25% reduction in the minimum payment amount.

It is proposed that the minimum payments will return to previous minimums in 2012/13.

Age	New reduced minimum % 1 July 2011 – 30 June 2012	Reverts to previous legislated minimum % 1 July 2012 – 30 June 2013
Under 65	3%	4%
65 – 74	3.75%	5%
75 – 79	4.5%	6%
80 – 84	5.25%	7%
85 – 89	6.75%	9%
90 – 95	8.25%	11%
95 or older	10.5%	14%

## Temporary Flood levy for people receiving income stream payments

The Government's temporary Flood levy applies, in 2011/12, to people receiving income stream and pension payments and also those with lump sum superannuation benefits with taxable components of more than \$50,000.

### What's included

The levy applies to salary and wages, some super lump sum withdrawals and some pension payments – depending on the amount and the components of the benefit or income payment.

The levy does not apply to rollovers, lump sum benefit withdrawals less than \$200, the tax-free component of lump sum benefits, pension payments to members aged 60 and over, benefits paid on grounds of terminal illness and death benefit payments to dependants.

### Here's what you pay

The tax tables for 2011/12 have been adjusted by the Australian Taxation Office (ATO) to automatically include the Flood levy applicable on any taxable portion of your pension payments. For information on the Flood levy tax impact, visit [ato.gov.au](http://ato.gov.au).

Flood levy may also apply to the taxable component of a lump sum superannuation benefit you receive.

Lump sum taxable component	Flood levy on this income
\$0 to \$50,000	Nil
\$50,001 to \$100,000	Half a cent for each \$1 over \$50,000
Over \$100,000	\$250 plus 1c for each \$1 over \$100,000

To find out more, visit [www.treasury.gov.au/floodrebuild](http://www.treasury.gov.au/floodrebuild), where you can also access a calculator to help you work out how much you'll be required to pay in Flood levy.



Visit the Australian Taxation Office website at [ato.gov.au](http://ato.gov.au) if you'd like to find out more about changes to super laws.



# Our members

Meet CareSuper Pension members, **John and Jean Eaton.**

**We've been members...** of the CareSuper Pension since 2008. My previous employer started contributing to CareSuper in 2005, and when the time came to set up allocated pension accounts, we decided to move Jean's super assets into CareSuper too, so that the two accounts would be easier to manage.

I'm an accountant by trade but most of my experience has been in corporate and industry superannuation. Jean's background is in administration.

**It wasn't until...** we experienced a death in the family that we evaluated our priorities and decided to make a sea change to the Mornington Peninsula. It was also the right time for us to meet Renae – a financial planner from CareSuper – to talk about our future finances, and prepare our financial plan to help us transition to retirement.

**I was familiar with...** Industry Fund Financial Planning and realised we too could benefit from seeing a financial planner. Renae was able to help us with advice on more than just our super. Other aspects of our finances were discussed, such as: making sure we had a will in place, nominating a power of attorney, evaluating our insurance needs and reviewing our eligibility to receive social security benefits in the future.

**While I was comfortable...** making financial decisions, our financial planner helped us cover all bases, by asking all the right questions about our future goals and retirement plans. Now we touch base with our financial planner whenever we need advice or if our situation has changed. This can be anywhere from one to three times in any given year.

**I've seen too many people...** trying to manage their own finances and making the wrong decisions. They don't realise the level of control they have over their investments through their super fund, and they don't understand the impact of tax on superannuation.

I know we're better off with CareSuper. The fees are lower and we can still take control of our investments, without having to make daily investment decisions.

**We have confidence...** in CareSuper's investment strategy and investment returns. The last 10 years have stacked up. And we realise that there comes a time when you can't manage it all on your own, so we're better off getting the advice we need now, to ensure our finances are being managed the way we want.

**We're looking forward...** to spending more time with our two grand-daughters. We're also planning to travel within Australia, and hope to visit Jean's family in Scotland in the near future.

Golf is a big part of our lives. We play two or three times a week at the Rosebud Country Club and are both involved in the committee. We also enjoy exploring some of Mornington Peninsula's walking trails (there's over sixty to explore!) and maintaining our garden.

**We tell our friends...** it's important to seek financial advice and not to take a 'set and forget' approach to managing your finances, as circumstances can change your financial situation. It's also a good idea to balance your time in retirement with a few hobbies.



If you'd like to share your story with us, please email [InTouch@caresuper.com.au](mailto:InTouch@caresuper.com.au). Don't forget to tell us about yourself, and include a photo if you can.

## Contact us

call

CareSuper PensionLine 1300 664 781

visit

[caresuper.com.au](http://caresuper.com.au) for the latest news and information, brochures and forms.

For online access to your pension account log on to [caresuper.com.au](http://caresuper.com.au) and follow the links to CareSuper Pension MemberOnline

email

[pension@caresuper.com.au](mailto:pension@caresuper.com.au)

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CareSuper is not responsible nor accepts liability for the views or actions of third parties.

You should also obtain and read the Pension Product Disclosure Statement before making any investment decision. Further information may be obtained from the CareSuper website at [caresuper.com.au](http://caresuper.com.au), or the CareSuper PensionLine on 1300 664 781.

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CARE Super (Fund) ABN 98 172 275 725



CONSUMER

**CareSuper uses  
Greenhouse Friendly™  
Envi 50/50**

Envi 50/50 is an Australian Government certified Greenhouse Friendly™ Product.